

# House Fiscal Advisory Staff

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## Governor's FY 2016 Budget at a Glance Summary and Special Reports



Submitted to the 2015 House of Representatives

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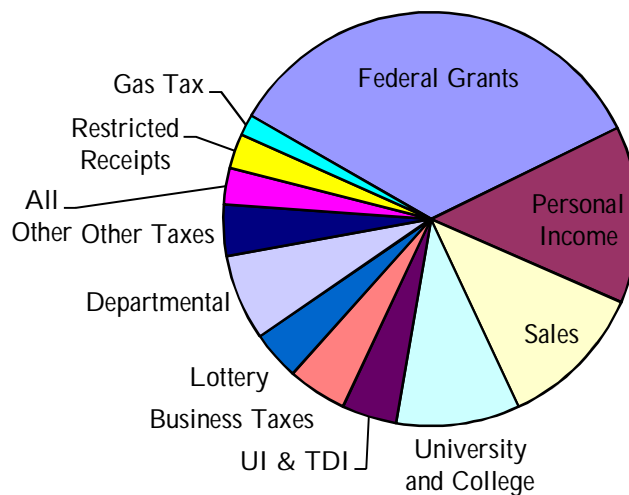
# **Budget at a Glance**

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## Governor's FY 2016 Budget at a Glance

On March 12, Governor Raimondo released her FY 2016 budget recommendations in a televised address to the General Assembly. Supporting documents, excluding the capital budget, and a draft of the legislation were also made available that day; the official FY 2016 Budget submittal was introduced March 13. The capital budget was made available electronically on March 25 as were bound copies of the remaining supporting documents. The Governor signed 2015-H 5264 on February 9 that extended the submission date 35 days to March 12.

**Sources of Funds**



### Budget Issues

- **FY 2016 Gap.** The Budget Office estimates that in preparing the FY 2016 budget, the Governor faced a projected revenue-expenditure gap of about \$190 million. This was higher than the House Fiscal Staff projections partially because the Budget Office calculated a higher number based on fully funding FY 2015 employee raises that the Assembly's budget assumed would be absorbed through turnover and other savings. Additionally that gap grew because of projected overspending only partially offset by increased resources from the FY 2014 closing and consensus revenue estimates.

The Governor's budget appears to have resolved a significant majority of this gap with reductions to spending in human service agencies which appear to be structural in nature. Almost a third of the deficit is resolved through one-time items and there are other changes for which there are growing out-year costs, notably the phasing in of several revenue reductions.

- **Out-Year Projections.** The out-years again appear to be significantly unbalanced, though to a somewhat smaller degree than prior years. The forecast included with the Budget estimates a \$74.6 million gap for FY 2017, equating to 2.2 percent of useable revenues, that grows to \$376.7 million in FY 2020, 10.6 percent of useable revenues. The FY 2017 gap is due to the use of one-time items in the resolution of the current budget gap as well as commitment of future expenses and revenue losses

not reflected in FY 2016. The estimate also reflects growing impact of casino gaming in Massachusetts, which is expected to peak by FY 2019 at over \$125 million.

- **Budget Assumptions.** Her budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of changes under their purview. Should any of that legislation not pass; the budget will be significantly unbalanced.
- **Revenue and Caseload Estimating Conferences.** The Governor proposes changes to both the scope and process of the revenue and caseload estimating conferences including removing cash assistance spending from the purview of the Caseload Estimating Conference. She also proposes requiring an additional conference be held within the first ten days of February.
- **Submission Deadline.** The Governor proposes delaying the budget submission deadline by one month from the third Thursday in January to the third Thursday in February. For years when a new governor is inaugurated, the deadline would be delayed five weeks from the first Thursday in February to the second Thursday in March.
- **Supplemental Pension System Contributions.** The Governor includes legislation removing the requirement that final revenues exceeding budgeted estimates in FY 2014 be transferred to the Retirement System to pay down the unfunded liability. In FY 2014, the final audited closing showed \$14.2 million in excess revenues forcing a \$13.8 million transfer, which is net the impact of the transfer to the Rainy Day Fund. The Governor also proposes giving the Director of the Office of Management and Budget the authority to determine if excess funds can be transferred to the Retirement System in other years. The determination is to be based on current and future deficits, parameters for which are not defined.

## Taxes and Revenues

### Tourism Taxes

The Governor’s budget includes four separate proposals relating to taxes on tourism and lodging that have a combined state impact of \$3.1 million in additional revenues for FY 2016. The combined impact of these proposals is an increase in local 1.0 percent hotel tax revenues of \$1.0 million and a revenue loss of \$1.7 million to the state’s eight tourism districts. The proposals are summarized in the table below and described separately in the paragraphs that follow.

FY 2016 Impact

| Tourism Tax Proposal              | Sales Tax     | State Hotel Tax | State Combined | Commerce Corp. | Tourism Districts | Cities & Towns |
|-----------------------------------|---------------|-----------------|----------------|----------------|-------------------|----------------|
| Hotel Tax Redistribution          | \$ -          | \$ (3.8)        | \$ (3.8)       | \$ 6.0         | \$ (2.2)          | \$ -           |
| Hotel Room Resale                 | 0.8           | -               | 0.8            | 0.2            | 0.2               | 0.1            |
| Small B&Bs and Unlicensed Rentals | 0.7           | -               | 0.7            | 0.2            | 0.3               | 0.2            |
| Vacation Homes                    | 5.4           | -               | 5.4            | -              | -                 | 0.8            |
| <b>Total Impact</b>               | <b>\$ 6.9</b> | <b>\$ (3.8)</b> | <b>\$ 3.1</b>  | <b>\$ 6.4</b>  | <b>\$ (1.7)</b>   | <b>\$ 1.0</b>  |

*in millions*

- **Hotel Tax Reallocation and Redistribution.** For FY 2016, the Governor proposes legislation to modify the existing state hotel tax revenue distribution to fund state level tourism and marketing programs through the Rhode Island Commerce Corporation. Shares of the 5.0 percent state hotel tax are decreased for seven of the eight tourism districts for a combined revenue loss of \$2.2 million; the difference in shares

as well as all funds that were deposited as general revenues are transferred to the Commerce Corporation. The Governor's budget includes an associated transfer of \$3.8 million from general revenues to the Commerce Corporation.

- ***Hotel Room Resale.*** The Governor's budget proposes legislation that subjects the resale cost of hotel rooms to sales and hotel taxes. Current statute requires resellers collect and remit taxes on the wholesale cost of rooms purchased for resale. The Budget assumes an additional \$0.8 million in associated sales tax revenues; no additional hotel tax revenues are assumed, reflective of the Governor's proposal to reallocate state hotel tax collections and transfer the state share to the Commerce Corporation. Municipalities are anticipated to receive an additional \$0.1 million in local 1.0 percent hotel tax collections.
- ***Small Bed and Breakfasts and Other Temporary and Unlicensed Rentals.*** The Governor includes legislation to subject rentals of rooms at bed and breakfast inns with less than three rooms for rent to sales and hotel taxes. The Budget includes associated sales tax revenues of \$0.7 million; reflective of the Governor's proposal to reallocate state hotel tax collections and transfer the state share to the Commerce Corporation. Municipalities are anticipated to receive an additional \$0.2 million in local 1.0 percent hotel tax collections.
- ***Vacation Homes.*** The Governor's FY 2016 budget assumes \$5.4 million of additional sales tax revenues from legislation subjecting the temporary rental of vacation homes or other residences, regardless of the number of rooms for rent, to the sales and local 1.0 percent hotel taxes; reflective of the Governor's proposal to reallocate state hotel tax collections and transfer the state share to the Commerce Corporation. Municipalities are anticipated to receive an additional \$0.8 million in local 1.0 percent hotel tax collections.

### ***Personal Income Tax***

- ***Earned Income Tax Credit.*** The Governor proposes increasing the Earned Income Tax Credit for low and moderate wage earners from 10.0 percent of the federal credit to 12.5 percent for effective tax year 2016 growing to 15.0 percent for tax year 2017. Her FY 2016 budget assumes an associated revenue loss of \$3.0 million. The five-year forecast assumes an impact of \$12.7 million in FY 2017 annualizing to a loss of \$13.2 million in FY 2018. However, the FY 2017 impact appears to be overstated and appears to be only \$9.4 million. The 2014 Assembly enacted changes that enhanced the value of the credit, including altering the rate to 10.0 percent of the federal credit and making it 100 percent refundable.
- ***Social Security Retirement Exemption.*** The Governor includes legislation that exempts Social Security benefits from state personal income tax for single filers with federal adjusted gross incomes of \$50,000 or less and married joint and qualifying widow or widower filers with federal adjusted gross incomes of \$60,000 or less. Under current law, Social Security benefits are taxable at the state level if they are taxable at the federal level. The Budget assumes a revenue loss of \$3.9 million for FY 2016. The loss annualizes to \$8.0 million for FY 2017.

## ***Other Taxes***

- ***Cigarette Tax.*** The Governor's budget assumes \$7.1 million in revenues associated with proposed legislation to increase the cigarette excise tax by \$0.25 per pack, to \$3.75 per 20-pack, effective August 1, 2015. The total price per pack in Rhode Island remains lower than in Massachusetts because of minimum markup provisions. The Office of Revenue Analysis estimates that the final retail price per pack in Rhode Island would be approximately \$0.54 less per pack; it is currently \$0.83 less.
- ***Commercial Energy Sales Tax.*** The Governor's budget includes legislation to exempt the purchase of energy by commercial users from sales tax. The budget assumes the exemption will be phased in 20.0 percent annual increments over a period of five years until purchases are 100 percent exempt for FY 2020. Under current law, sales of electricity, natural gas, and heating fuels are exempt for residential purchasers and manufacturing businesses. The Budget assumes a revenue loss of \$4.9 million for FY 2016, reflecting the exemption of the first 20.0 percent; the loss grows to \$26.2 million for FY 2020.
- ***Self-Audit Program.*** The Governor's FY 2016 budget includes legislation permitting the Division of Taxation to establish agreements with Rhode Island businesses to perform self-audits and pay any sales and use taxes owed. Participants would pay reduced interest and no penalties, except in the case of fraud or willful evasion. The Budget includes \$0.5 million in associated sales tax revenue.
- ***Contingency Fee Contract Services.*** The Governor includes legislation allowing the Division of Taxation to contract with third-party service providers for the review of tax data and collections. The Budget assumes an additional \$1.8 million in revenue resulting from enhanced data review and compliance efforts.
- ***Real Estate Conveyance Tax.*** The Governor's budget includes legislation subjecting the sale of a controlling interest in a business entity holding real property to the real estate conveyance tax of \$2.30 per \$500 of value. The Budget includes \$0.7 million of associated revenues.
- ***State Property Tax.*** The Governor proposes legislation establishing a state property tax on real property of \$2.50 per \$1,000 of assessed value on specific non-owner occupied homes and residential properties valued at \$1.0 million or more; her recommended budget assumes \$11.8 million in additional revenues and an effective date of July 1, 2015.

## ***Other Revenues***

- ***DMV Fees.*** The Governor's FY 2016 budget assumes \$13.2 million of additional revenues by delaying 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, currently estimated at \$52.8 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 made pursuant to current law. The Governor proposes additional Rhode Island Capital Plan funding to offset the impact.
- ***Outpatient and Imaging Services Surcharges.*** The Governor's budget proposes legislation to eliminate the 2.0 percent surcharge on outpatient and imaging service facilities' net patient revenues over a period of four years, annually decreasing the surcharge in half percent increments. The Budget assumes an associated revenue loss for FY 2016 of \$0.6 million. That grows to \$2.2 million by FY 2019.

- ***Hospital Licensing Fee.*** The Governor's budget includes \$156.1 million in revenues from extending the hospital licensing fee into FY 2016 using the same two-tiered fee as included in FY 2015. The licensing fee appears annually in the Appropriations Act.
- ***Rhode Island Airport Corporation Transfer.*** The Governor proposes that the Rhode Island Airport Corporation transfer \$0.4 million to the state General Fund by June 30, 2016 to reflect advanced debt service payments for general obligation bonds that have been issued on the Corporation's behalf.
- ***Clean Water Finance Agency Transfer.*** The Governor proposes that the Clean Water Finance Agency transfer \$11.0 million to the state General Fund by June 30, 2016 in part to offset the cost of general obligation bonds that have been issued on the Agency's behalf.
- ***Narragansett Bay Commission Transfer.*** The Governor proposes that the Narragansett Bay Commission transfer \$2.8 million to the state General Fund by June 30, 2016 to offset the cost of general obligation bonds that have been issued on the Commission's behalf.
- ***Resource Recovery Corporation Transfer.*** The Governor proposes that the Resource Recovery Corporation transfer \$1.5 million to the state General Fund by June 30, 2016.
- ***RIHEBC Transfer.*** The Governor's budget transfers \$5.0 million from the Rhode Island Health and Educational Building Corporation reserves to state general revenues in FY 2016.
- ***Tobacco Settlement Financing.*** The Budget assumes \$19.0 million of additional revenues from the redistribution of proceeds from the Tobacco Settlement Financing Corporation. The 2014 Assembly authorized the Tobacco Settlement Financing Corporation to raise no less than \$20.0 million in additional funds through the refunding of its bonds. The FY 2015 enacted budget assumed \$5.0 million each would be deposited into the General Fund and the Municipal Road and Bridge Revolving Fund. The remaining proceeds were to be deposited into the Information Technology Investment Fund. The refinancing yielded a total of \$36.3 million of revenues.
- ***Energy Efficiency Rebates.*** The FY 2015 budget includes \$1.3 million in newly identified energy efficiency rebates from National Grid as a result of capital improvements on the Pastore Center such as energy efficient boilers, lighting, motors, refrigeration, HVAC systems, and related controls.

### ***Tax Credits and Incentives***

- ***Enterprise Zone Tax Credit.*** The Governor proposes the elimination of the Enterprise Zone Tax Credit, applicable to the corporate tax, for FY 2016; the Budget includes associated revenues of \$0.4 million. A qualified business in an enterprise zone is allowed a credit against its corporate income tax liability for wages paid to employees hired to meet the 12 month, 5.0 percent jobs growth requirement.
- ***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 relocating 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 administration has indicated its intent was to limit the amount available and will submit language to clarify that.



- **Tax Increment Financing.** The Governor recommends the creation of a tax increment financing program, under which the Commerce Corporation may contract with developers to develop or redevelop specific areas in qualifying communities in exchange for a portion of state revenues realized as a result of the redevelopment project. The Commerce Corporation would be empowered to calculate realized revenues used in determining payments to developers.
- **Rebuild Rhode Island Tax Credit.** The Governor proposes the establishment of a partially refundable tax credit of up to 30.0 percent of project costs available for capital investment projects. The Budget does not include an FY 2016 impact, as it assumes credits will not be issued until July 1, 2016. The five-year forecast included with the budget projects FY 2017 revenue loss of \$7.1 million growing to \$25.1 million by FY 2020. The proposed legislation does not include a cap on the total credits that may be received by a single entity.
- **Job Creation Tax Initiative.** Documents supporting the Governor's budget indicate support for the establishment of new job creation and development tax incentives for businesses. However, her FY 2016 recommended budget does not propose or include any associated legislation and revenue estimates do not reflect the passage of such an initiative.
- **Reporting Requirements.** The Governor's budget includes legislation permitting the Executive Office of Commerce to establish reporting requirements for all tax credits and incentives. Entities that fail to comply with reporting requirements will lose any further credits or incentives.

## Economic Development

- **Debt Restructuring.** The Governor recommends refinancing and restructuring a portion of the state's general obligation bond debt. The Budget assumes a general revenue savings of \$84.0 million over two years, which the Governor proposes 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. Budget documents indicate this will increase annual debt service in later years but result in a small net present value savings.
- **First Wave Closing Fund.** The Governor recommends \$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.
- **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.
- **Streetscape Improvement Fund.** The Governor proposes 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 recommends \$1.0 million in FY 2016 and indicates intent to recommend \$1.0 million in FY 2017. General revenue funding comes from debt refinancing.
- **Incentives for Tax Stabilization.** The Governor recommends the creation of an incentive program allowing the Commerce Corporation to enter into agreements to reimburse qualifying communities up to

10.0 percent of foregone property tax revenues in exchange for the municipalities' providing developers with tax stabilization agreements for redeveloped and rehabilitated properties. Supporting documents suggest that these would be funded from a pool of \$12.7 million in general revenue funding available from debt refinancing.

- **Affordable Housing.** 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. Previously, the voters approved a total of \$75.0 million from general obligation bonds for the construction of affordable housing units.

- **Small Business Assistance Program.** The Governor recommends \$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.

- **Innovation Initiative.** The Governor proposes 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 provides \$0.5 million from general revenues from debt restructuring in FY 2016 to create a voucher program that would allow small businesses to earn \$5,000 to \$50,000. The Governor indicates intent to recommend \$0.5 million in FY 2017.

- **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 reprogrammed Energy Revolving Loan funds at the Commerce Corporation and \$3.0 million from the Regional Greenhouse Gas Initiative receipts from the Office of Energy Resources.

- **Industry Cluster Grants.** The Governor proposes 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.

- **Innovate RI Small Business Programs.** The Budget includes \$1.0 million from general revenues, doubling enacted funding to support Small Business Innovation Research grants and the Bioscience and Engineering Internship programs.

- **38 Studios Debt Service.** The Governor includes \$8.6 million in FY 2015 for debt service relating to 38 Studios, \$3.7 million less than enacted. This assumes use of settlement proceeds that the Corporation received. The Budget also includes \$12.5 million in FY 2016.

- **Executive Office of Commerce.** The Budgets include \$0.3 million and \$1.0 million in FY 2015 and FY 2016, respectively, and 5.0 full-time equivalent positions to support the new Executive Office of Commerce. The 2013 Assembly created the Office to be administered by a secretary of commerce who would also head the Commerce Corporation, formerly the Economic Development Corporation, effective February 1, 2015. The Budget transfers Housing and Community Development functions to

the Office of Commerce. It also transfers the Rhode Island Film and Television Office from the Department of Administration to the Office of Commerce. It does not however transition Department of Business Regulation functions, leaving it as a stand-alone department.

- ***Experimental Program to Stimulate Competitive Research (EPSCoR).*** The Governor provides the enacted amount of \$1.15 million in FY 2016 for participation in the National Science Foundation's Experimental Program to Stimulate Competitive Research.
- ***Commerce Corporation - Operations.*** The Budget includes \$7.9 million from general revenues to support general operations of the Corporation. This is \$3.9 million more than enacted. The Budget also includes an additional \$10 million from a combination of direct general revenues and hotel tax proceeds redirected from general revenues for a series of programs identified separately in this report.
- ***Tourism 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.
- ***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.
- ***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.
- ***Building and Fire Permit Initiatives.*** The Commerce Corporation's budget includes \$250,000 from direct general revenues and hotel tax proceeds redirected from general revenues to expedite building permit and fire inspection processes for state supported projects.
- ***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.
- ***Slater Technology Fund.*** The revised budget removes the \$150,000 in the enacted budget for state support for the Slater Technology Fund, which is a state-backed venture capital fund that invests in new projects. No funding is included for FY 2016, consistent with a plan to phase out support.
- ***Chafee Center at Bryant.*** The Governor recommends \$376,200 for each FY 2015 and FY 2016, \$250,000 more than enacted in each year to support the Center, which helps local companies initiate and/or develop international trade opportunities.
- ***Energy Efficiency/Demand Side Management Programs.*** As part of the creation of the Infrastructure Bank, the Governor recommends extending the system reliability and least-cost

procurement by 21 years and electric demand side charge by 20 years. These surcharges fund the Energy Efficiency/Demand Side Management programs and a portion of them would now be used for debt coverage on Infrastructure Bank loans.

- **Historic Tax Credit Trust Fund Debt Service.** The Budgets include \$21.4 million and \$31.3 million from general revenues in FY 2015 and FY 2016, respectively, to fund debt service for historic tax credits. Funding in the current year reflects a savings of \$10.3 million to reflect a delay in issuance based on project completion and available funds in the Trust Fund.
- **I-195 Commission.** The Budget includes \$1.1 million, including \$0.8 million from general revenues for the I-195 Redevelopment Commission to fund its operations for FY 2016. FY 2015 revised funding totals \$1.2 million. The Budget also includes \$0.5 million in both FY 2015 and FY 2016 for debt service costs of the I-195 land acquisition project.
- **Minimum Wage.** Documents supporting the Governor's budget indicate support for an increase in the minimum wage from \$9.00 to \$10.10 per hour. The FY 2016 recommended budget does not propose or include any associated legislation; however, it does assume that minimum wage employees at the Department of Environmental Management will receive the increased wage effective January 1, 2016.
- **Demand-Driven Workforce Development.** Supporting documents to the Governor's budget indicate intent 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. The total budget recommendation appears to include \$31.7 million from all sources for job development programs and supports in FY 2016. There is no accompanying legislation; the Administration does not believe any is required.

## Local Government

- **Distressed Communities Relief Fund.** The Governor recommends the enacted level of \$10.4 million for the Distressed Communities Relief Fund, but with redistribution of funding among communities. Communities' aid distribution is based on updated qualifying tax levies and reflects inclusion of East Providence as a distressed community. In the first year of a community's qualification, it receives a transition payment of half its proportional share.
- **Payment in Lieu of Taxes Program.** The Governor recommends \$35.1 million for the Payment in Lieu of Taxes program that reimburses cities and towns for property taxes that would have been due on real property exempted from taxation by state law. The recommendation is \$5.0 million less than enacted to reflect the one-time nature of funding made available for FY 2015 through refinancing of tobacco bonds. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. The FY 2016 recommended reimbursements reflect 20.75 percent of the value of the foregone tax; the FY 2015 reimbursement reflects 25.4 percent.
- **Motor Vehicles Excise Tax.** The Budget funds the Motor Vehicles Excise Tax program at the enacted amount of \$10.0 million. The 2010 Assembly enacted legislation lowering the mandated exemption to \$500, for which the state will reimburse municipalities an amount subject to appropriation. Municipalities may provide an additional exemption; however, it will not be subject to reimbursement.

- **Library Resource Sharing Aid.** The Governor recommends \$8.8 million which is the enacted amount but \$1.1 million, or 12.2 percent, less than current law allows. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation.
- **Library Construction Aid.** The Governor provides \$2.7 million to fully fund library construction aid requirements. 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. The three-year moratorium on the acceptance of applications for library construction aid projects ended June 30, 2014.
- **Property Valuation Reimbursement.** The Governor recommends \$0.7 million for FY 2015 and \$1.8 million for FY 2016 to reimburse communities conducting property valuation updates.
- **Airport Impact Aid.** The Governor provides the enacted level of \$1.0 million for both FY 2015 and FY 2016 to 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.
- **Municipal Incentive Aid.** The Governor includes the enacted amount of \$5.0 million for the third and final year of the three-year Municipal Incentive Aid program to be distributed, based on population, to municipalities that do not have locally-administered pension plans and those with plans that adhere to certain criteria. Communities with these plans must have submitted approved funding improvement plans, if they are required, or if they are not required they must be making their required funding payment.
- **Municipal Building and Fire Code Inspections.** The Budget includes legislation to mandate that projects receiving Commerce Corporation incentives be subject only to state building code and the state fire code with the inspections done by the state. A municipality with a population greater than 150,000 may opt to review and inspect its own projects. Providence is the only city that currently meets that population threshold.

## Education Aid

- **Mandatory Full-Day Kindergarten.** The Governor's budget includes legislation requiring that, beginning in August 2016, all school districts offer full-day kindergarten to every eligible student in order to qualify for any state education aid. The FY 2016 budget includes \$1.4 million in formula aid in the event that full-day kindergarten is implemented in August 2015, one year earlier than mandated, in the seven communities that currently do not have it.
- **FY 2016 Formula Education Aid.** The Governor recommends \$842.9 million for school formula aid for school districts, including Central Falls, the Metropolitan Career and Technical School, Davies Career and Technical School and charter schools pursuant to the funding formula. This is \$35.8 million more than enacted and fully funds current estimates. It includes \$1.4 million in FY 2016 to fund full-day kindergarten programs if the seven communities that do not have it begin programs in August 2015.
- **Funding Formula Assumptions.** The Governor funds the fifth year of the education funding formula adopted by the 2010 Assembly. The calculation for FY 2016 uses June 30, 2014 student enrollment data adjusted for FY 2016 projected charter school enrollments, a per pupil core instruction

amount of \$8,928 and state share ratio variables updated with June 30, 2014 data. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. Aid amounts are subject to final student enrollment data collected in March 2015.

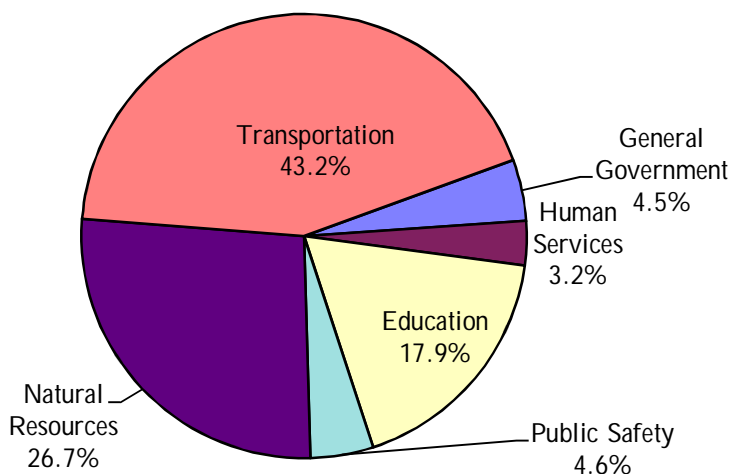
- **Special Education Funds.** The education funding formula allows for additional resources from the state for high-cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Governor recommends \$2.5 million for FY 2016. This is \$1.0 million more than enacted and represents a plan to gradually increase funds annually.
- **Early Childhood Funds.** The education funding formula allows for additional resources from the state to increase access to voluntary, free, high-quality pre-kindergarten programs. The Governor recommends \$4.0 million for FY 2016. This is \$1.0 million more than enacted and represents a plan to gradually increase funds annually.
- **Transportation Funds.** The education funding formula allows for additional resources from the state to districts for transportation costs. The Governor recommends \$2.4 million for FY 2016 for the fifth year of funding, \$2.0 million less than enacted to reflect her proposal to repeal the requirement that local education agencies provide transportation for students attending private schools. The state currently provides funding to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts.
- **Career and Technical Education Funds.** The education funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and offset the higher than average costs of maintaining highly specialized programs. The Governor recommends \$3.5 million for FY 2016, which is consistent with the enacted budget.
- **School Construction Aid.** The Governor recommends \$70.9 million to fund projected costs of school housing aid to local districts for FY 2016, which is \$2.8 million more than the final FY 2015 entitlement. Supporting documents indicate the intent for an appropriation of \$80.0 million for FY 2017. The Governor also recommends \$20.0 million from general revenues derived from bond refinancing proceeds in FY 2016 to establish a new capital fund and create a School Building Authority office within the Department of Elementary and Secondary Education to oversee the fund. The legislation is not clear on how the existing aid program and new fund will work together.
- **Group Home Aid.** The Governor's budget reflects \$5.1 million for group home aid consistent with current law that requires that aid be paid for all beds opened as of December 31, 2014. The FY 2016 budget is \$1.0 million less than the FY 2015 enacted budget.
- **Textbook Mandate and Reimbursement.** The Governor recommends eliminating the requirement that cities and towns provide textbooks for non-public school students and eliminating funding for the limited reimbursements allowed under the program for FY 2016; the enacted budget includes \$240,000. Under current law, the state reimburses districts only for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12<sup>th</sup> grade.

- **School Breakfast.** The Governor recommends the enacted level of \$270,000 from general revenues for the administrative cost reimbursements to districts for the school breakfast program. Food is paid from federal sources.
- **Vision Services.** The Governor’s budget continues the plan to shift expenses for students attending the Rhode Island Vision Services Education Program at the Paul Sherlock Center from the state to local districts over a three year period for eventual savings to the state of \$745,000; there are savings of \$0.2 million included for FY 2016, which reflects the end of state funding for the program. The program provides teaching and consultation services to children who are blind or visually impaired, their families and educational staff within the school environment.

### Capital Budget

- **Outlays and Funding.** The FY 2016 through FY 2020 recommended plan includes \$3,381.5 million of outlays on \$8,517.3 million of project estimates. Average outlays would be \$676.3 million per year for the five-year period with \$338.7 million required at the end of the period to complete the projects.
- **Debt Restructuring.** The Governor’s recommended budget includes a restructuring of general obligation bond debt, where principal payments are deferred and/or shortened to provide additional savings in particular years. The budget includes savings of \$64.5 million in FY 2016, with anticipated FY 2017 savings of \$19.4 million. General revenue funded debt service would increase in FY 2018, remain flat in FY 2019 and then increase by approximately \$15 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. However, net present value savings are estimated to be positive.

**FY 2016 - FY 2020 Capital Projects by Function**



- **General Obligation Bonds Referenda.** Financing the five-year plan is based on \$463.9 million of general obligation bond debt issuances, including \$243.0 million approved by voters in November 2014

and \$73.0 million from new general obligation bonds to be presented to the voters on the November 2016 ballot.

- **Other Debt Approvals.** The plan also requires \$67.7 million of new debt for several Higher Education projects, of which the Governor's budget includes \$5.1 million to be approved by the 2015 Assembly under the Public Debt Management Act for fraternity infrastructure improvements at the University of Rhode Island.
- **Financing.** Paying for the five-year outlays includes \$852.2 million from debt financing and \$2,529.3 million from current or pay-go sources. Pay-go represents 74.8 percent with debt funding being 25.2 percent.
- **Debt Levels.** Total net tax supported debt decreases during the period through FY 2020 by \$357.9 million from \$1,864.5 million to \$1,506.6 million. However, past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.
- **Debt Ratios.** Net tax supported debt would decrease from 3.6 percent of personal income reported for FY 2014 to 3.4 percent into FY 2015 before dropping gradually back to 2.3 percent in FY 2020, assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.
- **Debt Service.** Debt service in the recommended capital budget would decrease from 6.7 percent of useable general revenues in FY 2015 to 4.9 percent in FY 2020.
- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$599.4 million.

## State Government

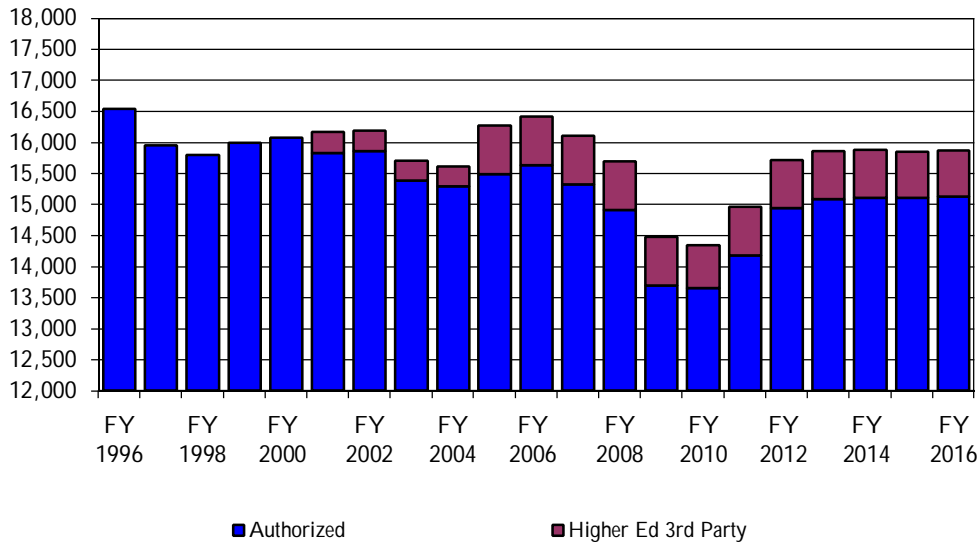
- **Staffing.** The Governor recommends \$1,909.5 million for personnel expenditures and 15,119.4 full-time equivalent positions, including 745.8 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$47.4 million more and 33.4 more positions than the FY 2015 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

Among the changes are 5.0 new positions for the Executive Office of Commerce, 6.0 new positions in the Office of the Governor, 6.5 customer service representatives for the Division of Motor Vehicles, 3.0 revenue agents, and 11.0 federally funded positions in several departments for the administration of two initiatives: the State Innovations Model Initiative and the Rate Review Cycle III grant.

As of February 21, there were 13,823.9 positions filled, leaving 1,103.9 non-research vacancies. In FY 2014, the state averaged 13,908.9 filled positions, reflecting an average of 1,001.8 non-research vacancies. In FY 2013, the state averaged 13,664.6 filled positions with 1,233.9 non-research vacancies.



### Full-Time Equivalent Positions



- Unidentified Statewide Personnel Savings.** The Budget includes \$22.0 million in general revenue savings from unidentified statewide personnel savings. The Governor plans 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.
- Employee Classification Study.** The Budgets include a total of \$1.0 million from general revenues, \$0.5 million in each year for a classification and compensation study.
- Medical Benefit Savings.** The FY 2015 budget includes general revenue savings of \$3.4 million in medical benefit savings resulting from lower claims experience.
- Directors' Salaries.** The Governor's budget proposes to repeal the requirement that the Department of Administration seek the General Assembly's approval in determining salaries for cabinet directors. Directors' salaries would solely be determined by the director of the Department of Administration.
- Positions in Unclassified Service.** The Governor proposes legislation to allow the director of the Department of Administration to deem non-union senior agency level positions as unclassified as positions are vacated and created. The director of the Department of Administration would be allowed to set the compensation for those positions.
- Longevity Payments.** The Governor proposes to freeze longevity payments at the amount earned by an employee as of the last pay period in June 2015 or the last pay period prior to the expiration of applicable collective bargaining agreements, whichever occurs later. It further requires that longevity amount not be included as part of an employee's base rate salary.
- Personnel Appeal Board.** The Governor proposes legislation to allow the Personnel Appeal Board to reverse an action of the personnel administrator only if the Board were to find that an action had been arbitrary, capricious, or contrary to rule or law.

- **Probationary Period.** The Governor proposes to extend the probationary period for all positions from 6 months to 12 months.
- **Retiree Health Insurance.** The Governor proposes altering the requirements for what benefits shall be included in early retiree health plans.
- **State Employee Healthcare.** The Governor includes legislation in Article 22 to remove the requirement that non-union employees receive health benefits that are substantially similar to those received by union employees under collective bargaining agreements.
- **CurrentCare Health Information Exchange.** The Governor's budget eliminates the enacted amount of \$225,000 from general revenues that the state pays as a \$1 per member per month fee for state employees to support the Health Information Exchange, which is an electronic network that gives medical professionals access to their patients' health information.
- **Higher Education Positions.** The Governor proposes converting the classified positions assigned to higher education to non-classified positions and removing them from the merit system, prospectively.
- **Lean Process Improvement Projects.** The Budget includes \$0.1 million from general revenues for the Office of Management and Budget to fund lean process improvement projects to improve operational efficiency.
- **Legal Notices.** The Governor proposes legislation 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 Budget assumes a general revenue savings of \$0.1 million. The Governor requested an amendment on March 26 to withdraw this proposal.
- **Unemployment Insurance Benefits.** The Governor's budget includes \$175.5 million in FY 2016 for the payment of unemployment insurance benefits, including \$1.5 million from federal funds for the Work Share program and the remainder from the Trust Fund. This is \$34.5 million less than enacted to reflect current benefit recipients.
- **New Unemployment Insurance Tax and Benefit System.** The Governor's budget includes \$1.6 million from Job Development Fund restricted receipts in FY 2016 for continued development costs to build and implement a new tax and benefit system for unemployment insurance administration. This requires legislation that was inadvertently omitted from the budget.
- **Unemployment Insurance Loan Repayment.** The Governor's budget includes \$26.3 million in FY 2015 for interest and principal payments to pay off the state's federal unemployment insurance loans. There is no funding in FY 2016 because the loans were paid in full in November 2014. Beginning in January 2015, employers no longer have to pay the additional assessment, nor do they have to lose the additional federal unemployment tax credits.
- **Temporary Caregiver Insurance.** The Governor's budget includes \$11.0 million and funds 3.0 positions allocated from unused positions elsewhere in the Department of Labor and Training, for a total of 10.0 positions from the temporary disability insurance trust fund for benefit payments and administration of the temporary caregiver insurance program, allowing 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.

- ***Police and Fire Relief Fund.*** The Governor's budget includes \$4.1 million from general revenues for the Police and Fire Relief program for annuity payments and in-state tuition to eligible spouses, domestic partners and dependents of certain injured or deceased police officers and fire fighters. This is \$0.1 million less than enacted.
- ***Contingency Fund.*** The Budgets include the enacted amount of \$250,000 for the Governor's Contingency Fund.
- ***Rhode Island Financial Accounting Network System.*** The Budgets include \$1.7 million in each year for ongoing maintenance of the Rhode Island Financial Accounting Network System.
- ***Information Technology Investment Fund.*** The Budgets assume use of \$20.0 million from the Information Technology Investment Fund, including \$12.6 million in FY 2015. It assumes \$6.4 million in bond premiums that were deposited into the Rhode Island Capital Plan Fund in FY 2015 will be transferred into the Information 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 proposes transferring approximately \$7.3 million.
- ***Capital Projects Consolidation.*** 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, and Transportation.
- ***CollegeBoundfund.*** The Governor recommends transferring administrative responsibility of the state's tuition savings program from the Higher Education Assistance Authority to the Office of the General Treasurer.
- ***Municipal Incentive Grants.*** The Budget includes \$0.1 million for FY 2016 for a municipal incentive grants program to be administered by the Office of the Lieutenant Governor. The program would provide assistance to municipalities to be used toward regionalization and consolidation efforts. No additional guidance on the use of funds is included in the budget.
- ***Statewide Operational Savings.*** The Budget assumes undistributed statewide general revenue savings of \$2.0 million from a Division of Purchasing and Bureau of Audits review of recent state commodity and deliverable based contracts to ensure that the state has achieved all attainable savings. The Department of Administration will also obtain outside services to identify the savings.
- ***Energy Procurement.*** The Budget assumes \$1.0 million in savings through competitive purchasing and energy efficiency initiatives.
- ***Printing Savings.*** The Budget includes statewide savings of \$0.1 million in printing costs. The Division of Information Technology will conduct a review of state printing to reduce the number of office printers.
- ***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 statewide savings from this.

- ***Voter Rolls.*** The Budget includes \$35,000 for FY 2015 and \$100,000 for FY 2016 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 registered.
- ***Matching Public Funds for Elections.*** The Governor recommends \$2.6 million from general revenues for FY 2015 for the Matching Public Funds campaign finance program administered by the Rhode Island Board of Elections for the November 2014 election. This is \$0.6 million more than enacted, which reflects that candidate requests were higher than anticipated.
- ***Convention Center Authority.*** The Budgets includes \$21.0 million and \$23.0 million from general revenues for the Convention Center Authority to cover debt service requirements in FY 2015 and FY 2016, respectively. This includes a savings of \$2.0 million in the current year, primarily from refunding existing bonds.
- ***License Plate Reissuance Delay.*** The Governor proposes a one-year delay in the start of license plate reissuance, from FY 2016 to FY 2017. Documents supporting the Governor's recommended budget note that costs associated with implementation are higher than anticipated; however, project costs have not been finalized. The Division of Motor Vehicles reports its staff is currently focused on the long-delayed Rhode Island Modernization System, and therefore both projects cannot simultaneously and successfully move forward.
- ***Health Reform Assessment.*** The Governor proposes 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 RI. This is estimated to generate \$11.8 million in calendar year 2016, of which \$6.2 million would be used in FY 2016. The first year assessment is intended to align with the \$8.8 million that would be generated by charges applicable if the federal exchange were used, in addition to roughly \$3.0 million in transition costs that would be incurred by transferring to the federal exchange. The \$8.8 million figure assumes significant growth in premiums written through the exchange.

## **Health and Human Services**

- ***Division of Advocacy.*** The Governor's budget consolidates the Governor's Commission on Disabilities, the Commission on the Deaf and Hard of Hearing, the Office of the Child Advocate, and the Office of the Mental Health Advocate under a newly created Division of Advocacy within the Executive 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.
- ***Medicaid for Certain Adults.*** The Governor includes \$539.1 million from federal Medicaid funds to provide medical benefits to certain low income, non-disabled adults in FY 2015 and \$547.1 million in FY 2016. The benefits are 100 percent federally funded until January 2017, at which time the Medicaid rate will incrementally decrease to 90 percent in January 2020, requiring a 10 percent state match.
- ***Managed Care Plans.*** The Governor's FY 2016 budget includes state expenditure savings of \$4.8 million from a 0.9 percent reduction to the capitated rates that, as projected at the November caseload conference, would be paid to Neighborhood Health and UnitedHealth for those enrolled in RItE Care or the Rhody Health Partners programs. Her budget includes \$845.3 million, including \$406.3 million

from general revenues for both programs. The net savings is \$4.7 million because it is offset by a \$0.1 million revenue loss in health care premium taxes.

- ***Rhody Health Options.*** The Governor includes \$274.9 million, including \$136.3 million from general revenues for the state's integrated system to pay for nursing home and acute care services for individuals eligible for Medicare and Medicaid through a managed care plan. This includes savings of \$0.6 million from a rate reduction, offset by a \$12,783 revenue loss in health care premium taxes.
- ***Nursing Facilities Payments.*** The FY 2016 budget includes \$183.8 million for the fee-for-service nursing home payments. The Governor includes savings of \$18.0 million from eliminating the October 1, 2015 nursing home rate increase and a three percent rate reduction. This includes \$8.9 million less from general revenues offset by a \$1.0 million revenue loss in health care taxes.
- ***Hospital Rates.*** The Governor's FY 2016 budget includes savings of \$31.6 million, including \$15.7 million from general revenues by freezing the inpatient and outpatient rates to the community hospitals for services paid by the state and managed care plans and applying a five percent reduction to those rates.
- ***Hospital Payments.*** The Governor eliminates \$22.6 million, \$11.3 million from general revenues, for the inpatient and outpatient upper payment limit reimbursements to be made to the community hospitals in FY 2016.
- ***New State Hospital.*** The Governor's capital plan does not include funding to build a new state hospital at the Pastore Government Center, pending further study of the future needs by the current administration.
- ***Graduate Medical Education.*** The Governor eliminates the \$1.0 million state payment to Lifespan for graduate medical education activities in FY 2015 and FY 2016.
- ***Electronic Visit Verification.*** The Governor includes savings of \$5.9 million, \$2.9 million from general revenues, in the Office of Health and Human Services and Department of Behavioral Healthcare, Developmental Disabilities and Hospitals from implementing an electronic visit verification process for home care providers.
- ***Predictive Modeling.*** The Governor includes savings of \$2.0 million, \$1.0 million from general revenues, from addressing fraud, waste and abuse, and identifying Medicaid provider payment reimbursement policies and inconsistencies through the predictive modeling initiative.
- ***Medicaid Program Efficiencies.*** The Governor includes savings of \$4.0 million, \$2.7 million from general revenues, from program efficiencies that include: confirming residency, addressing out-of-plan services in managed care and shifting state costs to Medicaid or, for certain individuals, Medicare.
- ***Personal Care Payments.*** The Governor includes general revenue savings of \$0.2 million from reducing the administrative payment made for elderly and disabled clients enrolled in the participant-directed program.
- ***Medicaid Task Force.*** The FY 2016 budget includes savings of \$92.6 million, \$46.0 million from general revenues, that will be refined through the efforts of the 28-member "Working Group to Reinvent Medicaid," appointed by the Governor. Savings are included in the Office of Health and Human Services and the departments of Behavioral Healthcare, Developmental Disabilities and

Hospitals; Children, Youth, and Families; and Human Services. This includes \$30.2 million for value based payments to hospitals, \$30.2 million to address services provided to high cost populations, \$16.1 million to modify arrangements with the managed care plans, \$6.0 million for better care for individuals with behavioral health issues, \$6.0 million for value based payments in long term care, and \$4.0 million for improved oversight and efficiency.

- **Cost of Care Automation.** The Governor includes savings of \$0.9 million, \$0.5 million from general revenues from streamlining and improving the billing system to ensure proper payment is made from participants receiving services through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' Division of Developmental Disabilities.
- **Rogler Group Home.** The Governor includes general revenue savings of \$0.4 million in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals from closing the Rogler group home.
- **Eleanor Slater Hospital Food Service.** The Governor includes savings of \$300,000, \$150,000 from general revenues, from transferring food purchasing activities and warehousing operations to the Department of Corrections.
- **Unified Health Infrastructure Project.** The Governor provides state and federal funding totaling \$53.9 million in FY 2015 and \$38.4 million in FY 2016 to support the Unified Health Infrastructure Project. This includes \$8.9 million from general revenues for FY 2015 and \$5.7 million for FY 2016 and dedication of \$4.4 million and \$2.0 million from the Information Technology Investment Fund in FY 2015 and FY 2016, respectively.
- **Services for Adults with Developmental Disabilities.** The Governor includes \$223.7 million in FY 2015 and \$227.9 million in FY 2016 to provide residential and community based support services to approximately 4,200 adults with developmental disabilities in both the state-run and privately operated systems. This includes state support of \$111.7 million in FY 2015 and \$114.1 million in FY 2016.
- **Department of Justice Consent Decree.** The Governor's budget adds \$4.0 million, including \$2.0 million from general revenues for direct services for adults with developmental disabilities to comply with the consent decree. The budget also includes \$725,000 from general revenues to fund other costs related to the consent decree.
- **DCYF Budgetary Discretion.** The Governor includes legislation that would give the Director of the Department of Children, Youth and Families the authority to reallocate line item appropriations to achieve more effective outcomes for clients. This legislation would also allow the Director to reinvest any savings achieved by the Department in technology, infrastructure and other related services. The authority would apply to FY 2016 and FY 2017.
- **Technology Upgrades.** The Governor's FY 2016 budget includes \$0.5 million from general revenues to purchase new computer equipment including desktop computers, thin line computers, tablets, and software at the Department of Children, Youth and Families.
- **System of Care.** In FY 2016, the Governor's budget includes \$71.7 million from all sources, including \$52.6 million from general revenues for out-of-home and foster care services provided through the System of Care networks. The revised budget funds services provided through the contracts at \$81.7 million, including \$62.8 million from general revenues. The current contracts expire at the end of FY 2015 with the option to renew for FY 2016.

- **Utilization Management.** The Budget includes \$0.8 million from general revenues for the procurement of utilization management services in order to adjust placement costs within the System of Care.
- **Foster Care Support.** The Budget includes \$1.0 million from general revenues to fund unspecified improvements to foster care services. This is offset by \$0.6 million in savings from Department of Children, Youth and Families' staff taking over foster care support and referral functions previously contracted to private providers.
- **PANDA Contract.** The Budget includes \$0.3 million from general revenues for the contract with Rhode Island Hospital for the Pediatric Abuse and Neglect Diagnostic clinic. This is \$0.1 million less than enacted in both FY 2015 and FY 2016 and assumes that the hospital will be able to offer the same services under a reduced contract.
- **Cash Assistance Benefits Caseload.** The Governor's budget includes \$108.7 million, including \$29.8 million from general revenues for Rhode Island Works assistance, subsidized child care, supplemental security income and general public assistance. This is \$2.0 million more than enacted, including \$0.2 million more from general revenues for updated costs adopted at the November Caseload Estimating Conference. The Governor includes legislation to exclude these estimates from future Caseload Estimating Conferences.
- **Rhode Island Works Employment Programs.** The Governor includes \$3.9 million from federal temporary assistance to needy families block grant funds for the pilot programs included in the enacted budget. This includes wage reimbursements and related assistance for subsidized employment and on-the-job training programs and expanded childcare assistance for participating families up to 225 percent of the federal poverty level. This includes the enacted level of \$1.5 million for Rhode Island Works and adds \$0.9 million, for a total of \$2.4 million for child care assistance.
- **Meals on Wheels.** The Governor's budget adds \$330,000 from general revenues for Meals on Wheels for FY 2016. This is in addition to \$200,000 already provided as a community service grant through the Department of Human Services.
- **Pharmaceutical Assistance to the Elderly.** The Governor's budget includes \$0.1 million from restricted receipts for the pharmaceutical assistance to the elderly program.
- **Child Support IRS Reserve Account.** The Governor includes \$300,000 from general revenues to establish an account for Internal Revenue Service recalls of tax intercepts after child support payments are made to custodial parents. The average total of the payments has been approximately \$0.3 million annually and prior resources used for these recalls are no longer available.
- **Paratransit Expenses.** The Governor's budget includes \$5.7 million from all sources for paratransit expenses in both FY 2015 and FY 2016, which is \$0.5 million less than enacted from general revenues to reflect the utilization of a new vendor contract for managing the state's paratransit system.
- **Director of Division of Veterans' Affairs.** The Governor includes \$0.1 million from general revenues to fund the position of the Director of the Division of Veterans' Affairs; the position has been included in the prior budgets, but not funded. The job description and specifications are currently being updated, which then require approval in a public hearing before the position can be filled.

- ***New Veterans' Home.*** The Governor's budget includes the expenditure of general obligation bond proceeds approved by the voters in November 2012 for the design and construction of the new Veterans' Home adjacent to the existing home in Bristol, including \$8.1 million in FY 2015 and \$13.4 million in FY 2016. It also includes \$34.2 million from federal reimbursement funds for FY 2016.
- ***Non-Prescribing Boards Consolidation.*** The Governor includes a proposal to consolidate all of the non-prescribing health professional boards into a single division within the Department of Health and create a single board of review for appeals, discipline and advisory functions. The budget includes savings of \$0.2 million from the elimination of 2.0 full-time positions. There are 25 professional boards that include a variety of professions, such as dietitians, physical therapists, occupational therapists, optometrists, social workers and funeral home directors.
- ***Professional Licensing.*** The Budget proposes to repeal 32 professional licensing fees, the majority of which are administered by the Department of Health. This is estimated to reduce revenues by \$0.4 million in FY 2016.
- ***Poison Control Center.*** The Governor recommends \$150,000 from general revenues in FY 2015 and \$200,000 in FY 2016 to fund the Poison Control Center, which provides assistance and medical diagnosis of poisonings.

## Education

- ***Public Higher Education.*** The Governor's budget includes \$1,058.7 million for Public Higher Education institutions including debt service. The Budget includes \$189.9 million from general revenues, which is \$7.1 million more than FY 2015.
- ***Public Higher Education Tuition and Fees.*** The Governor's budget appears to assume tuition and fee increases consistent with Board approval 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.
- ***University Fraternity Circle Infrastructure Project.*** The Governor submitted authorization for Assembly approval of \$5.1 million from revenue bonds for improvements to water distribution and storm water management systems, gas, electric, roadways, walkways and parking lots for the University of Rhode Island's fraternity circle. Annual debt service would be \$0.4 million.
- ***Rhode Island College Re-Purpose Adams Library.*** The Governor's capital budget adds \$12.1 million from Rhode Island Capital Plan funds to the academic buildings renovations project for which the voters approved \$50.0 million from general obligation bonds in 2012. The additional funds will be used to re-purpose areas within Adams Library to accommodate several departments that will be moving there from other buildings in conjunction with the other renovations.
- ***University Chemistry Building.*** The Governor's capital budget includes \$4.0 million from Rhode Island Capital Plan funds, \$2.0 million from University funds and \$1.5 million from private funding to build out the fourth floor of the new chemistry building for which the voters approved \$61.0 million from general obligation bonds in 2010. Final cost estimates were more than originally anticipated, requiring the additional funding to finish the building.
- ***Gateway to URI (Welcome Center).*** The Governor's capital budget includes \$7.3 million from unrestricted University funds for a new project to design and construct a new welcome center located



on Upper College Road. The new building will offer space to create a one-stop shop of information and programs for prospective students and their families.

- **Higher Education Asset Protection.** The Governor's budget includes \$67.1 million from Rhode Island Capital Plan funds for asset protection projects at the institutions of public higher education for the five-year period of the capital plan.
- **Office of Postsecondary Commissioner.** The Governor recommends \$2.0 million and 15.0 full-time equivalent positions to staff the Office of Postsecondary Commissioner based on the new Commissioner's request.
- **Need Based Scholarships and Grants.** The Governor recommends eliminating the state's current need based scholarships and grants program and allocating \$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 to attend Rhode Island's public higher education institutions.
- **Dual Enrollment Initiative.** The Governor recommends \$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.
- **Higher Education Assistance Authority Merger.** The Governor's budget reflects the transfer of 15.0 full-time equivalent positions from the Rhode Island Higher Education Assistance Authority to the Office of Postsecondary Commissioner and abolishes the Authority as a stand-alone agency.
- **Telecommunications Education Access Fund.** The Governor recommends \$1.5 million in FY 2015 and \$2.2 million in FY 2016, including \$0.4 million from general revenues in both years, to support the Telecommunications Education Access Fund. This fund provides 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.
- **Race to the Top Software Maintenance Contracts.** The Governor's budget includes \$0.6 million from general revenues for several software maintenance contracts that had been created and funded with federal Race to the Top funds; however, Race to the Top funds will expire in FY 2015.
- **Teacher Diversity.** The Governor's budget includes \$250,000 from general revenues for recruiting and training of a more diverse pool of educators to reflect the demographics of the students in high need communities around the state.
- **Channel 36 Rhode Island PBS Transition Grant.** The Governor includes \$250,000 from general revenues for a third year of grant funding to assist in the transition of Channel 36 from a state agency to control of the Rhode Island PBS Foundation. It appears this was based on a request from the agency and was intended to be only \$200,000. The FY 2014 budget included \$300,000 and the FY 2015 enacted budget includes \$250,000.
- **Arts Grants.** The Governor provides the enacted amount of \$1.1 million from general revenues for grants awarded to various arts organizations and artists throughout the state.
- **Creative and Cultural Economy Bond.** The Budget includes \$35.0 million from general obligation bonds approved by the voters on the November 2014 ballot for renovations to public and nonprofit

theaters and performance spaces with \$5.0 million of that reserved for qualifying projects at historic sites. The program is administered by the Rhode Island State Council on the Arts in consultation with the Historical Preservation and Heritage Commission.

## Public Safety

- **Prison Population.** The Budget assumes a population of 3,292, which is 122 more inmates than the enacted population of 3,170. It also assumes a revised population of 3,239 for FY 2015, which is 69 more than enacted. Through the first eight months of FY 2015, the average inmate population is 3,189.
- **Correctional Officer Training Class.** The Budget delays a new correctional officer class from FY 2015 to FY 2016, for a savings of \$0.7 million in the current year. The revised budget maintains funding for recruitment of the new class, which will be held in FY 2016 at a cost of \$0.8 million. The class is delayed pending an outcome of litigation with the Department of Justice concerning the correctional officer examination process.
- **Overtime Costs.** In FY 2016, the Governor proposes general revenue savings of \$0.4 million in overtime costs associated with construction projects performed by inmate work crews and outside vendors. The overtime is related to the protection of outside vendors as well as the supervision of inmate work crews. The Budget assumes these costs will be included as part of total project costs, and not paid from the Department's general revenues.
- **Weapons Requalification.** The Budget includes \$0.5 million of general revenue savings by modifying existing statutory language to switch from annual weapons requalification for correctional officers to biennial requalification.
- **Corrections Asset Protection.** The Governor includes \$20.0 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 for asset protection projects at correctional facilities including drainage system improvements, window replacement, painting and HVAC.
- **Minimum Security Renovations.** The Governor includes \$7.9 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 to construct a new support services facility, expand the minimum security kitchen area, and install new equipment to increase its capacity to serve, feed, and house a larger inmate population.
- **Medium Security Renovations.** The Governor includes \$17.9 million from Rhode Island Capital Plan funds for infrastructure improvements at the John J. Moran medium security facility. This includes the expansion of available space for dining areas, kitchen, dispensary, and other inmate programs and recreational activities.
- **Indigent Defense Program.** The Budget includes the enacted amount of \$3.5 million from general revenues in FY 2016 for the Judiciary's indigent defense program.
- **Judicial Asset Protection.** The Governor includes \$4.7 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 for asset protection projects at Judicial buildings, including drainage system improvements, security upgrades, courtroom restorations, interior refurbishments to public areas and office spaces, cellblock upgrades, elevator upgrades and exterior refurbishments.

- **Judicial Complex Restoration.** The Governor includes \$3.8 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 for restoration of the Licht complex. This includes plaster repair, courtroom bench restoration, carpet replacement, and repainting of the courthouse interior.
- **Judicial HVAC.** The Governor includes \$4.7 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 for the replacement, restoration and cleaning of the heating, ventilation and air conditioning system for all judicial complexes including Licht, Garrahy, Murray, McGrath, Noel, Traffic Tribunal and Fogarty Judicial Annex. Work includes water pump and boiler installations and the replacement of water lines, fan coils, exhaust fans and air handlers.
- **56<sup>th</sup> State Police Training Academy.** The Budget delays the start of the 56<sup>th</sup> State Police Training Academy to February 2016; an anticipated 30 trainees will be sworn into the State Police in July 2016. The Budget includes savings of \$1.8 million from the delay to FY 2017.
- **State Police Pay-Go Pension Trust Fund.** The Governor includes \$1.0 million of general revenue savings for FY 2016 from the establishment of a trust fund to pay for State Police pay-go pensions. Sworn members hired prior to July 1, 1987 were not required to contribute to their pensions, which are funded through an annual appropriation. She recommends an initial deposit of \$15.0 million from Google forfeiture funds to seed the trust.
- **Consolidated Training Academy.** The Budget includes \$0.3 million from Google forfeiture funds for the construction of a Consolidated Training Academy for use by the State Police, the Municipal Police Training Academy, and the Providence Police. The Governor proposes total funding of \$19.5 million from FY 2015 through FY 2018 for the project and includes \$9.8 million from Rhode Island Capital Plan funds and \$9.8 million from Google forfeiture funds.
- **New Joint Force Headquarters.** The Governor includes \$2.5 million from Rhode Island Capital Plan funds in FY 2015 and \$0.6 million in FY 2016 for Phase I of a project to build a new headquarters for the National Guard to be located at Camp Fogarty in East Greenwich. The Military Staff currently shares space with the Emergency Management Agency in Cranston. The total project cost is \$32.7 million including \$22.0 million from federal funds and \$10.7 million from Rhode Island Capital Plan funds.

## Environment

- **Bays, Rivers and Watersheds Coordination Team.** The Governor's Budget abolishes 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 restricted receipts from an \$80,000 transatlantic cable fee, a \$1 per hundred gallons charge on septage disposal in the state, and a \$250,000 annual allocation from the Oil Spill, Prevention, Administration and Response Fund would now be utilized by the Department of Environmental Management for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change.
- **Commercial Feed Registration Fee Increase to Local Agriculture and Seafood Program.** The Budget increases the commercial feed registration fee from \$60 to \$100 per year, per product. The increase would be deposited as restricted receipts into the Local Agriculture and Seafood Small Grants and Technical Assistance Fund. Sixty dollars of the fee would still be deposited into the state General Fund, consistent with the current practice.

- ***Open Space and Healthy Communities Bonds.*** The Budget includes \$33.0 million from general obligation bonds approved by the voters in November 2014 for brownfields remediation, flood prevention, farmland acquisition, recreation and development grants, as well as improvements and renovations to the Roger Williams Park and Zoo.
- ***Clean Water State Revolving Loan Bonds.*** The Budget includes \$20.0 million from general obligation bonds approved by the voters in November 2014 for the Clean Water State Revolving Loan Fund, a subsidized loan program for local governmental units to finance wastewater infrastructure projects.
- ***Fort Adams Sailing Improvements.*** The Budget includes \$3.4 million in FY 2015 and \$3.6 million in FY 2016 for improvements to Fort Adams State Park, which will allow the state to host large-scale sailing events. The state has been awarded a stopover for the Volvo Ocean Race, which will take place in May of 2015. The funding for FY 2016 also reflects anticipated private donations for the construction of a mid-park educational and recreational facility.
- ***Rocky Point.*** The Governor recommends \$3.7 million from Rhode Island Capital Plan funds in FY 2015 for maintenance and renovations at the approximately 85 acre property formerly known as Rocky Point Park. The work in FY 2015 has included demolition of buildings on the property, which will be followed by a master planning phase and then a phase to develop the property for use as a state park.
- ***Galilee Piers.*** The Budget includes \$3.9 million in FY 2015 and \$0.4 million in FY 2016 from state and federal sources for infrastructure improvements at the Port of Galilee. This is \$1.7 million more than the approved plan.
- ***World War II State Park Improvements.*** The Budget includes \$1.8 million in FY 2015 and \$0.8 million in FY 2016 from Rhode Island Capital Plan funds to revitalize the currently closed World War II State Park, eliminating the currently empty pond and replacing it with a splash park. The FY 2015 budget includes \$250,000 from general revenues for the first year of the five-year initiative to transfer maintenance and operation of the World War II State Park from the state to Woonsocket following the completion of the capital project. Because of the delay in the capital project, the Governor's budget shifts first installment of \$250,000 from FY 2015 to FY 2016.
- ***State Recreational Facilities Improvements.*** The Budget includes \$9.2 million from Rhode Island Capital Plan funds for the FY 2016 through FY 2020 period, including \$2.9 million for FY 2016, for improvements at Rhode Island parks and management areas. This is \$1.1 million more than the approved plan.
- ***State Piers.*** The Budget includes \$4.0 million from Rhode Island Capital Plan funds for the FY 2016 through FY 2020 period, including \$0.1 million for FY 2016, for marine infrastructure and pier development at sites critical to Rhode Island's tourism and fishing economy.

## Transportation

- ***DMV Fees.*** The Governor's FY 2016 budget assumes \$13.2 million of additional revenues by delaying the transfer of transportation related fees collected by the Division of Motor Vehicles to the Department of Transportation in FY 2016. Current law provides that 25 percent of these fees, which are worth \$52.8 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 made pursuant to

current law. In lieu of this transfer, the Budget includes an additional \$20.0 million of Rhode Island Capital Plan funding, which results in a net addition of \$6.8 million for the Department.

- **Winter Maintenance.** The Governor's FY 2015 budget includes \$19.1 million for winter maintenance expenditures, \$5.9 million more than enacted to reflect increased operations during the winter of 2015. The budget assumes \$17.1 million of winter maintenance expenditures in FY 2016.
- **Highway Drainage.** The Budget includes \$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.
- **Turnpike and Bridge Authority.** The budget includes a transfer to the Turnpike and Bridge Authority of \$15.0 million, which is derived from 3.5 cents of the gasoline tax, to be used for the maintenance and operation of the Sakonnet River Bridge. Consistent with legislation enacted by the 2014 Assembly, gasoline tax revenues are being used in lieu of tolls on the new bridge.
- **Rhode Island Public Transit Authority.** The budget submitted to the Governor by the Public Transit Authority includes deficit projections of \$1.4 million in FY 2015 and \$5.0 million for FY 2016.
- **Rhode Island Public Transit Authority Debt Service.** The Governor recommends the Authority's debt service payments be made with general revenues in lieu of Authority sources in order to reduce the projected operating shortfalls. This includes \$1.7 million in FY 2016.
- **Rhode Island Public Transit Authority Transfer.** The Budget includes a transfer of \$2.1 million from the Highway Maintenance Account to the Rhode Island Public Transit Authority in FY 2016. This reflects a five percent share of funding available in the account, consistent with legislation enacted by the 2014 Assembly.
- **Maintenance Facilities.** The Governor includes \$1.6 million from Rhode Island Capital Plan funds for FY 2016 through FY 2020 for improvements to departmental infrastructure, including pavement repair, replacement and repairs of the HVAC systems, roof repairs and improvements to windows and garage doors at several facilities.
- **Salt Storage Facilities.** The Governor includes \$1.0 million from Rhode Island Capital Plan funds each year of the FY 2016 through FY 2020 period for the construction of salt storage facilities at various locations statewide where salt is currently stored uncovered.
- **Capital Equipment Replacement.** The Governor includes \$10.2 million from Rhode Island Capital Plan funds for the FY 2016 through FY 2020 period to purchase heavy trucks, sweepers, loaders, backhoes and tractors to replace the Maintenance Division's existing fleet.
- **Bus Purchases.** The Governor includes \$2.2 million from Rhode Island Capital Plan funds in FY 2018 to match federal funds for bus purchases by the Rhode Island Public Transit Authority. This is a departure from traditional use of Rhode Island Capital Plan funds. In previous years, general obligation bonds or state fleet revolving funds were used.

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# Statewide Overview

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## Summary

|                                  | FY 2015<br>Enacted | FY 2015<br>Revised | FY 2016<br>Request | FY 2016<br>Recommended |
|----------------------------------|--------------------|--------------------|--------------------|------------------------|
| <b>Expenditures by Function*</b> |                    |                    |                    |                        |
| General Government               | \$ 1,513.4         | \$ 1,511.8         | \$ 1,473.7         | \$ 1,394.0             |
| Human Services                   | 3,743.1            | 3,867.2            | 3,854.7            | 3,751.3                |
| Education                        | 2,360.9            | 2,354.0            | 2,410.4            | 2,399.6                |
| Public Safety                    | 528.8              | 540.7              | 561.7              | 525.1                  |
| Natural Resources                | 108.8              | 117.8              | 105.6              | 98.8                   |
| Transportation                   | 525.1              | 447.9              | 459.1              | 458.9                  |
| <b>Total</b>                     | <b>\$ 8,780.2</b>  | <b>\$ 8,839.5</b>  | <b>\$ 8,865.2</b>  | <b>\$ 8,627.6</b>      |
| <b>Expenditures by Category*</b> |                    |                    |                    |                        |
| Salaries and Benefits            | \$ 1,581.2         | \$ 1,604.0         | \$ 1,677.9         | \$ 1,626.1             |
| Contracted Services              | 280.9              | 340.4              | 267.5              | 283.4                  |
| <b>Subtotal</b>                  | <b>\$ 1,862.1</b>  | <b>\$ 1,944.4</b>  | <b>\$ 1,945.4</b>  | <b>\$ 1,909.5</b>      |
| Other State Operations           | 794.4              | 799.6              | 818.6              | 757.4                  |
| Aid to Local Units of Government | 1,205.2            | 1,198.2            | 1,238.4            | 1,232.1                |
| Assistance, Grants, and Benefits | 4,069.2            | 4,112.9            | 4,041.0            | 3,984.3                |
| Capital                          | 412.5              | 361.2              | 389.6              | 315.9                  |
| Capital Debt Service             | 279.0              | 248.7              | 278.4              | 202.4                  |
| Operating Transfers              | 157.8              | 174.6              | 153.8              | 226.0                  |
| <b>Total</b>                     | <b>\$ 8,780.2</b>  | <b>\$ 8,839.5</b>  | <b>\$ 8,865.2</b>  | <b>\$ 8,627.6</b>      |
| <b>Sources of Funds*</b>         |                    |                    |                    |                        |
| General Revenue                  | \$ 3,445.2         | \$ 3,488.4         | \$ 3,657.2         | \$ 3,491.6             |
| Federal Aid                      | 3,086.5            | 3,140.5            | 2,949.6            | 3,003.1                |
| Restricted Receipts              | 283.1              | 278.2              | 246.2              | 239.4                  |
| Other                            | 1,965.4            | 1,932.4            | 2,012.1            | 1,893.5                |
| <b>Total</b>                     | <b>\$ 8,780.2</b>  | <b>\$ 8,839.5</b>  | <b>\$ 8,865.2</b>  | <b>\$ 8,627.6</b>      |
| <b>FTE Authorization</b>         | <b>15,086.0</b>    | <b>15,100.7</b>    | <b>15,298.3</b>    | <b>15,119.4</b>        |

*\*Data in millions*

## Summary

The Governor's budget recommendations for FY 2016, along with her revisions to the FY 2015 enacted budget, are contained in 2015-H 5900, introduced on March 13, 2015. The Governor signed 2015-H 5264 on February 9 that extended the submission date 35 days to March 12.

The 2004 Assembly amended the budget submission dates for the budget to be due on the third Thursday in January, or the first Thursday in February when a new Governor takes office. In prior years, it had been due the third Thursday in February. Governor Raimondo has included a proposal contained in Article 14 to revert to the pre-2004 submission schedule with an extra month for new Governors.

The Governor recommended a total FY 2016 budget of \$8,627.6 million. Total expenditures decrease \$152.6 million from the FY 2015 budget enacted by the 2014 Assembly, or 1.7 percent. Her FY 2015 revised budget totals \$8,839.5 million; FY 2014 expenditures were \$8,470.2 million.

The Budget includes \$3,491.6 million of expenditures funded from general revenues, \$46.5 million, or 1.3 percent more than the enacted general revenue funded budget. They are also \$3.2 million more than her revised recommendations.

| FY 2016           | General    |            |            |            |            |
|-------------------|------------|------------|------------|------------|------------|
|                   | Revenue    | Federal    | Restricted | Other      | All Funds  |
| FY 2015 Enacted   | \$ 3,445.2 | \$ 3,086.5 | \$ 283.1   | \$ 1,965.4 | \$ 8,780.2 |
| Governor          | 3,491.6    | 3,003.1    | 239.4      | 1,893.5    | 8,627.6    |
| Change to Enacted | \$ 46.5    | \$ (83.4)  | \$ (43.7)  | \$ (72.0)  | \$ (152.6) |
| Percent Change    | 1.3%       | -2.7%      | -15.4%     | -3.7%      | -1.7%      |

| FY 2015 Revised              | General    |            |            |            |            |
|------------------------------|------------|------------|------------|------------|------------|
|                              | Revenue    | Federal    | Restricted | Other      | All Funds  |
| FY 2014 Final                | \$ 3,352.4 | \$ 2,930.0 | \$ 278.7   | \$ 1,909.1 | \$ 8,470.2 |
| FY 2014 Actual               | 3,336.4    | 2,676.6    | 222.1      | 1,820.7    | 8,055.8    |
| Difference                   | \$ (16.0)  | \$ (253.4) | \$ (56.6)  | \$ (88.4)  | \$ (414.4) |
| FY 2015 Enacted              | \$ 3,445.2 | \$ 3,086.5 | \$ 283.1   | \$ 1,965.4 | \$ 8,780.2 |
| Governor's FY 2015 Revised   | 3,488.4    | 3,140.5    | 278.2      | 1,932.4    | 8,839.5    |
| Governor's Change to Enacted | \$ 43.2    | \$ 54.0    | \$ (4.8)   | \$ (33.1)  | \$ 59.3    |
| Percent Change               | 1.3%       | 1.7%       | -1.7%      | -1.7%      | 0.7%       |

The Budget Office estimates that in preparing the FY 2016 budget, the Governor faced a projected revenue-expenditure gap of about \$190 million. This was higher than the House Fiscal Staff projections partially because the Budget Office calculated a higher number based on fully funding FY 2015 employee raises that the Assembly's budget assumed would be absorbed through turnover and other savings. Additionally that gap grew because of projected overspending during FY 2015 only partially offset by increased resources from the FY 2014 closing and November 2014 consensus revenue estimates.

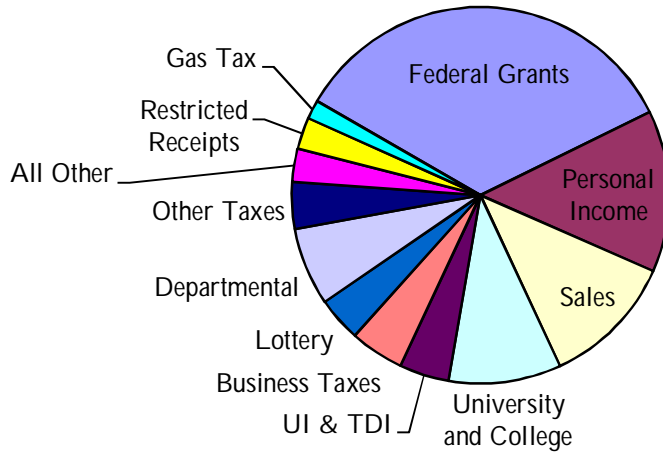
The Governor's budget appears to have resolved a significant majority of this gap with reductions to spending in human service agencies which appear to be structural in nature. Almost a third of the deficit is resolved through one-time items and there are other changes for which there are growing out-year costs, notably the phasing of several revenue reductions.

Her budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of changes under their purview. Should any of that legislation not pass, the budget will be significantly unbalanced.

The revenue sources for the enacted budget are shown in the following graph. They include a number of changes to current law.



## Sources of Funds



- *Federal funds* continue to be the single largest source, accounting for approximately 35 percent of all revenues in FY 2016. Recommended expenditures from federal sources of \$3,003.1 million are \$83.4 million less than enacted for FY 2015, a 2.7 percent decrease, and are from 296 different federal programs.

Medicaid is the single largest source of federal funds. The Budget includes \$1,674.9 million from Medicaid, 55.8 percent of all federal funds, and 19.2 percent of all revenues. Supplemental Nutrition (Food Stamps) of \$268.0 million is the second largest category, 8.9 percent of federal funds.

The following table shows the ten largest sources, along with the percent of total federal expenditures attributable to each. They account for 82.1 percent of all federal funds expenditures, with the remaining 286 programs accounting for the other 17.9 percent.

| <b>Top Ten Federal Sources</b>                | <i>Total</i>    | <i>Percent of Total</i> | <i>Cumulative Percent</i> |
|---|-----------------|-------------------------|---------------------------|
| Medicaid                                      | \$1,674,923,014 | 55.8%                   | 55.8%                     |
| Supplemental Nutrition (Food Stamps)          | 268,000,000     | 8.9%                    | 64.7%                     |
| Federal Highway Funds                         | 228,486,017     | 7.6%                    | 72.3%                     |
| Temporary Assistance to Needy Families (TANF) | 80,378,872      | 2.7%                    | 75.0%                     |
| Title I Grants to Local Education Agencies    | 52,212,975      | 1.7%                    | 76.7%                     |
| Special Education Grants to States            | 45,167,309      | 1.5%                    | 78.2%                     |
| CHIP Children's Health Insurance              | 36,669,550      | 1.2%                    | 79.4%                     |
| National School Lunch Program                 | 30,554,718      | 1.0%                    | 80.5%                     |
| Women, Infants and Children (WIC)             | 25,522,725      | 0.8%                    | 81.3%                     |
| Rhode Island Health Benefits Exchange         | 24,793,887      | 0.8%                    | 82.1%                     |

- *Sales and personal income taxes* combine for 25.4 percent of all revenues in FY 2016 and 61.6 percent of all general revenues. Combined with federal funds, they total over half, 59.8 percent.

- *Personal Income* taxes of \$1,210.7 million are the second largest of all revenue sources and the largest source of general revenues. The FY 2016 estimate is \$53.5 million more than the FY 2015 enacted budget estimates, or 4.6 percent.
- *Sales tax* revenues of \$1,003.4 million are the second largest of general revenue sources. That amount is \$63.8 million more than enacted for FY 2015, or 6.8 percent.
- *University and College Funds* are \$840.4 million and 9.6 percent of all sources, including tuition, revenues from the operation of enterprise type activities such as residence and dining halls, sponsored research, the direct student loan program, and federal scholarship and grant funds like Pell grants. These decrease \$9.4 million or 1.1 percent from the FY 2015 enacted estimates.
- *Employment Security and Temporary Disability Insurance* payments are estimated at \$374.2 million, which are \$43.0 million less than the levels estimated for the FY 2015 enacted budget.
- *Business taxes* of \$401.9 million account for 4.6 percent of total revenues and 11.2 percent of general revenues for FY 2016. They would decrease \$0.5 million or 0.1 percent from the enacted estimate. These include corporate income tax, public utilities gross earnings, the tax on banks, financial institutions, insurance companies and health care institutions.
- The *Lottery* is expected to contribute \$335.0 million, which is 3.8 percent of all revenues and 9.3 percent of general revenues.
- *Departmental Revenues* of \$350.2 million include \$156.1 million from extending the hospital licensing fee another year. Departmental revenues would be 4.0 percent of all revenues and 9.7 percent of general revenues.
- *Other taxes* include motor vehicle, cigarettes, alcohol, inheritance, realty transfer, and racing and athletics. These total \$246.5 million in the FY 2016 budget and comprise 2.8 percent of all sources but 6.9 percent of general revenues. Beginning with FY 2015, most of the motor vehicle taxes are being transitioned over a four-year period from general revenue to a restricted use transportation account. The Governor proposes to skip the transfers scheduled for FY 2016 and resume as scheduled in FY 2017.
- The *gas tax*, currently 32.5 cents per gallon, not including the one-half cent for the Underground Storage Tank Financial Responsibility Fund, is estimated to produce \$4.3 million from each cent in FY 2016 for a total of \$141.1 million.
- The remaining sources, estimated at \$587.3 million, constitute 6.7 percent of all FY 2016 sources and include sources dedicated to specific purposes (restricted receipts), unclaimed property and miscellaneous other items.

The following table shows FY 2016 sources with items contributing to general revenues in bold type. It also shows the total percent it contributes to all funds and general revenues for each source.

| <b>All Sources</b>     | <b>All Funds</b>  | <b>Contribution</b> | <b>General Revenue</b> | <b>Contribution</b> |
|------------------------|-------------------|---------------------|------------------------|---------------------|
| Federal Grants         | \$ 3,003.1        | 34.4%               | \$ -                   | 0.0%                |
| <b>Personal Income</b> | 1,210.7           | 13.9%               | 1,210.7                | 33.7%               |
| <b>Sales</b>           | 1,003.4           | 11.5%               | 1,003.4                | 27.9%               |
| University and College | 840.4             | 9.6%                | -                      | 0.0%                |
| UI & TDI               | 374.2             | 4.3%                | -                      | 0.0%                |
| <b>Business Taxes</b>  | 401.9             | 4.6%                | 401.9                  | 11.2%               |
| <b>Lottery</b>         | 335.0             | 3.8%                | 335.0                  | 9.3%                |
| <b>Departmental</b>    | 350.2             | 4.0%                | 350.2                  | 9.7%                |
| <b>Other Taxes</b>     | 246.5             | 2.8%                | 246.5                  | 6.9%                |
| <b>All Other</b>       | 587.3             | 6.7%                | 49.5                   | 1.4%                |
| Restricted Receipts    | 239.4             | 2.7%                | -                      | 0.0%                |
| Gas Tax                | 141.1             | 1.6%                | -                      | 0.0%                |
| <b>Total</b>           | <b>\$ 8,733.1</b> | <b>100%</b>         | <b>\$ 3,597.1</b>      | <b>100%</b>         |

### General Revenue Sources

Less than half of the total funds collected or received from all sources are considered as general revenues; \$3,597.1 million, 41.2 percent of all sources. They can be used for any legitimate purpose in contrast to federal funds, restricted receipts, and certain other sources that may only be used for specific purposes.

The Consensus Revenue Estimating Conference estimates the amount of general revenues annually in November and May. It is composed of the Budget Officer, the Senate Fiscal Advisor, and the House Fiscal Advisor who must achieve consensus on their forecast; votes are not taken. The estimates are to be based upon current law at the times of the conferences. The Governor has proposed changes to this process in Article 14.

Available general revenues also include a balance forward from FY 2015 of \$3.1 million minus transfer of \$108.0 million to the Budget Stabilization and Cash Reserve Account, or "rainy day fund" to be used in case of emergency, and then only by legislative action. Three percent of the opening surplus plus all revenues must be deposited in the account. These amounts had been increasing by 0.2 percent per year until reaching 3.0 percent in FY 2013. Any amounts used must be replaced in the following year.

The account is limited; once the limit is reached, the excess revenues are transferred to the Rhode Island Capital Plan account, where they may be used to fund capital projects. Maximum amounts in the budget reserve are also defined by statute and increased to a maximum of 5.0 percent in 0.4 percent increments in FY 2013. Amounts above the maximum amount transfer to the Rhode Island Capital Plan Fund for use for capital projects. The table below shows the percents.

| Percents of Revenues       | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 |
|----------------------------|---------|---------|---------|---------|---------|---------|
| Transfer to Budget Reserve | 2.0%    | 2.2%    | 2.4%    | 2.6%    | 2.8%    | 3.0%    |
| Budget Reserve Maximum     | 3.0%    | 3.4%    | 3.8%    | 4.2%    | 4.6%    | 5.0%    |

The voters approved a constitutional amendment in 2006 to allow the capital account to be used solely for capital projects beginning in FY 2008 and to increase the Budget Stabilization and Cash Reserve Account to five percent and mandating that three percent of the opening surplus and all revenues must be deposited in the account by FY 2013.

## FY 2016 Expenditures

Recommended expenditures of \$8,627.6 million are \$152.6 million less than enacted for FY 2015, 1.7 percent. They can be divided into a functional classification of expenditures that aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for.

The presentation of expenditure by function and category discussed below reflects the data in the Governor's budget.

### Expenditures by Function

- The *Human Services* function includes all programs for medical assistance, supplemental security income, cash assistance, day care, elderly services, adjudicated youth, mental health, general health, developmental disabilities, children under the care and jurisdiction of the state, and the state's general hospitals. Expenditures of \$3,751.3 million are 43.5 percent of all expenditures and 38.2 percent of those funded from general revenues. These expenditures are \$8.1 million more than enacted for FY 2015 by the 2014 Assembly. Those funded from general revenues are \$8.0 million less.
- *Education* includes programs of elementary and secondary education, public higher education, scholarships and grants for all higher education, arts, and historical preservation and heritage. Education aid to local units of government represents 48.2 percent of total expenses or, \$1,157.2 million of the \$2,399.6 million. Education aid is discussed in detail in *Section VI* of this volume, *Special Reports: Education Aid*. Education expenditures comprise 27.8 percent of total expenditures, but 36.3 percent of general revenue funded ones. They increase by \$38.6 million over the enacted FY 2015 budget, and those funded from general revenues increase by \$67.6 million.
- The Budget includes \$525.1 million for *Public Safety* expenditures, \$3.7 million less than the enacted budget. They comprise 6.1 percent of all expenditures and 12.4 percent of those funded from general revenues.
- *Natural Resources* programs would spend \$98.8 million, which is \$9.9 million less than enacted for FY 2015. They are 1.1 percent of total expenditures and 1.1 percent of those from general revenues.
- *Transportation* programs account for 5.3 percent of expenditures and include the state's highway and transit programs. Funding of \$458.9 million, none from general revenues, is \$66.3 million less than enacted for FY 2015.
- The remaining 16.2 percent of expenditures, \$1,394.0 million, are for the *General Government* programs. These include programs that support all other functions as well as general type activities. Examples of the former include the Ethics Commission and the Department of Administration. Examples of the latter include the general officers except the Attorney General, the Board of Elections, and the Department of Labor and Training. Expenditures also include all the state's debt service except that for higher education and the transportation Grant Anticipation Revenue Vehicle bonds. General Government expenditures are \$119.5 million or 7.9 percent less than the enacted budget. Included in this reduction is \$25.3 million of unspecified personnel and operating savings for later distribution to agencies.

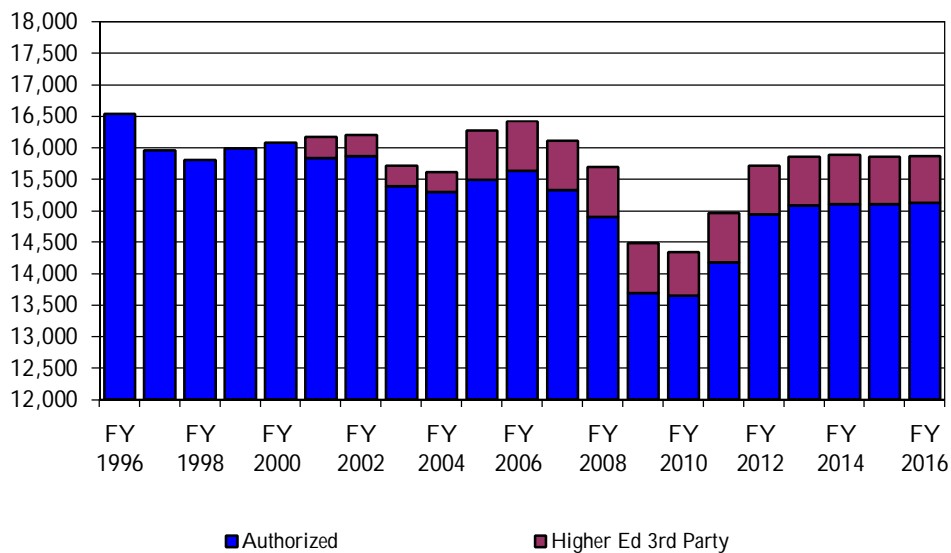
## Expenditures by Category

Expenditures are also aggregated and presented by accounting categories that designate what is purchased as opposed to the purpose of expenditures. The categories include: state operations; local aid; assistance, grants and benefits; capital; and operating transfers.

*State Operations* are the day-to-day expenses of state government. These expenditures include *personnel* and *other operating* expenditures. Personnel expenditures include *salaries and benefits* including fringe benefits, workers' compensation and unemployment compensation, and *contracted professional services*. *Other operating* expenditures are the non-personnel day-to-day expenses of state government, including maintenance and non-fixed capital assets.

The Budget includes \$1,626.1 million for total *salaries and benefits* for 15,119.4 full-time equivalent positions and *contracted services* expenditures of \$283.4 million. Salary and benefit expenditures are \$44.9 million more than the enacted budget; contracted services expenditures would increase \$2.6 million. Salaries and benefits account for 18.8 percent of total expenditures and 24.6 percent of those funded from general revenues. Expenditures for contracted services account for 3.3 percent of the total budget and 1.5 percent of those funded from general revenues.

**Full-Time Equivalent Positions**



The total personnel expenditures are the costs associated with all positions in state service, excluding those funded through internal service accounts. These accounts are funded from operating charges to state agencies for overhead type services provided by the individuals funded from the accounts. These costs are treated in the budget as operating expenses; the personnel and operating costs in the internal service accounts are essentially off line to avoid double counting. The largest ones were converted to direct appropriations by the 2006 Assembly in the FY 2008 enacted budget.

The Budget includes \$757.4 million for *other state operations*, which constitutes 8.8 percent of FY 2016 expenditures from all sources and 3.8 percent of those funded with general revenues. This is \$37.0 million less than enacted, \$6.3 million more from general revenues.

*Assistance, Grants, and Benefits* constitutes payments to individuals and nongovernmental agencies. These payments include Medicaid and other medical assistance programs including RIte Share and RIte

Care, pharmaceutical assistance programs, cash assistance, and tuition assistance programs. They also include grants to environmental agencies, local law enforcement agencies, unemployment compensation, temporary disability and workers' compensation. This is the largest category of expenditure. The table below shows the major grants in human services.

| OHHS-Human Services Grants  | All Funds        |                 |                  |          | General Revenues |                 |                  |          |
|---|------------------|-----------------|------------------|----------|------------------|-----------------|------------------|----------|
|   | FY 2014 Reported | FY 2015 Enacted | FY 2016 Governor | Change   | FY 2014 Reported | FY 2015 Enacted | FY 2016 Governor | Change   |
| <b><i>OHHS/Human Services</i></b>   |                  |                 |                  |          |                  |                 |                  |          |
| Managed Care  | \$ 593.1         | \$ 615.4        | \$ 553.0         | \$(62.4) | \$ 277.9         | \$ 297.7        | \$ 260.6         | \$(37.1) |
| Long Term Care  | 371.4            | 215.9           | 257.0            | 41.1     | 184.5            | 104.9           | 124.7            | 19.8     |
| Hospitals   | 208.2            | 206.6           | 189.9            | (16.7)   | 102.6            | 103.6           | 94.8             | (8.8)    |
| Rhody Health Partners   | 191.8            | 252.3           | 292.2            | 39.9     | 94.1             | 126.1           | 145.7            | 19.6     |
| Rhody Health Options  | 126.1            | 297.0           | 274.9            | (22.1)   | 60.2             | 147.9           | 136.6            | (11.3)   |
| Expansion   | 147.4            | 492.4           | 547.1            | 54.7     | -                | -               | -                | -        |
| Other   | 112.2            | 115.1           | 111.9            | (3.2)    | 42.7             | 44.6            | 43.4             | (1.3)    |
| Pharmacy  | 50.3             | 51.8            | 56.0             | 4.2      | 51.0             | 51.8            | 54.9             | 3.1      |
| Subtotal: Medical Assistance  | \$ 1,800.4       | \$ 2,246.5      | \$ 2,282.2       | \$ 35.7  | \$ 813.0         | \$ 876.6        | \$ 860.6         | \$(16.0) |
| Child Care  | \$ 49.6          | \$ 51.1         | \$ 55.3          | \$ 4.1   | \$ 9.7           | \$ 9.7          | \$ 9.7           | \$ -     |
| Rhode Island Works Program  | 35.7             | 35.6            | 33.3             | (2.2)    | (0.0)            | -               | -                | -        |
| SSI State Program   | 18.3             | 18.6            | 18.7             | 0.1      | 18.3             | 18.6            | 18.7             | 0.1      |
| Subtotal: Cash Assistance   | \$ 103.6         | \$ 105.3        | \$ 107.3         | \$ 2.0   | \$ 28.0          | \$ 28.2         | \$ 28.4          | \$ 0.1   |
| Supplemental Nutrition Assistance   | \$ 288.8         | \$ 302.9        | \$ 271.7         | \$(31.2) | \$ -             | \$ -            | \$ -             | \$ -     |
| Women, Infants and Children   | 22.0             | 23.6            | 23.0             | (0.6)    | -                | -               | -                | -        |
| Low Income Heating and Energy Assistance Program (LIHEAP)                     | 19.1             | 24.5            | 23.8             | (0.7)    | -                | -               | -                | -        |
| Weatherization  | 0.2              | 0.4             | 1.2              | 0.9      | -                | -               | -                | -        |
| Race to the Top   | 3.1              | 7.9             | 5.5              | (2.5)    | -                | -               | -                | -        |
| HIV/AIDS Treatment  | 3.5              | 3.0             | 1.5              | (1.5)    | -                | -               | -                | -        |
| Subtotal: Other Assistance  | \$ 336.7         | \$ 362.3        | \$ 326.7         | \$(35.6) | \$ -             | \$ -            | \$ -             | \$ -     |
| <b><i>DHS/Division of Elderly Affairs</i></b>                                 |                  |                 |                  |          |                  |                 |                  |          |
| RIPAE/Supplemental Pharm.   | \$ 0.1           | \$ 0.2          | \$ 0.0           | \$(0.1)  | \$ -             | \$ 0.0          | \$ -             | \$(0.0)  |
| Medical Assistance  | 9.6              | 8.9             | 8.8              | (0.1)    | 4.6              | 4.4             | 4.4              | (0.1)    |
| Other Grants  | 9.1              | 9.6             | 9.8              | 0.2      | 1.8              | 1.8             | 1.9              | 0.1      |
| <b><i>Behavioral Healthcare, Developmental Disabilities and Hospitals</i></b> |                  |                 |                  |          |                  |                 |                  |          |
| Developmental Disabilities  | \$ 186.5         | \$ 183.5        | \$ 180.3         | \$(3.1)  | \$ 92.8          | \$ 91.1         | \$ 90.2          | \$(1.0)  |
| Behavioral Healthcare Services*   | \$ 95.1          | \$ 14.5         | \$ 14.3          | (0.2)    | \$ 36.4          | \$ 0.3          | \$ 0.3           | 0.0      |
| <b><i>Children, Youth and Families</i></b>                                    |                  |                 |                  |          |                  |                 |                  |          |
| Child Welfare   | \$ 126.1         | \$ 117.6        | \$ 118.3         | \$ 0.7   | \$ 91.8          | \$ 85.6         | \$ 84.5          | \$(1.1)  |
| Children's Behavioral Health  | 7.1              | 7.6             | 6.8              | (0.8)    | 3.0              | 3.5             | 2.7              | (0.8)    |
| Juvenile Corrections  | 3.1              | 2.3             | 2.7              | 0.4      | 3.1              | 2.3             | 2.7              | 0.4      |
| Higher Ed. Incentive Grants   | 0.2              | 0.2             | 0.2              | -        | 0.2              | 0.2             | 0.2              | -        |
| <b><i>Health</i></b>  |                  |                 |                  |          |                  |                 |                  |          |
| HIV Surveillance  | \$ 0.5           | \$ 0.5          | \$ 0.7           | \$ 0.2   | \$ 0.1           | \$ -            | \$ -             | \$ -     |
| Tobacco and Smoking Cessation   | 1.5              | 0.6             | 0.3              | \$(0.3)  | 0.0              | 0.0             | 0.1              | 0.1      |
| Other Grants  | 12.3             | 13.3            | 13.3             | 14.4     | 14.2             | 14.3            | 14.2             | (0.1)    |

\*FY 2015 enacted budget transferred Medicaid funded services to OHHS

Assistance, grants, and benefits are \$3,984.3 million and constitute the largest category, 46.2 percent of all expenditures and 33.4 percent of general revenue funded expenditures. While these include employment security and temporary disability fund expenditures, human services medical assistance, food stamps, and cash assistance make up most of these expenditures. These expenditures are \$84.9

million less than the enacted budget considering all sources, and \$24.2 million less from general revenues.

*Local Aid, or Aid to Local Units of Government*, is payments made to governmental units with taxing authority. It includes both aid to local governments designed to decrease property tax reliance and education aid. The budget includes \$1,232.1 million for *aid to local units of government* that includes \$1,157.2 million in education aid and \$74.8 million in general state aid. Education aid increases \$30.2 million while general aid decreases by \$3.5 million. These expenditures comprise 14.3 percent of all expenditures. However, they comprise 30.5 percent of general revenue funded ones.

Local aid expenditures from general revenues of \$1,066.4 million consist of \$992.5 million in education aid and \$73.8 million in general state aid. General revenue funded education aid increases \$31.6 million; general aid is \$3.5 million less.

*Capital* expenditures have in the past included only direct pay capital improvements and debt service on financed capital improvements. Expenditures for direct pay are reflected in the years that the payments are made. Financed capital improvements are reflected as the annual debt service payments. Therefore, total capital expenditures for any year are not reflected in the budget. They are, however, presented annually in the capital budget presented as part of the Governor's budget.

Capital expenses total \$315.9 million, or 3.7 percent of all expenditures; debt service of \$202.4 million is 2.3 percent. Capital expenditures would be \$96.7 million less than enacted for FY 2015 and debt service \$76.7 million less. A comprehensive review of the capital budget is contained in *Section IV: Capital Budget*. However, they now include capital purchases that had formerly been included as capital outlays within state operations. The purpose may be to include all fixed assets above certain threshold values of cost and time. The Budget does not present sufficient information to break the new items out from the old.

*Operating Transfers* are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. Transfers to component units include transfers from general revenues to quasi-public agencies, such as the transfer to the Commerce Corporation. The FY 2016 budget contains a significant increase in these related to one time investments via the Commerce Corporation. They also represent transfers within state agencies from funds distinct from the General Fund. An example is transfers from the Department of Labor and Training to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. They total \$226.0 million and constitute 2.6 percent of the total budget. The general revenues portion is \$89.9 million, 2.6 percent of general revenue funded expenditures.

## General Revenue Surplus Statement

The Governor recommends an ending FY 2016 surplus of \$0.6 million, and an operating deficit of \$2.5 million reflecting use of the FY 2015 surplus.

|  | FY 2014                 | FY 2015                 | FY 2016                 |
|--|-------------------------|-------------------------|-------------------------|
| <b>Opening Surplus</b>                       |                         |                         |                         |
| Free Surplus                                 | \$ 104,119,715          | \$ 67,806,737           | \$ 3,071,666            |
| Reappropriated Surplus                       | 7,052,524               | 7,378,665               | -                       |
| <b>Subtotal</b>                              | <b>\$ 111,172,239</b>   | <b>\$ 75,185,402</b>    | <b>\$ 3,071,666</b>     |
| <b>Revenues</b>                              | <b>3,430,262,416</b>    | <b>3,524,022,785</b>    | <b>3,597,122,107</b>    |
| Cash Stabilization Fund                      | (106,031,464)           | (107,754,886)           | (108,005,813)           |
| <b>Total Available Resources</b>             | <b>\$ 3,435,403,191</b> | <b>\$ 3,491,453,301</b> | <b>\$ 3,492,187,960</b> |
| <b>Total Expenditures</b>                    | <b>\$ 3,336,423,288</b> | <b>\$ 3,488,381,635</b> | <b>\$ 3,491,628,573</b> |
| <b>Total Surplus</b>                         | <b>\$ 98,979,903</b>    | <b>\$ 3,071,666</b>     | <b>\$ 559,387</b>       |
| Transfers: Accelerated Deprec. Retirement    | (23,794,501)            | -                       | -                       |
| Reappropriations                             | (7,378,665)             | -                       | -                       |
| <b>Free Surplus</b>                          | <b>\$ 67,806,737</b>    | <b>\$ 3,071,666</b>     | <b>\$ 559,387</b>       |
| <i>Operating Surplus/(Deficit)</i>           | <i>(5,139,812)</i>      | <i>(64,735,071)</i>     | <i>(2,512,279)</i>      |
| <b>Budget Stabilization and Cash Reserve</b> | <b>\$ 176,719,107</b>   | <b>\$ 179,591,476</b>   | <b>\$ 180,009,689</b>   |
| Percent of Revenues                          | 5.2%                    | 5.1%                    | 5.0%                    |

The budget reserve and cash stabilization account, the “rainy day fund” would have ending balances of \$176.7 million in FY 2014, \$179.6 million in FY 2015, and \$180.0 million in FY 2016. The account receives 3.0 percent of general revenues plus free surplus annually.

### Out-Year Forecasts

The Governor’s budget projects the out-years again to be significantly unbalanced though to a somewhat smaller degree than prior years. The forecast included with the Budget estimates a \$74.6 million gap for FY 2017, equating to 2.1 percent of useable revenues, that grows to \$376.7 million in FY 2020, 10.6 percent of useable revenues. The FY 2017 gap is due to the use of one-time items in the resolution of the current budget gap as well as commitment of future expenses and revenue losses not reflected in FY 2016. The estimate also reflects growing impact of casino gaming in Massachusetts, which is expected to peak by FY 2019 at over \$125 million.

|                                     | FY 2017           | FY 2018           | FY 2019           | FY 2020           |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Opening Surplus                     | \$ 0.6            | \$ -              | \$ -              | \$ -              |
| Revenues                            | 3,602.8           | 3,625.8           | 3,634.9           | 3,676.0           |
| Cash Stabilization Fund             | (108.1)           | (108.8)           | (109.0)           | (110.3)           |
| <b>Useable Revenues</b>             | <b>\$ 3,495.3</b> | <b>\$ 3,517.0</b> | <b>\$ 3,525.8</b> | <b>\$ 3,565.8</b> |
| Expenditures                        | 3,569.9           | 3,728.8           | 3,811.7           | 3,942.5           |
| <b>Total Surplus</b>                | <b>\$ (74.6)</b>  | <b>\$ (211.8)</b> | <b>\$ (285.9)</b> | <b>\$ (376.7)</b> |
| Revenue Growth                      | 2.2%              | 0.6%              | 0.3%              | 1.1%              |
| Useable Revenue Growth              | 2.3%              | 0.6%              | 0.3%              | 1.1%              |
| Expenditure Growth                  | 2.3%              | 4.5%              | 2.2%              | 3.4%              |
| Surplus Percent of Useable Revenues | -2.1%             | -6.0%             | -8.1%             | -10.6%            |



The following table shows the out-year forecast surpluses and deficits, as well as the four-year average for the past seven Governor's budgets, including the current one.

| <i>(in millions)</i> | FY 2011                   | FY 2012    | FY 2013    | FY 2014    | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019  | FY 2020 | Average    |
|----------------------|---------------------------|------------|------------|------------|---------|---------|---------|---------|----------|---------|------------|
| <i>Gov Budget</i>    | <b>Out-Year Forecasts</b> |            |            |            |         |         |         |         |          |         |            |
| FY 2010              | \$ (155.6)                | \$ (370.0) | \$ (429.9) | \$ (482.4) |         |         |         |         |          |         | \$ (359.5) |
| FY 2011              |                           | (362.2)    | (416.2)    | (457.8)    | (535.7) |         |         |         |          |         | (443.0)    |
| FY 2012*             |                           |            | (128.8)    | (224.7)    | (342.5) | (480.0) |         |         |          |         | (294.0)    |
| FY 2013              |                           |            |            | (103.6)    | (232.2) | (348.7) | (464.4) |         |          |         | (287.2)    |
| FY 2014              |                           |            |            |            | (169.2) | (254.5) | (377.8) | (468.9) |          |         | (317.6)    |
| FY 2015              |                           |            |            |            |         | (151.1) | (256.7) | (330.5) | (419.30) |         | (289.4)    |
| FY 2016              |                           |            |            |            |         |         | (74.6)  | (211.8) | (285.9)  | (376.7) | (237.3)    |

\*Corrected for miscalculation of stated personnel growth rate assumptions

The largest single contributor to the FY 2016 deficit that required solving was the use of one-time solutions to the FY 2015 budget, including the FY 2014 surplus followed closely by the revenue losses estimated from the start of casino gaming in nearby Massachusetts. One time revenues are also featured in the resolution of the current budget gap, though considerably less than prior years. This is likely because challenges in balancing the current year budget following some overspending projections meant no significant surplus available for the FY 2016 budget.

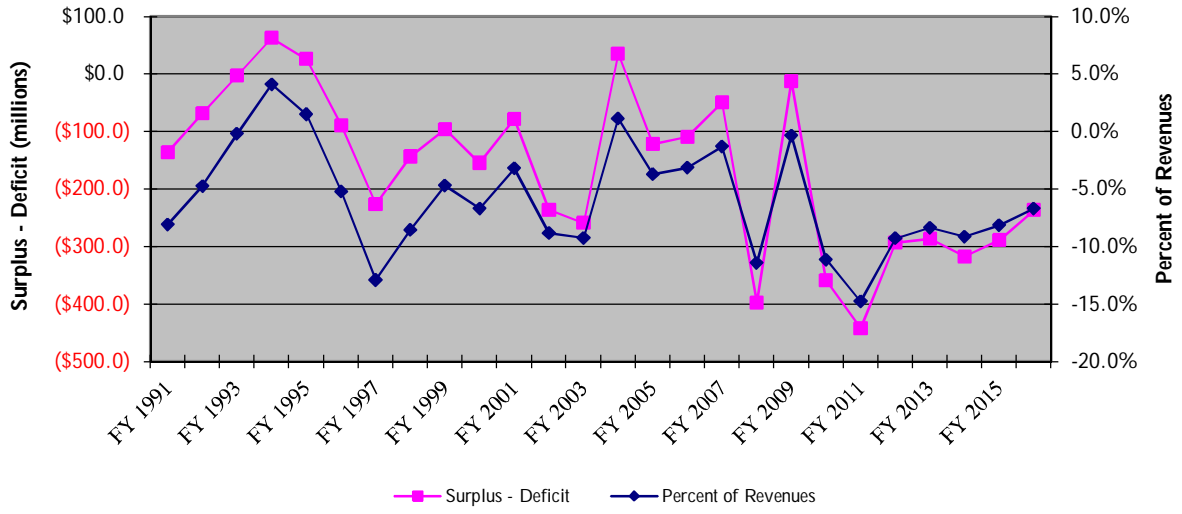
However, out-year projections are a function of both the assumptions made concerning revenues and expenditures and the structure of the budget. That is, the out-year projections are a function of assumed revenue and expenditure growth patterns for FY 2017 through FY 2020 and the FY 2016 budget itself. The growing out-year gaps illustrate the fact that expenditures are projected to grow at faster rates than revenues grow.

The economic data used for the Governor's budget is from the November consensus economic forecast. This had been revised from earlier projections and will be revised again in May.

While deficits cannot constitutionally occur, they indicate the extent to which unresolved structural issues will carry through budgets, and to the extent that the problem in any given year is solved without addressing the underlying structural problem, the deficits amplify each year. Out-year deficits began increasing and reached a high of over \$535 million in Governor Carcieri's final budget.

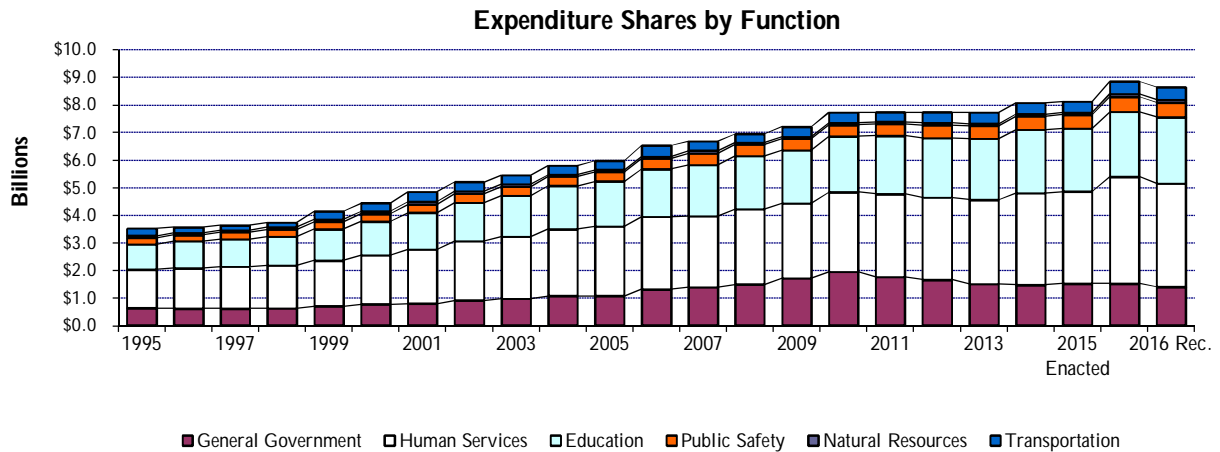
The following chart shows the average surpluses and deficits for the four out-years for each of the proposed budgets since FY 1991.

### Average Four Year Surplus - Deficit



## Distribution of Total Expenditures

Expenditures can be aggregated a number of ways. In Rhode Island, we have tended to aggregate by *function* and by *category of expenditure*. The functional classification aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for.



*General Government* programs include the regulatory and administrative functions that support all other functions and all the general officers except the Attorney General, whose expenditures are classified under Public Safety.

*Human Services* includes all programs for medical assistance, supplemental security income, cash assistance, day care, elderly services, adjudicated youth, mental health, general health, developmental disabilities, children under the care and jurisdiction of the state, and the state's general hospitals.

*Education* includes programs of elementary and secondary education, public higher education, arts, and historical preservation and heritage.

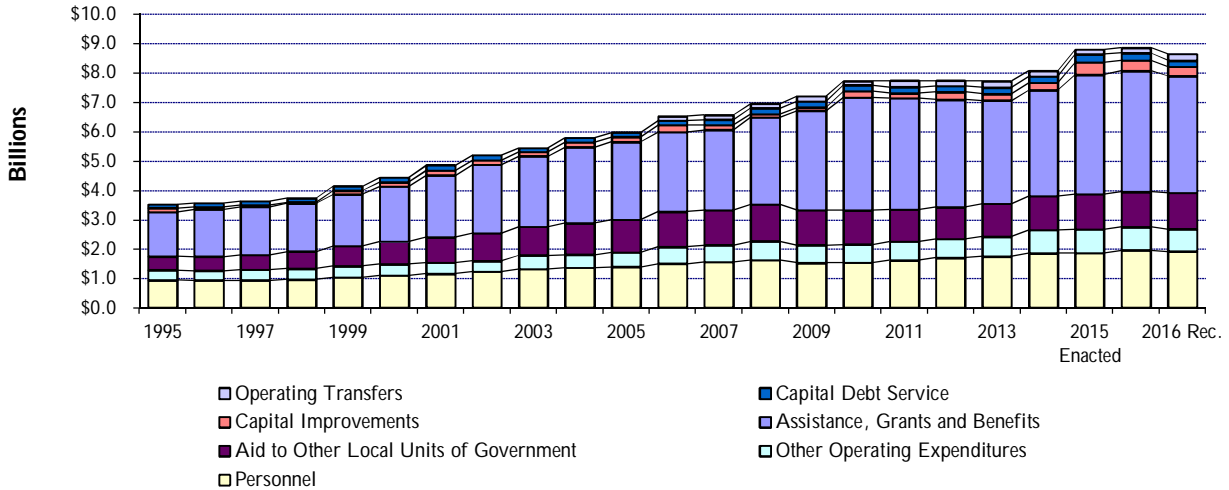
*Public Safety* includes the state's law enforcement, adjudication, and penal programs.

The *Natural Resources* function includes the programs that protect the natural and physical resources of the state through regulation and planning and that provide safe recreational resources.

*Transportation* programs include all highway and transit programs, except airports, which are under the quasi-public Rhode Island Airport Corporation.

Expenditures are also aggregated and presented by accounting categories that designate what is purchased as opposed to the purpose of expenditures. The categories include: state operations; local aid; assistance, grants, and benefits, capital; and operating transfers.

## Expenditure Shares by Category



*State Operations* are the day-to-day expenses of state government. These expenditures include *personnel* and *other operating* expenditures. *Personnel* expenditures include salaries and wages, fringe benefits, workers' compensation and unemployment compensation, and consultant services. *Other operating* expenditures are the non-personnel day-to-day expenses of state government, including maintenance and non-fixed capital assets.

*Local Aid, or Aid to Local Units of Government*, is payments made to governmental units with taxing authority. It includes both aid to local governments designed to decrease property tax reliance and education aid.

*Assistance, Grants, and Benefits* constitutes payments to individuals and nongovernmental agencies. These payments include Medicaid and other medical assistance programs including RItE Share and RItE Care, pharmaceutical assistance programs, cash assistance, and tuition assistance programs. They also include grants to environmental agencies, local law enforcement agencies, and unemployment compensation, temporary disability and workers' compensation. This is the largest category of expenditure.

*Capital* expenditures include both direct pay *capital improvements* and *debt service* on financed capital improvements. Expenditures for direct pay are reflected in the years that the payments are made. Financed capital improvements are reflected as the annual debt service payments. Therefore, total capital expenditures for any year are not reflected in the budget.

However, the Budget now includes capital purchases that had formerly been included as capital outlay within state operations as part of capital. The purpose may be to include all fixed assets above certain threshold values of cost and time. The Budget does not present sufficient information to break the new items out from the old.

*Operating Transfers* are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. Transfers to component units include transfers to quasi-public agencies, such as the transfer to the Commerce Corporation. There are also instances where these expenses are already represented elsewhere in the budget thus double-counting the expenditure.

Staff has reviewed the Governor's recommended changes to the enacted budget for each agency and department, and compared them to the changes requested by those agencies and departments. The agencies and departments are arranged by function.

### **Distribution Tables**

The distribution tables on the following pages array expenditures by function and category. Expenditures by function are read down the table while expenditures by category are read across. The percentages shown in the table represent the percent of the total shown in each cell.

## Expenditures from All Funds

| <b>FY 2014 Reported</b>             | <b>General<br/>Government</b>     | <b>Human<br/>Services</b>         | <b>Education</b>                  | <b>Public<br/>Safety</b>       | <b>Natural<br/>Resources</b>  | <b>Trans-<br/>portation</b>    | <b>Total</b>                       |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|-------------------------------|--------------------------------|------------------------------------|
| Salaries & Benefits                 | \$ 218.2<br><i>2.7%</i>           | \$ 347.1<br><i>4.3%</i>           | \$ 494.3<br><i>6.1%</i>           | \$ 361.0<br><i>4.5%</i>        | \$ 49.7<br><i>0.6%</i>        | \$ 71.3<br><i>0.9%</i>         | \$ 1,541.5<br><i>19.1%</i>         |
| Contracted Services                 | 67.7<br><i>0.8%</i>               | 105.6<br><i>1.3%</i>              | 67.8<br><i>0.8%</i>               | 14.4<br><i>0.2%</i>            | 4.7<br><i>0.1%</i>            | 42.1<br><i>0.5%</i>            | 302.3<br><i>3.8%</i>               |
| Other State<br>Operations           | 387.0<br><i>4.8%</i>              | 89.1<br><i>1.1%</i>               | 230.4<br><i>2.9%</i>              | 47.8<br><i>0.6%</i>            | 11.1<br><i>0.1%</i>           | 30.5<br><i>0.4%</i>            | 795.9<br><i>9.9%</i>               |
| Aid to Local Units of<br>Government | 72.2<br><i>0.9%</i>               | -<br><i>0.0%</i>                  | 1,077.7<br><i>13.4%</i>           | 0.2<br><i>0.0%</i>             | 0.0<br><i>0.0%</i>            | -<br><i>0.0%</i>               | 1,150.2<br><i>14.3%</i>            |
| Assistance, Grants, &<br>Benefits   | 461.9<br><i>5.7%</i>              | 2,778.4<br><i>34.5%</i>           | 310.6<br><i>3.9%</i>              | 42.5<br><i>0.5%</i>            | 5.6<br><i>0.1%</i>            | 16.0<br><i>0.2%</i>            | 3,614.9<br><i>44.9%</i>            |
| Capital                             | 22.4<br><i>0.3%</i>               | 12.7<br><i>0.2%</i>               | 45.8<br><i>0.6%</i>               | 22.8<br><i>0.3%</i>            | 12.9<br><i>0.2%</i>           | 129.8<br><i>1.6%</i>           | 246.5<br><i>3.1%</i>               |
| Debt Service                        | 163.8<br><i>2.0%</i>              | -<br><i>0.0%</i>                  | 55.0<br><i>0.7%</i>               | -<br><i>0.0%</i>               | -<br><i>0.0%</i>              | -<br><i>0.0%</i>               | 218.8<br><i>2.7%</i>               |
| Operating Transfers                 | 63.6<br><i>0.8%</i>               | 2.7<br><i>0.0%</i>                | 5.9<br><i>0.1%</i>                | 1.9<br><i>0.0%</i>             | -<br><i>0.0%</i>              | 111.8<br><i>1.4%</i>           | 185.9<br><i>2.3%</i>               |
| <b>Total</b>                        | <b>\$ 1,456.8</b><br><i>18.1%</i> | <b>\$ 3,335.6</b><br><i>41.4%</i> | <b>\$ 2,287.4</b><br><i>28.4%</i> | <b>\$ 490.5</b><br><i>6.1%</i> | <b>\$ 83.9</b><br><i>1.0%</i> | <b>\$ 401.5</b><br><i>5.0%</i> | <b>\$ 8,055.8</b><br><i>100.0%</i> |

| <b>FY 2015 Enacted</b>              | <b>General<br/>Government</b>     | <b>Human<br/>Services</b>         | <b>Education</b>                  | <b>Public<br/>Safety</b>       | <b>Natural<br/>Resources</b>   | <b>Trans-<br/>portation</b>    | <b>Total</b>                       |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------------------|
| Salaries & Benefits                 | \$ 220.7<br><i>2.5%</i>           | \$ 367.8<br><i>4.2%</i>           | \$ 504.3<br><i>5.7%</i>           | \$ 365.1<br><i>4.2%</i>        | \$ 50.2<br><i>0.6%</i>         | \$ 73.1<br><i>0.8%</i>         | \$ 1,581.2<br><i>18.0%</i>         |
| Contracted Services                 | 44.4<br><i>0.5%</i>               | 104.3<br><i>1.2%</i>              | 68.1<br><i>0.8%</i>               | 16.6<br><i>0.2%</i>            | 8.3<br><i>0.1%</i>             | 39.2<br><i>0.4%</i>            | 280.9<br><i>3.2%</i>               |
| Other State<br>Operations           | 406.0<br><i>4.6%</i>              | 89.4<br><i>1.0%</i>               | 210.9<br><i>2.4%</i>              | 49.0<br><i>0.6%</i>            | 11.7<br><i>0.1%</i>            | 27.4<br><i>0.3%</i>            | 794.4<br><i>9.0%</i>               |
| Aid to Local Units of<br>Government | 78.3<br><i>0.9%</i>               | -<br><i>0.0%</i>                  | 1,126.9<br><i>12.8%</i>           | -<br><i>0.0%</i>               | -<br><i>0.0%</i>               | -<br><i>0.0%</i>               | 1,205.2<br><i>13.7%</i>            |
| Assistance, Grants &<br>Benefits    | 461.8<br><i>5.3%</i>              | 3,159.9<br><i>36.0%</i>           | 342.6<br><i>3.9%</i>              | 55.5<br><i>0.6%</i>            | 6.6<br><i>0.1%</i>             | 42.8<br><i>0.5%</i>            | 4,069.2<br><i>46.3%</i>            |
| Capital                             | 42.8<br><i>0.5%</i>               | 15.5<br><i>0.2%</i>               | 53.2<br><i>0.6%</i>               | 42.7<br><i>0.5%</i>            | 31.9<br><i>0.4%</i>            | 226.6<br><i>2.6%</i>           | 412.5<br><i>4.7%</i>               |
| Debt Service                        | 224.2<br><i>2.6%</i>              | -<br><i>0.0%</i>                  | 54.9<br><i>0.6%</i>               | -<br><i>0.0%</i>               | -<br><i>0.0%</i>               | -<br><i>0.0%</i>               | 279.0<br><i>3.2%</i>               |
| Operating Transfers                 | 35.4<br><i>0.4%</i>               | 6.2<br><i>0.1%</i>                | -<br><i>0.0%</i>                  | -<br><i>0.0%</i>               | 0.1<br><i>0.0%</i>             | 116.1<br><i>1.3%</i>           | 157.8<br><i>1.8%</i>               |
| <b>Total</b>                        | <b>\$ 1,513.4</b><br><i>17.2%</i> | <b>\$ 3,743.1</b><br><i>42.6%</i> | <b>\$ 2,360.9</b><br><i>26.9%</i> | <b>\$ 528.8</b><br><i>6.0%</i> | <b>\$ 108.8</b><br><i>1.2%</i> | <b>\$ 525.1</b><br><i>6.0%</i> | <b>\$ 8,780.2</b><br><i>100.0%</i> |

## Expenditures from All Funds

| <b>FY 2016<br/>Recommended</b>      | <b>General<br/>Government</b> | <b>Human<br/>Services</b>   | <b>Education</b>            | <b>Public<br/>Safety</b> | <b>Natural<br/>Resources</b> | <b>Trans-<br/>portation</b> | <b>Total</b>                 |
|-------------------------------------|-------------------------------|-----------------------------|-----------------------------|--------------------------|------------------------------|-----------------------------|------------------------------|
| Salaries & Benefits                 | \$ 220.2<br>2.6%              | \$ 380.1<br>4.4%            | \$ 515.4<br>6.0%            | \$ 383.1<br>4.4%         | \$ 52.3<br>0.6%              | \$ 74.9<br>0.9%             | \$ 1,626.1<br>18.8%          |
| Contracted Services                 | 55.4<br>0.6%                  | 109.1<br>1.3%               | 64.7<br>0.8%                | 15.9<br>0.2%             | 7.4<br>0.1%                  | 30.9<br>0.4%                | 283.4<br>3.3%                |
| Other State<br>Operations           | 362.6<br>4.2%                 | 92.0<br>1.1%                | 209.3<br>2.4%               | 51.1<br>0.6%             | 12.5<br>0.1%                 | 29.9<br>0.3%                | 757.4<br>8.8%                |
| Aid to Local Units of<br>Government | 74.8<br>0.9%                  | -<br>0.0%                   | 1,157.2<br>13.4%            | 0.2<br>0.0%              | -<br>0.0%                    | -<br>0.0%                   | 1,232.1<br>14.3%             |
| Assistance, Grants, &<br>Benefits   | 418.3<br>4.8%                 | 3,156.4<br>36.6%            | 326.4<br>3.8%               | 42.5<br>0.5%             | 6.8<br>0.1%                  | 33.9<br>0.4%                | 3,984.3<br>46.2%             |
| Capital                             | 46.8<br>0.5%                  | 7.9<br>0.1%                 | 42.6<br>0.5%                | 32.3<br>0.4%             | 19.8<br>0.2%                 | 166.4<br>1.9%               | 315.9<br>3.7%                |
| Debt Service                        | 149.0<br>1.7%                 | -<br>0.0%                   | 53.4<br>0.6%                | -<br>0.0%                | -<br>0.0%                    | -<br>0.0%                   | 202.4<br>2.3%                |
| Operating Transfers                 | 66.9<br>0.8%                  | 5.7<br>0.1%                 | 30.5<br>0.4%                | -<br>0.0%                | 0.1<br>0.0%                  | 122.9<br>1.4%               | 226.0<br>2.6%                |
| <b>Total</b>                        | <b>\$ 1,394.0<br/>16.2%</b>   | <b>\$ 3,751.3<br/>43.5%</b> | <b>\$ 2,399.6<br/>27.8%</b> | <b>\$ 525.1<br/>6.1%</b> | <b>\$ 98.8<br/>1.1%</b>      | <b>\$ 458.9<br/>5.3%</b>    | <b>\$ 8,627.6<br/>100.0%</b> |

| <b>FY 2016<br/>Recommended<br/>Change to Enacted</b> | <b>General<br/>Government</b> | <b>Human<br/>Services</b> | <b>Education</b>          | <b>Public<br/>Safety</b> | <b>Natural<br/>Resources</b> | <b>Trans-<br/>portation</b> | <b>Total</b>                 |
|--|-------------------------------|---------------------------|---------------------------|--------------------------|------------------------------|-----------------------------|------------------------------|
| Salaries & Benefits                                  | \$ (0.4)<br>0.3%              | \$ 12.3<br>-8.0%          | \$ 11.2<br>-7.3%          | \$ 18.0<br>-11.8%        | \$ 2.1<br>-1.4%              | \$ 1.8<br>-1.2%             | \$ 44.9<br>-29.4%            |
| Contracted Services                                  | 11.0<br>-7.2%                 | 4.8<br>-3.2%              | (3.3)<br>2.2%             | (0.7)<br>0.5%            | (1.0)<br>0.6%                | (8.3)<br>5.4%               | 2.6<br>-1.7%                 |
| Other State<br>Operations                            | (43.4)<br>28.5%               | 2.6<br>-1.7%              | (1.6)<br>1.0%             | 2.2<br>-1.4%             | 0.8<br>-0.5%                 | 2.5<br>-1.6%                | (37.0)<br>24.2%              |
| Aid to Local Units of<br>Government                  | (3.5)<br>2.3%                 | -<br>0.0%                 | 30.2<br>-19.8%            | 0.2<br>-0.1%             | -<br>0.0%                    | -<br>0.0%                   | 26.9<br>-17.7%               |
| Assistance, Grants, &<br>Benefits                    | (43.5)<br>28.5%               | (3.5)<br>2.3%             | (16.3)<br>10.7%           | (13.0)<br>8.5%           | 0.2<br>-0.1%                 | (8.9)<br>5.8%               | (84.9)<br>55.6%              |
| Capital  | 4.0<br>-2.6%                  | (7.5)<br>4.9%             | (10.6)<br>6.9%            | (10.4)<br>6.8%           | (12.1)<br>7.9%               | (60.2)<br>39.4%             | (96.7)<br>63.3%              |
| Debt Service   | (75.2)<br>49.3%               | -<br>0.0%                 | (1.5)<br>1.0%             | -<br>0.0%                | -<br>0.0%                    | -<br>0.0%                   | (76.7)<br>50.2%              |
| Operating Transfers                                  | 31.5<br>-20.7%                | (0.5)<br>0.3%             | 30.5<br>-20.0%            | -<br>0.0%                | -<br>0.0%                    | 6.7<br>-4.4%                | 68.3<br>-44.7%               |
| <b>Total</b>   | <b>\$ (119.5)<br/>78.3%</b>   | <b>\$ 8.1<br/>-5.3%</b>   | <b>\$ 38.6<br/>-25.3%</b> | <b>\$ (3.7)<br/>2.4%</b> | <b>\$ (9.9)<br/>6.5%</b>     | <b>\$ (66.3)<br/>43.4%</b>  | <b>\$ (152.6)<br/>100.0%</b> |

## Expenditures from General Revenues

| <b>FY 2014 Reported</b>             | <b>General<br/>Government</b>    | <b>Human<br/>Services</b>          | <b>Education</b>                   | <b>Public<br/>Safety</b>         | <b>Natural<br/>Resources</b>   | <b>Trans-<br/>portation</b> | <b>Total</b>                        |
|-------------------------------------|----------------------------------|------------------------------------|------------------------------------|----------------------------------|--------------------------------|-----------------------------|-------------------------------------|
| Salaries & Benefits                 | \$ 138.2<br><i>4.1%</i>          | \$ 182.3<br><i>5.5%</i>            | \$ 130.8<br><i>3.9%</i>            | \$ 335.5<br><i>10.1%</i>         | \$ 29.3<br><i>0.9%</i>         | \$ -<br><i>0.0%</i>         | \$ 816.2<br><i>24.5%</i>            |
| Contracted Services                 | 6.1<br><i>0.2%</i>               | 25.3<br><i>0.8%</i>                | 8.0<br><i>0.2%</i>                 | 9.3<br><i>0.3%</i>               | 0.3<br><i>0.0%</i>             | -<br><i>0.0%</i>            | 49.0<br><i>1.5%</i>                 |
| Other State<br>Operations           | 38.2<br><i>1.1%</i>              | 17.6<br><i>0.5%</i>                | 27.6<br><i>0.8%</i>                | 36.3<br><i>1.1%</i>              | 6.4<br><i>0.2%</i>             | -<br><i>0.0%</i>            | 126.1<br><i>3.8%</i>                |
| Aid to Local Units of<br>Government | 71.4<br><i>2.1%</i>              | -<br><i>0.0%</i>                   | 916.7<br><i>27.5%</i>              | -<br><i>0.0%</i>                 | 0.0<br><i>0.0%</i>             | -<br><i>0.0%</i>            | 988.1<br><i>29.6%</i>               |
| Assistance, Grants, &<br>Benefits   | 13.8<br><i>0.4%</i>              | 1,087.9<br><i>32.6%</i>            | 33.0<br><i>1.0%</i>                | 30.3<br><i>0.9%</i>              | 0.6<br><i>0.0%</i>             | -<br><i>0.0%</i>            | 1,165.6<br><i>34.9%</i>             |
| Capital                             | 1.1<br><i>0.0%</i>               | 0.6<br><i>0.0%</i>                 | 2.4<br><i>0.1%</i>                 | 1.7<br><i>0.1%</i>               | 0.1<br><i>0.0%</i>             | -<br><i>0.0%</i>            | 5.9<br><i>0.2%</i>                  |
| Debt Service                        | 127.1<br><i>3.8%</i>             | -<br><i>0.0%</i>                   | 25.6<br><i>0.8%</i>                | -<br><i>0.0%</i>                 | -<br><i>0.0%</i>               | -<br><i>0.0%</i>            | 152.7<br><i>4.6%</i>                |
| Operating Transfers                 | 31.9<br><i>1.0%</i>              | (1.9)<br><i>-0.1%</i>              | 2.8<br><i>0.1%</i>                 | -<br><i>0.0%</i>                 | -<br><i>0.0%</i>               | -<br><i>0.0%</i>            | 32.8<br><i>1.0%</i>                 |
| <b>Total</b>                        | <b>\$ 427.9<br/><i>12.8%</i></b> | <b>\$ 1,311.8<br/><i>39.3%</i></b> | <b>\$ 1,146.9<br/><i>34.4%</i></b> | <b>\$ 413.2<br/><i>12.4%</i></b> | <b>\$ 36.7<br/><i>1.1%</i></b> | <b>\$ -<br/><i>0.0%</i></b> | <b>\$ 3,336.4<br/><i>100.0%</i></b> |

| <b>FY 2015 Enacted</b>              | <b>General<br/>Government</b>    | <b>Human<br/>Services</b>          | <b>Education</b>                   | <b>Public<br/>Safety</b>         | <b>Natural<br/>Resources</b>   | <b>Trans-<br/>portation</b> | <b>Total</b>                        |
|-------------------------------------|----------------------------------|------------------------------------|------------------------------------|----------------------------------|--------------------------------|-----------------------------|-------------------------------------|
| Salaries & Benefits                 | \$ 141.3<br><i>4.1%</i>          | \$ 184.7<br><i>5.4%</i>            | \$ 136.7<br><i>4.0%</i>            | \$ 336.0<br><i>9.8%</i>          | \$ 29.8<br><i>0.9%</i>         | \$ -<br><i>0.0%</i>         | \$ 828.6<br><i>24.1%</i>            |
| Contracted Services                 | 5.9<br><i>0.2%</i>               | 26.2<br><i>0.8%</i>                | 8.0<br><i>0.2%</i>                 | 11.2<br><i>0.3%</i>              | 0.4<br><i>0.0%</i>             | -<br><i>0.0%</i>            | 51.7<br><i>1.5%</i>                 |
| Other State<br>Operations           | 39.6<br><i>1.1%</i>              | 20.4<br><i>0.6%</i>                | 27.0<br><i>0.8%</i>                | 36.1<br><i>1.0%</i>              | 6.2<br><i>0.2%</i>             | -<br><i>0.0%</i>            | 129.2<br><i>3.7%</i>                |
| Aid to Local Units of<br>Government | 77.3<br><i>2.2%</i>              | -<br><i>0.0%</i>                   | 961.0<br><i>27.9%</i>              | -<br><i>0.0%</i>                 | -<br><i>0.0%</i>               | -<br><i>0.0%</i>            | 1,038.3<br><i>30.1%</i>             |
| Assistance, Grants, &<br>Benefits   | 12.7<br><i>0.4%</i>              | 1,108.3<br><i>32.2%</i>            | 37.8<br><i>1.1%</i>                | 29.0<br><i>0.8%</i>              | 1.4<br><i>0.0%</i>             | -<br><i>0.0%</i>            | 1,189.2<br><i>34.5%</i>             |
| Capital                             | 1.4<br><i>0.0%</i>               | 0.6<br><i>0.0%</i>                 | 1.5<br><i>0.0%</i>                 | 0.9<br><i>0.0%</i>               | 0.0<br><i>0.0%</i>             | -<br><i>0.0%</i>            | 4.4<br><i>0.1%</i>                  |
| Debt Service                        | 168.1<br><i>4.9%</i>             | -<br><i>0.0%</i>                   | 27.3<br><i>0.8%</i>                | -<br><i>0.0%</i>                 | -<br><i>0.0%</i>               | -<br><i>0.0%</i>            | 195.3<br><i>5.7%</i>                |
| Operating Transfers                 | 6.7<br><i>0.2%</i>               | 1.8<br><i>0.1%</i>                 | -<br><i>0.0%</i>                   | -<br><i>0.0%</i>                 | -<br><i>0.0%</i>               | -<br><i>0.0%</i>            | 8.5<br><i>0.2%</i>                  |
| <b>Total</b>                        | <b>\$ 453.0<br/><i>13.1%</i></b> | <b>\$ 1,342.0<br/><i>39.0%</i></b> | <b>\$ 1,199.2<br/><i>34.8%</i></b> | <b>\$ 413.2<br/><i>12.0%</i></b> | <b>\$ 37.7<br/><i>1.1%</i></b> | <b>\$ -<br/><i>0.0%</i></b> | <b>\$ 3,445.2<br/><i>100.0%</i></b> |



## Expenditures from General Revenues

| <b>FY 2016<br/>Recommended</b>      | <b>General<br/>Government</b>    | <b>Human<br/>Services</b>          | <b>Education</b>                   | <b>Public<br/>Safety</b>         | <b>Natural<br/>Resources</b>   | <b>Trans-<br/>portation</b> | <b>Total</b>                        |
|-------------------------------------|----------------------------------|------------------------------------|------------------------------------|----------------------------------|--------------------------------|-----------------------------|-------------------------------------|
| Salaries & Benefits                 | \$ 133.7<br><i>3.8%</i>          | \$ 195.3<br><i>5.6%</i>            | \$ 143.7<br><i>4.1%</i>            | \$ 353.4<br><i>10.1%</i>         | \$ 31.2<br><i>0.9%</i>         | \$ -<br><i>0.0%</i>         | \$ 857.4<br><i>24.6%</i>            |
| Contracted Services                 | 6.0<br><i>0.2%</i>               | 24.2<br><i>0.7%</i>                | 8.2<br><i>0.2%</i>                 | 11.9<br><i>0.3%</i>              | 0.4<br><i>0.0%</i>             | -<br><i>0.0%</i>            | 50.7<br><i>1.5%</i>                 |
| Other State<br>Operations           | 37.6<br><i>1.1%</i>              | 22.4<br><i>0.6%</i>                | 29.6<br><i>0.8%</i>                | 39.4<br><i>1.1%</i>              | 6.5<br><i>0.2%</i>             | -<br><i>0.0%</i>            | 135.5<br><i>3.9%</i>                |
| Aid to Local Units of<br>Government | 73.8<br><i>2.1%</i>              | -<br><i>0.0%</i>                   | 992.5<br><i>28.4%</i>              | -<br><i>0.0%</i>                 | -<br><i>0.0%</i>               | -<br><i>0.0%</i>            | 1,066.4<br><i>30.5%</i>             |
| Assistance, Grants, &<br>Benefits   | 10.0<br><i>0.3%</i>              | 1,090.5<br><i>31.2%</i>            | 36.3<br><i>1.0%</i>                | 27.3<br><i>0.8%</i>              | 0.8<br><i>0.0%</i>             | -<br><i>0.0%</i>            | 1,165.0<br><i>33.4%</i>             |
| Capital                             | 1.0<br><i>0.0%</i>               | 0.3<br><i>0.0%</i>                 | 1.5<br><i>0.0%</i>                 | 1.0<br><i>0.0%</i>               | 0.0<br><i>0.0%</i>             | -<br><i>0.0%</i>            | 3.8<br><i>0.1%</i>                  |
| Debt Service                        | 98.0<br><i>2.8%</i>              | -<br><i>0.0%</i>                   | 25.1<br><i>0.7%</i>                | -<br><i>0.0%</i>                 | -<br><i>0.0%</i>               | -<br><i>0.0%</i>            | 123.0<br><i>3.5%</i>                |
| Operating Transfers                 | 58.7<br><i>1.7%</i>              | 1.2<br><i>0.0%</i>                 | 30.0<br><i>0.9%</i>                | -<br><i>0.0%</i>                 | -<br><i>0.0%</i>               | -<br><i>0.0%</i>            | 89.9<br><i>2.6%</i>                 |
| <b>Total</b>                        | <b>\$ 418.8<br/><i>12.0%</i></b> | <b>\$ 1,334.0<br/><i>38.2%</i></b> | <b>\$ 1,266.9<br/><i>36.3%</i></b> | <b>\$ 433.0<br/><i>12.4%</i></b> | <b>\$ 38.9<br/><i>1.1%</i></b> | <b>\$ -<br/><i>0.0%</i></b> | <b>\$ 3,491.6<br/><i>100.0%</i></b> |

| <b>FY 2016<br/>Recommended<br/>Change to Enacted</b> | <b>General<br/>Government</b>      | <b>Human<br/>Services</b>         | <b>Education</b>                 | <b>Public<br/>Safety</b>        | <b>Natural<br/>Resources</b>  | <b>Trans-<br/>portation</b> | <b>Total</b>                     |
|--|------------------------------------|-----------------------------------|----------------------------------|---------------------------------|-------------------------------|-----------------------------|----------------------------------|
| Salaries & Benefits                                  | \$ (7.6)<br><i>-16.4%</i>          | \$ 10.6<br><i>22.9%</i>           | \$ 7.0<br><i>15.0%</i>           | \$ 17.4<br><i>37.4%</i>         | \$ 1.4<br><i>3.0%</i>         | \$ -<br><i>0.0%</i>         | \$ 28.8<br><i>61.9%</i>          |
| Contracted Services                                  | 0.1<br><i>0.2%</i>                 | (2.0)<br><i>-4.3%</i>             | 0.2<br><i>0.4%</i>               | 0.6<br><i>1.4%</i>              | 0.0<br><i>0.1%</i>            | -<br><i>0.0%</i>            | (1.0)<br><i>-2.2%</i>            |
| Other State<br>Operations                            | (2.0)<br><i>-4.2%</i>              | 2.0<br><i>4.2%</i>                | 2.7<br><i>5.7%</i>               | 3.3<br><i>7.0%</i>              | 0.4<br><i>0.8%</i>            | -<br><i>0.0%</i>            | 6.3<br><i>13.6%</i>              |
| Aid to Local Units of<br>Government                  | (3.5)<br><i>-7.5%</i>              | -<br><i>0.0%</i>                  | 31.6<br><i>68.0%</i>             | -<br><i>0.0%</i>                | -<br><i>0.0%</i>              | -<br><i>0.0%</i>            | 28.1<br><i>60.4%</i>             |
| Assistance, Grants, &<br>Benefits                    | (2.7)<br><i>-5.8%</i>              | (17.7)<br><i>-38.2%</i>           | (1.5)<br><i>-3.3%</i>            | (1.6)<br><i>-3.5%</i>           | (0.6)<br><i>-1.3%</i>         | -<br><i>0.0%</i>            | (24.2)<br><i>-52.1%</i>          |
| Capital  | (0.4)<br><i>-0.8%</i>              | (0.3)<br><i>-0.6%</i>             | (0.0)<br><i>0.0%</i>             | 0.1<br><i>0.3%</i>              | (0.0)<br><i>0.0%</i>          | -<br><i>0.0%</i>            | (0.6)<br><i>-1.3%</i>            |
| Debt Service   | (70.1)<br><i>-150.9%</i>           | -<br><i>0.0%</i>                  | (2.2)<br><i>-4.7%</i>            | -<br><i>0.0%</i>                | -<br><i>0.0%</i>              | -<br><i>0.0%</i>            | (72.3)<br><i>-155.6%</i>         |
| Operating Transfers                                  | 51.9<br><i>111.8%</i>              | (0.5)<br><i>-1.1%</i>             | 30.0<br><i>64.5%</i>             | -<br><i>0.0%</i>                | -<br><i>0.0%</i>              | -<br><i>0.0%</i>            | 81.4<br><i>175.2%</i>            |
| <b>Total</b>   | <b>\$ (34.2)<br/><i>-73.6%</i></b> | <b>\$ (8.0)<br/><i>-17.2%</i></b> | <b>\$ 67.6<br/><i>145.6%</i></b> | <b>\$ 19.8<br/><i>42.5%</i></b> | <b>\$ 1.2<br/><i>2.6%</i></b> | <b>\$ -<br/><i>0.0%</i></b> | <b>\$ 46.5<br/><i>100.0%</i></b> |



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# **Capital Budget**

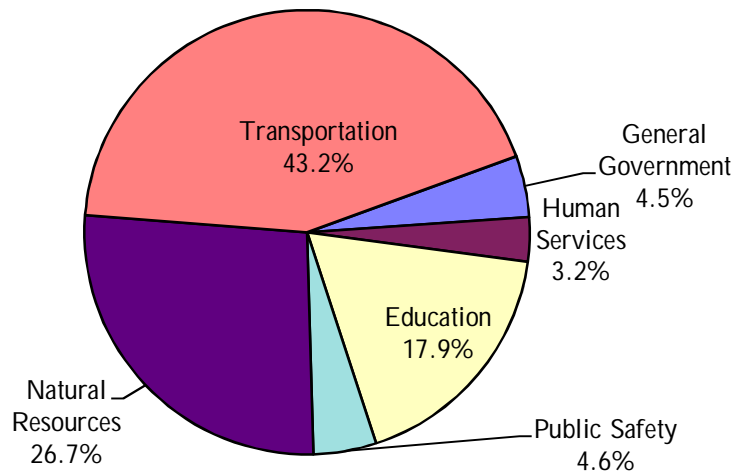
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# Capital Budget

## Summary

The Governor's five-year capital budget continues a process that began in 1991 and the capital budget document contains a presentation of the progress that has been made since then in attaining the capital budget goals that were formulated after review of the existing budget process. Most importantly, the document is the result of an ongoing capital budgeting process designed to ensure that there is public disclosure of the projects contemplated, that projects included are sufficiently advanced to lend credibility to the process, and that debt levels are presented and discussed.

### FY 2016 - FY 2020 Capital Projects by Function



The Governor's five-year capital recommendations for FY 2016 through FY 2020 call for total outlays of \$3,381.5 million for the period. Financing the plan requires \$852.2 million of debt issuances and \$2,529.3 million from current revenue streams. Almost half of the expenditures are for transportation projects, including roads and bridges, rail, and public transportation. The next largest share is for natural resources project outlays. The two areas account for over two-thirds of total outlays during the five-year period. Highlights of her capital budget include:

- **Outlays and Funding.** The FY 2016 through FY 2020 recommended plan includes \$3,381.5 million of outlays on \$8,517.3 million of project estimates. Average outlays would be \$676.3 million per year for the five-year period with \$338.7 million required at the end of the period to complete the projects.
- **Debt Restructuring.** The Governor's recommended budget 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. Capital general revenue funded 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. However, net present value savings will be positive.

- **General Obligation Bonds Referenda.** Financing the five-year plan is based on \$463.9 million of general obligation bond debt issuances, including \$243.0 million approved by voters in November 2014 and \$73.0 million from new general obligation bonds to be presented to the voters on the November 2016 ballot.
- **Other Debt Approvals.** The plan also requires \$67.7 million for several Higher Education projects, of which the Governor's budget includes \$5.1 million to be approved by the 2015 Assembly under the Public Debt Management Act for fraternity infrastructure improvements at the University of Rhode Island.
- **Financing.** Paying for the five-year outlays includes \$852.2 million from debt financing and \$2,529.3 million from current or pay-go sources. Pay-go represents 74.8 percent with debt funding being 25.2 percent.
- **Debt Levels.** Total net tax supported debt decreases during the period through FY 2020 by \$357.9 million from \$1,864.5 million to \$1,506.6 million. However, past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget.
- **Debt Ratios.** Net tax supported debt would decrease from 3.6 percent of personal income reported for FY 2014 to 3.4 percent into FY 2015 before dropping gradually back to 2.3 percent in FY 2020 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected.
- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$599.4 million.

### Outlays and Funding

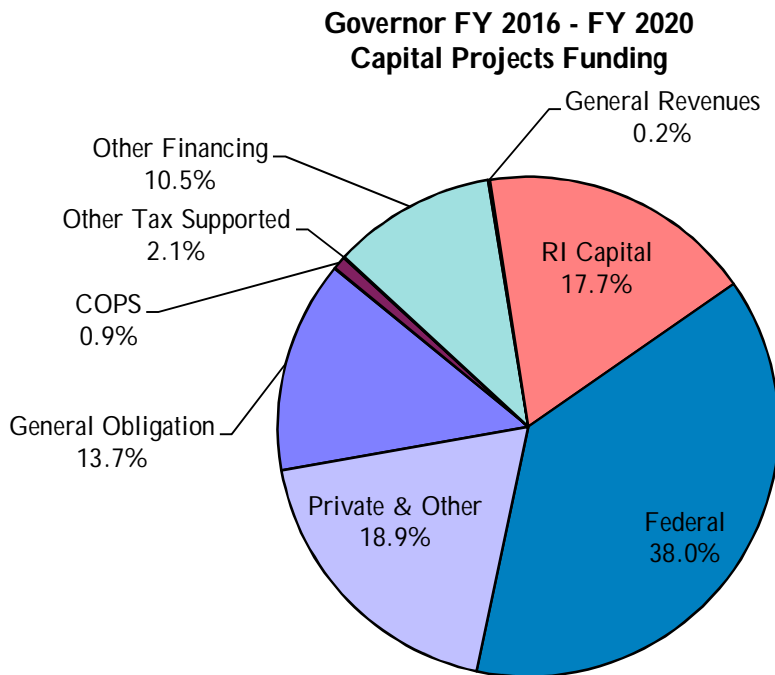
In order to support the maintenance, repair and construction of infrastructure throughout Rhode Island, the state has utilized both funding and financing for infrastructure. Funding can be considered as "pay-go", which means that annual budgets include sufficient appropriations for projects to continue on schedule, without incurring long term debt. For Rhode Island, this is accomplished primarily through the Rhode Island Capital Plan Fund, which is described in greater detail elsewhere in this report.

The advantage of this approach is that it does not limit future resources by incurring long term debt service payments; however, it does limit the extent of what can be accomplished to currently available sources. Because of this, short-term projects for relatively smaller amounts of money, such as asset protection projects, are better suited for pay-go funding, while long term and large scale infrastructure projects, such as the relocation of Interstate 195, are better suited for financing.

Financing capital projects includes borrowing, usually in the form of long term debt such as general obligation or revenue bonds. General obligation bonds are backed by the full faith and credit of the state, with annual debt service appropriated from general revenues. This type of borrowing is more closely related to state agencies, and the authorizations for this debt appear as referenda on election year ballots. Revenue bonds are not backed by the full faith and credit of the state, and debt service is paid from a defined revenue stream, such as a user fee. This type of debt has historically been used by quasi-state agencies to fund long-term infrastructure projects. For example, the Turnpike and Bridge Authority uses toll revenue to fund the maintenance of the Newport Pell Bridge. Compared to pay-go funding, financing does not require large up-front investments in order to complete large projects;

however, by the time the financing has been completed, issuance and interest costs can significantly add to a project's total cost, and may also require payments long after a facility has been constructed.

The total five-year outlays of \$3,381.5 million are supported by a mix of pay-as-you-go funding and financing. Almost three-quarters, 74.8 percent of outlays, are supported by current revenues, or pay-go, with the remaining 25.2 percent from financing.

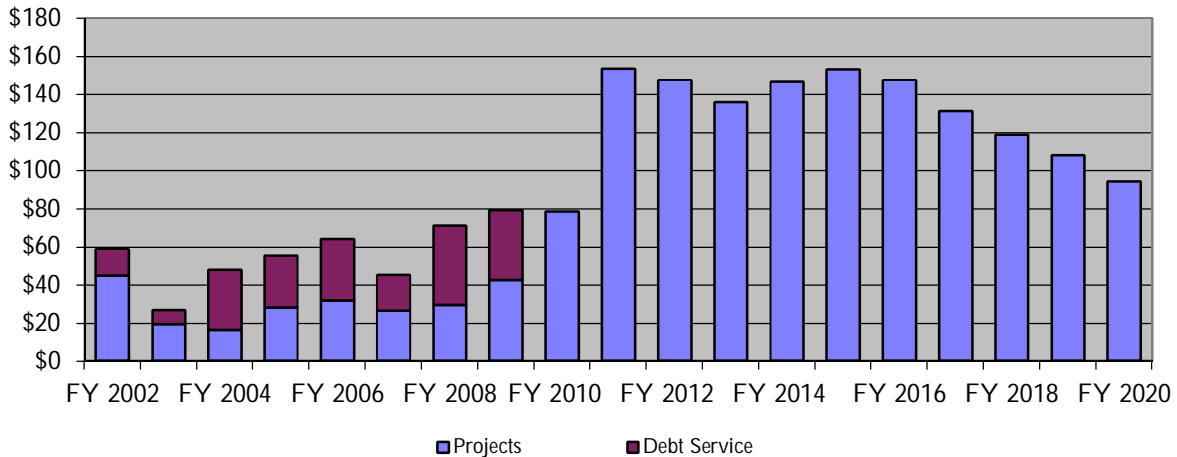


**Pay-Go.** The pay-go sources include \$1,285.1 million from federal sources, \$599.4 million from Rhode Island Capital Plan funds, \$5.0 million from general revenues, and \$639.8 million from private and other sources. Federal funds remain the largest source of capital funding, providing 38.0 percent of all funding, and 50.8 percent of pay-go funding.

A primary source of state pay-go funding is the Rhode Island Capital Plan Fund. These revenues are derived from the amounts exceeding 2.0 to 5.0 percent of revenues in the state's Budget Stabilization and Cash Reserve Account, or "rainy day fund." The rainy day fund received 2.0 percent of all revenues and opening surpluses in FY 2008, increasing by 0.2 percent per year until reaching 3.0 percent in FY 2013. It was capped at 3.0 percent in FY 2008, increasing by 0.4 percent per year until reaching a 5.0 percent cap in FY 2013. Resources above the cap are transferred to the Rhode Island Capital Plan Fund.

The fund was used nearly exclusively for debt service in the early 1990s. Governor Almond began moving debt service back to general revenues as the economy improved in the latter half of that decade, reserving the capital fund for pay-go capital projects so as not to use any for debt service by FY 2002. However, the economic slowdown caused that to reverse beginning in FY 2002, with significant amounts again used for debt service. The 2006 Assembly noted that the Governor's budget was increasingly relying on these funds for debt service, while increasing the amounts being financed. It submitted a constitutional amendment to limit the use of the fund to capital projects beginning in FY 2008, which the voters approved.

### Use of Rhode Island Capital Fund



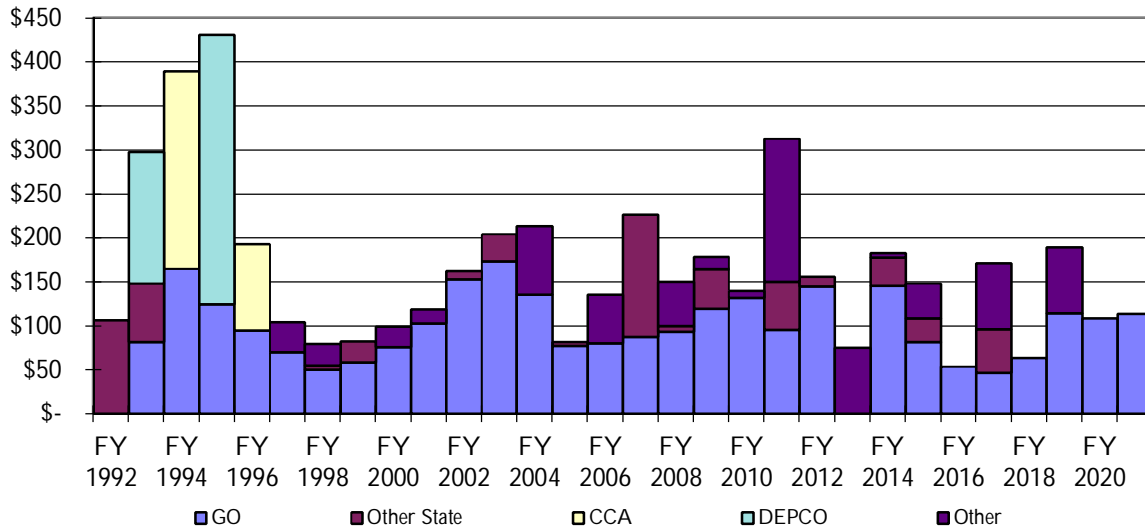
With the transition to the 5.0 percent cap complete, resources in the Rhode Island Capital Plan Fund have grown and begun to fulfill the purpose of lowering borrowing needs. An example of this is the annual \$23.2 million that is being used in lieu of borrowing to match federal transportation funds. Approximately \$100 million is transferred to this fund annually and programmed for use through the five-year capital plan. In addition to the transportation uses noted above, another primary use of the fund is for asset protection and other projects at the state’s public higher education institutions. These account for about one half of the use of the fund. The remaining half is used for the asset protection and improvements for state buildings, including courts, prisons, hospitals and other state facilities such as dams, piers, parks and office buildings. Many of these ongoing investments are designed to extend the life of facilities and prevent the need for costly replacements.

It should be noted the Governor’s budget recommendation for FY 2016 includes increased general revenues by not making the transfer of \$13.2 million of Division of Motor Vehicles fees to the Department of Transportation. In lieu of this transfer, the recommendation includes a one-time payment of \$20.0 million from Rhode Island Capital Plan funds to the Department. In order to make this amount of capital funding available, many projects across state government were reduced or delayed.

**Debt Financing.** Proceeds from financing, \$852.1 million, constitute 25.2 percent of the funds available for outlays during the period. Tax supported financing comprises \$496.1 million, including \$463.9 million from general obligation bonds and \$30.0 million from Certificates of Participation. Outlays from tax supported financing are 58.2 percent of the financed outlays and 14.7 percent of all outlays.

Other non-tax supported financing supports \$356.0 million of outlays, or 10.5 percent. It includes debt such as \$105.8 million issued by the Rhode Island Health and Educational Building Corporation for higher education projects supported by University and College funds.

## Debt Issues



The term net tax supported debt refers to all debt for which an appropriation is or may be required. That includes not only general obligation bonds and direct state issuance, but also debt issued by other entities for which the state is pledged to an annual lease payment or to make an appropriation in the event of a default. Debt that is an obligation of the state for which a non-state entity makes the debt service payments is not generally considered as net tax supported debt. An example is the bonds issued for the Narragansett Bay Water Quality Management District Commission for which the Commission pays the debt service from user charges.

Debt issued by the colleges and university through the Rhode Island Health and Educational Building Corporation is also not included. This five-year budget includes expenditures of \$105.8 million from these bonds. It should be noted that it is the total charges to students that are used in tuition and fee comparisons to other institutions. Any tuition and fees used for debt service are not available for general operating expenses. This forms the context for general revenue requests by the Board of Education. Further, in the event of insufficient University and College revenues, it is likely that the state would intervene with appropriations rather than allow bondholders to take over assets financed.

The table on the next page shows debt service for Higher Education, funded from general revenues and tuition and fees from FY 2008 through the Governor's FY 2016 recommended budget. General obligation debt is funded solely from general revenues. For debt issued for projects funded through the Rhode Island Health and Educational Building Corporation, debt service is paid from both general revenues and tuition and fees. As the table shows, debt service costs more than doubled in the period from FY 2008 and the Governor's FY 2016 budget.



| <b>Unrestricted Debt Service</b> |            |            |             |              |
|----------------------------------|------------|------------|-------------|--------------|
|                                  | <b>URI</b> | <b>RIC</b> | <b>CCRI</b> | <b>Total</b> |
| FY 2008                          | 10,437,786 | 3,192,316  | 1,381,264   | 15,011,366   |
| FY 2009                          | 12,590,080 | 3,278,968  | 1,504,159   | 17,373,207   |
| FY 2010                          | 16,969,110 | 2,024,109  | 1,414,364   | 20,407,583   |
| FY 2011                          | 15,006,727 | 3,552,373  | 1,585,869   | 20,144,969   |
| FY 2012                          | 19,334,834 | 4,656,198  | 2,233,761   | 26,224,793   |
| FY 2013                          | 25,321,543 | 5,679,879  | 3,248,295   | 34,249,717   |
| FY 2014                          | 25,800,709 | 6,024,206  | 2,645,586   | 34,470,501   |
| FY 2015 Gov. Rev.                | 24,809,983 | 6,075,051  | 2,720,254   | 33,605,288   |
| FY 2016 Gov. Rec.                | 24,305,236 | 7,994,530  | 2,484,946   | 34,784,712   |

**38 Studios.** In 2010, the Economic Development Corporation backed a \$75.0 million loan to 38 Studios through the Job Creation Guaranty Program. Of the loan amount, \$12.7 million was held in a capital reserve account and \$10.6 million was held on a capitalized interest account; 38 Studios defaulted on the loan after paying \$1.125 million of guaranty fees. The Corporation used the \$10.6 million to cover interest-only debt service from FY 2011 through FY 2013. The Governor's FY 2015 recommendation includes a payment of \$8.6 million from general revenues budgeted in the Department of Administration. This is \$3.9 million less than previously budgeted due to the inclusion of funds remaining in the debt service reserve account and settlement proceeds. The debt service payments are accounted for in the Capital Budget along with all other debt obligations. Debt service payments for 38 Studios are due through FY 2021 for a total amount of \$82.9 million, as summarized in the table below.

|              | <b>Total Owed</b>    | <b>Reserve Funds<br/>&amp; Settlement</b> | <b>General<br/>Revenues</b> |
|--------------|----------------------|---|-----------------------------|
| FY 2015      | \$ 12,511,463        | \$ (3,876,463)                            | \$ 8,635,000                |
| FY 2016      | 12,499,113           | -   | 12,499,113                  |
| FY 2017      | 12,449,288           | -   | 12,449,288                  |
| FY 2018      | 12,378,881           | -   | 12,378,881                  |
| FY 2019      | 12,352,638           | -   | 12,352,638                  |
| FY 2020      | 12,322,300           | -   | 12,322,300                  |
| FY 2021      | 12,288,413           | -   | 12,288,413                  |
| <b>Total</b> | <b>\$ 86,802,096</b> | <b>\$ (3,876,463)</b>                     | <b>\$ 82,925,633</b>        |

### **New Debt Authorizations**

The Governor's budget includes \$100.8 million of new debt authority that require approval by the General Assembly. Of this amount, \$95.7 million would be derived from general obligation bonds that would be placed on the November 2016 ballot for voter approval, and \$5.1 million would require approval by the Assembly under the Public Debt Management Act.

The Public Debt Management Act requires that all new debt authorizations be approved by the Assembly unless the Governor certifies that federal funds will be available to make all of the payments which the state is or could be obligated to make under the financing lease or guarantee; or the General Assembly has adjourned for the year with the expectation that it will not meet again until the following year and the Governor certifies that action is necessary, because of events occurring after the General Assembly has adjourned, to protect the physical integrity of an essential public facility, to ensure the continued delivery of essential public services, or to maintain the credit worthiness of the state in the

financial markets. Select quasi-public agencies are exempt. The 2009 Assembly rescinded the exception previously granted to the Rhode Island Resource Recovery Corporation.

The table below shows the \$163.4 million of recommended new debt authority requiring action by the 2015 General Assembly. It is followed by descriptions of the projects which would be funded by the new debt.

| Governor's Recommended New Debt Authority       | Amount                | Debt Service         |                                  |
|---|-----------------------|----------------------|----------------------------------|
|   |                       | Annual Est. *        | Source                           |
| <b>Bond Referenda</b>                           |                       |                      |                                  |
| <b>Higher Education</b>                         |                       |                      |                                  |
| URI Fine Arts Center                            | \$ 70,200,000         | \$ 5,633,030         | Gen. Rev.                        |
| URI Engineering Phase II                        | 25,500,000            | 2,046,186            | Gen. Rev.                        |
| <b>Total New Referenda</b>                      | <b>\$ 95,700,000</b>  | <b>\$ 7,679,216</b>  |                                  |
| <b>Other Debt Instruments</b>                   |                       |                      |                                  |
| <b>Revenue Bonds</b>                            |                       |                      |                                  |
| URI Fraternity Circle (Article 2)               | \$ 5,100,000          | \$ 409,237           | Tuition, Gen. Rev.               |
| URI Repaving, Hardscape and Landscape           | 10,000,000            | 802,426              | Parking Fees, Tuition, Gen. Rev. |
| URI Combined Health and Counseling Center       | 17,800,000            | 1,428,318            | Auxiliary Funds                  |
| URI Utility Infrastructure Upgrade Phase I**    | 6,500,000             | 521,577              | Tuition, Gen. Rev.               |
| URI Utility Infrastructure Upgrade Phase II     | 18,382,500            | 1,475,509            | Tuition, Gen. Rev.               |
| URI Facilities Services Sector Upgrade          | 9,900,000             | 794,402              | Tuition, Gen. Rev.               |
| <b>Subtotal</b>                                 | <b>\$ 67,682,500</b>  | <b>\$ 5,431,469</b>  |                                  |
| <b>Total New Debt Authorization Recommended</b> | <b>\$ 163,382,500</b> | <b>\$ 13,110,685</b> |                                  |

\*Debt service based on 20 years and 5.0 percent interest.

\*\*Legislation would be required as expenditures are programmed to begin in FY 2016.

**General Obligation Bond Referenda.** The Governor's Capital Budget includes \$95.7 million in new referenda to be presented to the voters in November 2016. Section 35-3-7.1 of the Rhode Island General Laws provides that bond referenda only be presented during election years absent special circumstances. Debt service on these bonds is paid from state general revenues. Assuming a 5.0 percent interest rate and 20 year amortization, annual debt service is estimated to be \$7.7 million. These individual projects are described in greater detail below.

*URI Fine Arts Center.* The Governor includes \$70.2 million from new general obligation bonds to complete the renovation and enhancement of the 120,720 square foot fine arts center on the Kingston Campus, which serves the University's program in the musical, theatrical, visual and graphic arts. Annual debt service, assuming a 5.0 percent interest rate and a 20-year term would be \$5.6 million.

*URI Engineering Phase II.* The Governor includes \$25.5 million of new general obligation bonds for a second phase of the engineering building renovation project programmed to begin in FY 2018 and placed on the November 2016 ballot. Annual debt service, assuming a 5.0 percent interest rate and a 20-year term would be \$2.0 million. The second phase would include the renovation and an addition to Bliss Hall.

**Public Corporation Debt Management Act Debt Issues.** The Governor's Budget also includes \$67.7 million of new authorization for debt that would not require voter approval, but does require Assembly approval pursuant to the Public Corporation Debt Management Act. It should be noted the Governor's budget includes authorization for only \$5.1 million of the proposed new debt. The projects are described below.

*Fraternity Circle.* The budget includes \$5.1 million from revenue bonds for improvements to water distribution and storm water management systems, gas, electric, roadways, walkways and parking lots

for the University of Rhode Island's fraternity circle. Annual debt service would be \$0.4 million supported by general revenues, tuition and fees; total debt service payments would be \$8.1 million.

*Repaving, Hardscape and Landscape.* The budget includes \$10.0 million from revenue bonds for the fifth phase of the University's efforts to repave and reconstruct major parking facilities, internal roadways, and walkways. Debt service would be supported by parking fees for the parking lot portions of the project and general revenues, tuition and fees for the roads and walkways portion. Annual debt service, assuming 5.0 percent interest and 20 years would be \$0.8 million with a total cost of \$16.0 million.

*Combined Health and Counseling Center.* The budget includes \$17.8 million from revenue bonds for a new project to begin in FY 2019 to combine health services and the counseling center into a single facility. The existing, physically separate facilities require duplications in support staff and medical record keeping. The University reports that the capacity of both facilities is insufficient to meet the growing demand for health and counseling services. Debt service would be supported by auxiliary funds. Annual debt service, assuming 5.0 percent interest and 20 years would be \$1.4 million with a total cost of \$29.1 million.

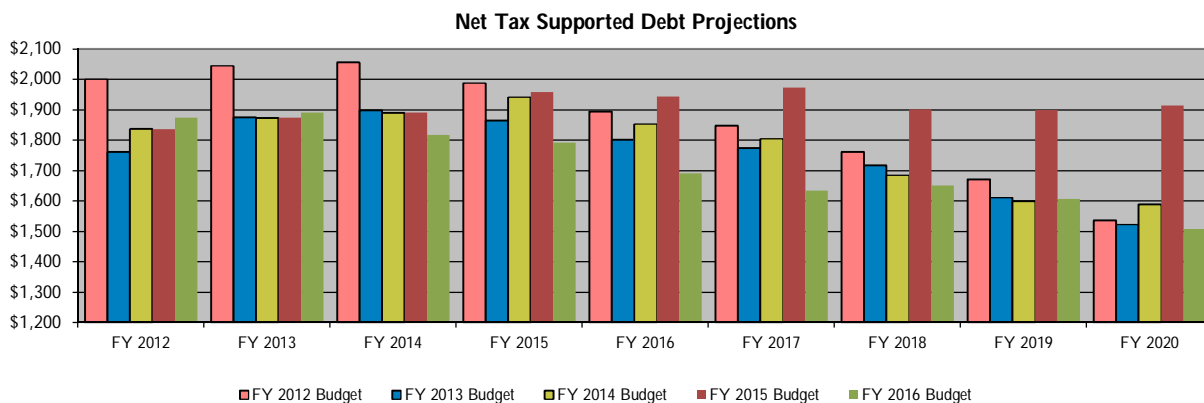
*Utility Infrastructure Upgrade Phase I.* The budget includes \$6.5 million from revenue bonds programmed over FY 2016 and FY 2017 for Phase I of a utility infrastructure project. The project involves the replacement of the steam/condensate distribution, water distribution, electrical distribution, sanitary sewer and storm water management systems. Debt service would be supported by general revenues and tuition and fees. Annual debt service, assuming 5.0 percent interest and 20 years would be \$0.5 million with a total cost of \$10.6 million.

*Utility Infrastructure Upgrade Phase II.* The budget includes \$18.4 million from revenue bonds backed by general revenues and tuition and fees for the second phase of utility infrastructure upgrades programmed over FY 2018 through FY 2020. Debt service would be supported by general revenues, tuition and fees. The project involves the replacement of the steam/condensate distribution system, water distribution system, electrical distribution system and the sanitary sewer system. The total cost of Phase II, assuming 5.0 percent interest and a 20-year term is \$29.4 million with annual debt service of \$1.5 million.

*Facilities Services Sector Upgrade.* The University requests \$9.9 million from new revenue bonds to make improvements to the service sector area that houses the operations and maintenance functions, and stores equipment, furniture and supplies. The plan calls for the demolition of select buildings. New buildings will accommodate equipment and furniture storage and any workshops necessary in the facilities compound while largely hiding the operations from public view. Assuming 20 years and 5.0 percent interest, annual debt service payments would be \$0.8 million for a total cost of \$15.9 million. The debt will be paid from the University's unrestricted budget; this includes general revenues, tuition, and fees.

### **Debt Levels**

Total net tax supported debt decreases during the period through FY 2020 by \$357.9 million from \$1,864.5 million to \$1,506.6 million. Net tax supported debt had dropped to \$1,280.9 million in FY 2003 after the state used \$247.6 million of special revenue bonds backed by the state's tobacco master settlement agreement to defease general obligation bond debt in FY 2002.



Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget. The above chart shows projected debt levels for FY 2012 through FY 2020 in the past five budgets. The FY 2017 debt projection presented in the FY 2015 capital budget is \$216.6 million more than the FY 2017 projection in the FY 2014 capital budget, and \$184.2 million more than presented in the FY 2013 budget.

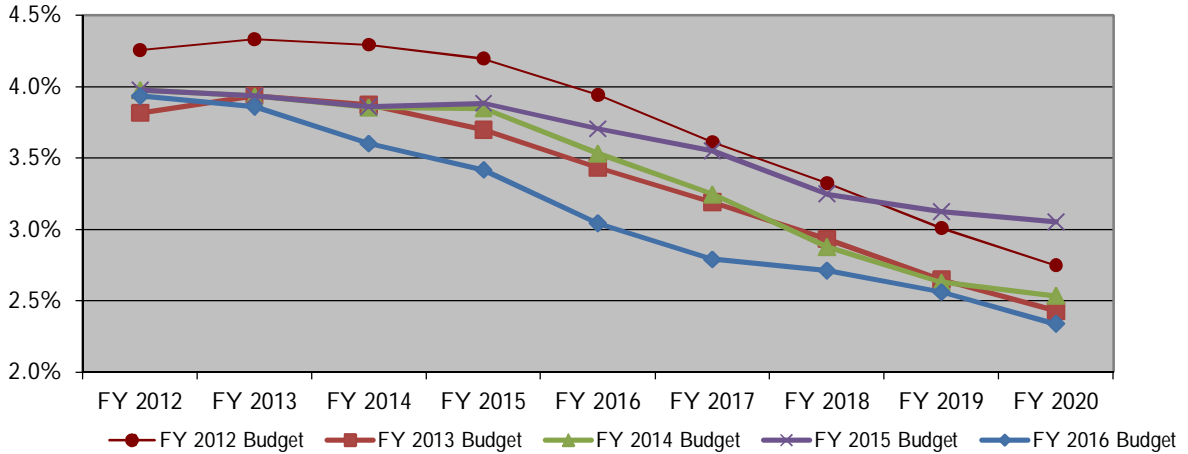
Debt is often expressed as a percent of state personal income as a measure to compare across jurisdictions; state personal income is a rough measure of the state's wealth, and therefore its potential ability to service its debt. Net tax supported debt would decrease from 3.6 percent of personal income reported for FY 2014 to 3.4 percent in FY 2015 before dropping gradually back to 2.3 percent in FY 2019 assuming that the capital budget is not increased.

Debt ratios began increasing significantly in FY 1988, reaching a peak in FY 1994 as the Depositors Economic Protection Corporation and Convention Center debt was added. In FY 1994, net tax supported debt reached 8.4 percent of personal income. The current and prior administrations have expressed the reduction of that ratio as a major capital policy goal. The FY 2004 level of 3.7 percent is the lowest amount since Staff began keeping track in FY 1991 due to use of the tobacco master settlement agreement revenues securitization.

However, as with debt levels, past practices indicate it is likely to be higher than projected. The following chart shows projected debt as percent of personal income for FY 2011 through FY 2019 in the past five budgets. The FY 2013 budget projected FY 2017 debt at 2.8 percent of personal income, which is the same as projected in the FY 2014 budget and 30 basis points lower than the 3.1 percent projected in the FY 2015 budget. The projections assume that the debt levels do not increase in subsequent budgets.

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.

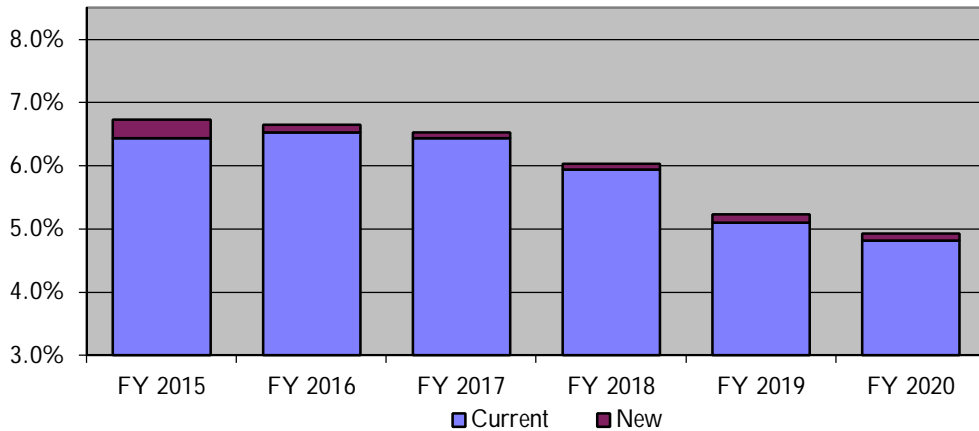
### Debt as Percent of Personal Income



### Debt Service

Useable general revenues are estimated collections net of the transfers to the Budget Stabilization and Cash Reserve account. These transfers ultimately become Rhode Island Capital Plan funds and cannot be used for debt service. The term net tax supported debt refers to all debt for which an appropriation is or may be required. That includes not only general obligation bonds and direct state issuance, but also debt issued by other entities for which the state is pledged to an annual lease payment or to make an appropriation in the event of a default. The proportion of net tax supported debt to useable general revenues provides a snapshot of how the state is leveraging its debt compared to available resources eligible to pay off that debt. For FY 2012 and FY 2013, debt service as a percent of general revenues was 6.1 percent and 6.0 percent, respectively.

### Net Debt Service as Percent of Useable General Revenues



Debt service in the recommended capital budget would decrease from 6.7 percent of useable general revenues in FY 2015 to 4.9 percent in FY 2020, a 1.8 percent decrease. During this same period, debt service as a percent of useable general revenues peaks at 7.6 percent, before dropping back to 6.7 percent in FY 2019. Some of that drop off is related to prior efforts to shift capital to pay-go funding. If the proposed debt restructuring is included, debt service will begin to increase by \$15.0 million each year beginning in FY 2020 and continuing through FY 2025. This will raise the debt service levels and increase the amount of debt service as a percent of useable general revenues in the post-FY 2020 period.

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**FY 2015  
Revised Budget**

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## FY 2015 Revised Budget

|                                  | FY 2014<br>Reported | FY 2015<br>Enacted | FY 2015<br>Rev. Req. | FY 2015<br>Revised |
|----------------------------------|---------------------|--------------------|----------------------|--------------------|
| <b>Expenditures by Function*</b> |                     |                    |                      |                    |
| General Government               | \$ 1,456.8          | \$ 1,513.4         | \$ 1,581.3           | \$ 1,511.8         |
| Human Services                   | 3,335.6             | 3,743.1            | 3,797.8              | 3,867.2            |
| Education                        | 2,287.4             | 2,360.9            | 2,366.9              | 2,354.0            |
| Public Safety                    | 490.5               | 528.8              | 576.0                | 540.7              |
| Natural Resources                | 83.9                | 108.8              | 115.5                | 117.8              |
| Transportation                   | 401.5               | 525.1              | 450.1                | 447.9              |
| <b>Total</b>                     | <b>\$ 8,055.8</b>   | <b>\$ 8,780.2</b>  | <b>\$ 8,887.6</b>    | <b>\$ 8,839.5</b>  |
| <b>Expenditures by Category*</b> |                     |                    |                      |                    |
| Salaries and Benefits            | \$ 1,541.5          | \$ 1,581.2         | \$ 1,616.6           | \$ 1,604.0         |
| Contracted Services              | 302.3               | 280.9              | 355.3                | 340.4              |
| <b>Subtotal</b>                  | <b>\$ 1,843.8</b>   | <b>\$ 1,862.1</b>  | <b>\$ 1,971.9</b>    | <b>\$ 1,944.4</b>  |
| Other State Operations           | 795.9               | 795.8              | 820.5                | 799.6              |
| Aid to Local Units of Government | 1,150.2             | 1,205.2            | 1,199.2              | 1,198.2            |
| Assistance, Grants, and Benefits | 3,614.9             | 4,069.2            | 4,025.7              | 4,112.9            |
| Capital                          | 246.5               | 411.1              | 422.1                | 361.2              |
| Capital Debt Service             | 218.8               | 279.0              | 274.6                | 248.7              |
| Operating Transfers              | 185.9               | 157.8              | 173.6                | 174.6              |
| <b>Total</b>                     | <b>\$ 8,055.8</b>   | <b>\$ 8,780.2</b>  | <b>\$ 8,887.6</b>    | <b>\$ 8,839.5</b>  |
| <b>Sources of Funds*</b>         |                     |                    |                      |                    |
| General Revenue                  | \$ 3,336.4          | \$ 3,445.2         | \$ 3,507.9           | \$ 3,488.4         |
| Federal Aid                      | 2,676.6             | 3,086.5            | 3,091.7              | 3,140.5            |
| Restricted Receipts              | 222.1               | 283.1              | 291.7                | 278.2              |
| Other                            | 1,820.7             | 1,965.4            | 1,996.2              | 1,932.4            |
| <b>Total</b>                     | <b>\$ 8,055.8</b>   | <b>\$ 8,780.2</b>  | <b>\$ 8,887.6</b>    | <b>\$ 8,839.5</b>  |
| <b>FTE Authorization</b>         | <b>15,076.4</b>     | <b>15,086.0</b>    | <b>15,122.0</b>      | <b>15,100.7</b>    |
| <b>FTE Average</b>               | <b>13,908.8</b>     |                    |                      |                    |

*\*Data in millions*

### Summary

The Governor's revised budget recommendations for FY 2015, along with her recommendations for FY 2016, are contained in 2015-H 5900, introduced on March 13, 2015. The Governor recommends total revised expenditures for FY 2015 of \$8,839.5 million, which is \$59.3 million or 0.7 percent more than enacted by the 2014 Assembly.

Total expenditures would increase \$783.7 million or 9.7 percent over reported FY 2014 expenditures. General revenue expenditures are \$43.2 million or 1.3 percent more than the FY 2015 budget adopted by the 2014 Assembly and \$152.0 million or 4.6 percent more than actual FY 2014 expenditures. Expenditures from federal funds are \$54.0 million more than enacted and \$463.9 million more than FY 2014. Expenditures from restricted receipts are \$4.8 million less than enacted and \$56.1 million more



than FY 2014. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$33.1 million or 1.7 percent less than enacted and \$111.7 million more than FY 2014.

| FY 2015 Revised              | General    |            |            |            |            |
|------------------------------|------------|------------|------------|------------|------------|
|                              | Revenue    | Federal    | Restricted | Other      | All Funds  |
| FY 2014 Final                | \$ 3,352.4 | \$ 2,930.0 | \$ 278.7   | \$ 1,909.1 | \$ 8,470.2 |
| FY 2014 Actual               | 3,336.4    | 2,676.6    | 222.1      | 1,820.7    | 8,055.8    |
| Difference                   | \$ (16.0)  | \$ (253.4) | \$ (56.6)  | \$ (88.4)  | \$ (414.4) |
| FY 2015 Enacted              | \$ 3,445.2 | \$ 3,086.5 | \$ 283.1   | \$ 1,965.4 | \$ 8,780.2 |
| Governor's FY 2015 Revised   | 3,488.4    | 3,140.5    | 278.2      | 1,932.4    | 8,839.5    |
| Governor's Change to Enacted | \$ 43.2    | \$ 54.0    | \$ (4.8)   | \$ (33.1)  | \$ 59.3    |
| Percent Change               | 1.3%       | 1.7%       | -1.7%      | -1.7%      | 0.7%       |

The FY 2014 final budget projected \$59.2 million available for FY 2015 and used for that budget. The State Controller finalized the closing statement on December 29, 2014, and it showed a surplus of \$67.8 million, or \$8.6 million more.

| FY 2014 Closing                                     | Enacted         | Actual          | Variance      |
|---|-----------------|-----------------|---------------|
| <i>Open:</i> Free Surplus                           | \$ 104,119,715  | \$ 104,119,715  | \$ -          |
| <i>Plus:</i> Reappropriated Surplus                 | 7,052,524       | 7,052,524       | -             |
| <i>Equals:</i> Total Surplus                        | 111,172,239     | 111,172,239     | -             |
| <i>Plus:</i> Revenues                               | 3,416,041,280   | 3,430,262,416   | 14,221,136    |
| <i>Minus:</i> Transfer to Budget Stabilization Fund | (105,604,830)   | (106,031,464)   | (426,634)     |
| <i>Equals:</i> Total Available                      | 3,421,608,689   | 3,435,403,191   | 13,794,502    |
| <i>Minus:</i> Expenditures                          | (3,352,398,560) | (3,336,423,288) | 15,975,272    |
| <i>Minus:</i> Transfers to Fleet/IT                 | (10,000,000)    | (10,000,000)    | -             |
| <i>Equals:</i> <b>Closing Surplus</b>               | \$ 59,210,129   | \$ 88,979,902   | \$ 29,769,773 |
| <i>Minus:</i> Reappropriations                      | -               | (7,378,665)     | (7,378,665)   |
| <i>Minus:</i> Excess Revenues to Retirement Fund    | -               | (13,794,502)    | (13,794,502)  |
| <i>Equals:</i> <b>Free Surplus</b>                  | \$ 59,210,129   | \$ 67,806,736   | \$ 8,596,607  |

Revenues were \$14.2 million more than estimated. Current law requires final revenues above estimates be transferred to the Employees' Retirement System to pay down unfunded liability. That amounts to \$13.8 million after accounting for the rainy day transfer. Expenditures were \$16.0 million less than enacted; \$7.4 million must be reappropriated into FY 2015. The total free surplus is \$8.6 million more than the \$59.2 million anticipated in June 2014.

Closing expenses were lower than enacted primarily from Medicaid caseload savings and savings from personnel. There were areas of overspending that reduced the impact of the savings. Many agencies projected overspending in the first quarter some of which related to the inability to absorb negotiated raises announced months after Governor Chafee submitted his budget, for which the Assembly did not explicitly add funding. There were additional areas of concern in certain agencies beyond the cost-of-living adjustment and increased caseload expense estimated in November leading to shortfall approaching \$30 million. The Governor's revised budget resolved almost half the shortfall by proposing legislation to not transfer the FY 2014 excess revenues to the retirement system. Other changes include lower education aid and debt costs than initially projected and savings from an adjustment to medical benefit costs statewide.

|                                    | <b>Enacted</b>       | <b>Revised</b>       | <b>Difference</b>  |
|------------------------------------|----------------------|----------------------|--------------------|
| <b>Opening Surplus</b>             |                      |                      |                    |
| Free Surplus                       | \$ 59,210,129        | \$ 67,806,737        | \$ 8,596,608       |
| Reappropriated Surplus             | -                    | 7,378,665            | 7,378,665          |
| <b>Subtotal</b>                    | \$ 59,210,129        | \$ 75,185,402        | \$ 15,975,273      |
| <b>Revenues</b>                    | 3,493,103,389        | 3,493,103,389        | -                  |
| November Revenue Conference        | -                    | 15,796,611           | 15,796,611         |
| Governor Changes                   | -                    | 15,122,785           | 15,122,785         |
| Total Revenues                     | 3,493,103,389        | 3,524,022,785        | 30,919,396         |
| Budget Reserve Fund                | <b>(106,569,406)</b> | <b>(107,754,886)</b> | <b>(1,185,480)</b> |
| <b>Total Available Resources</b>   | \$ 3,445,744,112     | \$ 3,491,453,301     | \$ 45,709,189      |
| <b>Expenditures</b>                | 3,445,169,968        | 3,445,169,968        | -                  |
| Reappropriation                    | -                    | 7,378,665            | 7,378,665          |
| November Caseload Conference       | -                    | 37,048,209           | 37,048,209         |
| Governor Changes                   | -                    | (1,215,207)          | (1,215,207)        |
| Total Expenditures                 | \$ 3,445,169,968     | \$ 3,488,381,635     | \$ 43,211,667      |
| <b>Free Surplus</b>                | 574,144              | 3,071,666            | 2,497,522          |
| <b>Rainy Day Fund</b>              | 177,615,676          | 179,591,476          | 1,975,800          |
| <i>Operating Surplus/(Deficit)</i> | \$ (105,995,262)     | \$ (104,683,220)     | \$ 1,312,042       |

The revised budget as recommended by the Governor would leave a \$3.1 million surplus for FY 2016. The general revenue surplus statement for FY 2016 shows an ending surplus of \$0.6 million and is presented as part of the overview of her FY 2016 budget recommendations in that section of this publication.

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**Special  
Reports**

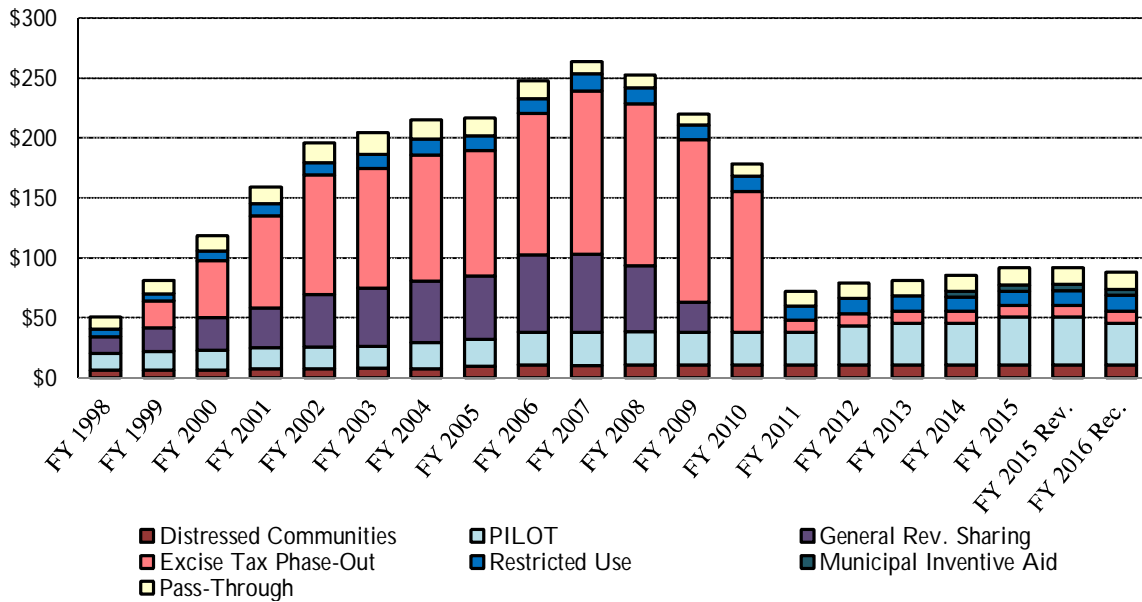
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# State Aid to Local Governments

## Introduction

The Governor recommends state aid to cities and towns totaling \$77.7 million in FY 2015 and \$73.8 million in FY 2016. Funding for general aid programs in FY 2015 includes the enacted level of \$65.5 million. Funding for general aid programs in FY 2016 includes \$60.5 million, \$5.0 million less than the enacted level. The recommendation for restricted use programs includes \$12.3 million, which is \$0.5 million more than enacted for FY 2015 and \$13.4 million, which is \$1.6 million more than enacted for FY 2016. Local communities will also receive \$14.3 million each year in public service corporation property taxes, which the state collects and passes through to the communities.

The following graph shows historical funding data, in millions. The graph below also shows the allocation of funding for state aid programs from FY 1998 through the Governor’s recommendation for FY 2016.



The major changes included in the Governor’s aid proposal are discussed on the following pages, followed by tables that show recommended distribution of general aid by community as well as restricted aid programs by community, including library operating aid, which is considered restricted and is not included in the general aid totals, and public service corporations’ tax collections, a local levy collected at the state level and returned to local governments for tax collection efficiency purposes. It should be noted that a number of programs require data updates not reflected in the distributions. Those updates will likely change allocations to each community.

**General.** The Governor recommends the enacted level of \$65.5 million for FY 2015 and \$60.5 million for FY 2016 for general state aid programs to local governments.

| Fiscal Year                               | 1990           | 1995           | 2000            | 2005            | 2010            | 2014           | 2015<br>Enacted | 2015<br>Gov.<br>Rev. | Rev.<br>Diff.   | 2016<br>Gov.<br>Rec. | Rec.<br>Diff.   |
|---|----------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| <b>General Aid - State Sources</b>        |                |                |                 |                 |                 |                |                 |                      |                 |                      |                 |
| Distressed Communities                    | \$ -           | \$ 7.2         | \$ 6.6          | \$ 9.5          | \$ 10.4         | \$ 10.4        | \$ 10.4         | \$ 10.4              | -               | \$10.4               | \$ -            |
| PILOT                                     | 0.3            | 12.2           | 16.1            | 22.7            | 27.6            | 35.1           | 40.1            | 40.1                 | -               | 35.1                 | (5.0)           |
| Excise Tax Phase-Out                      | -              | -              | 47.3            | 105.0           | 117.2           | 10.0           | 10.0            | 10.0                 | -               | 10.0                 | -               |
| Municipal Incentive Aid                   | -              | -              | -               | -               | -               | 5.0            | 5.0             | 5.0                  | -               | 5.0                  | -               |
| General Rev. Sharing                      | 27.8           | 13.6           | 27.6            | 52.4            | -               | -              | -               | -                    | -               | -                    | -               |
| <b>Subtotal</b>                           | <b>\$ 28.1</b> | <b>\$ 33.0</b> | <b>\$ 97.5</b>  | <b>\$ 189.7</b> | <b>\$ 155.1</b> | <b>\$ 60.5</b> | <b>\$ 65.5</b>  | <b>\$ 65.5</b>       | <b>\$ -</b>     | <b>\$ 60.5</b>       | <b>\$ (5.0)</b> |
| <b>Restricted Use Aid - State Sources</b> |                |                |                 |                 |                 |                |                 |                      |                 |                      |                 |
| Library Resource Aid                      | \$ 1.6         | \$ 3.3         | \$ 5.7          | \$ 8.1          | \$ 8.8          | \$ 8.8         | \$ 8.8          | \$ 8.8               | \$ -            | \$ 8.8               | \$ -            |
| Library Const. Aid                        | 1.3            | 1.9            | 1.6             | 2.5             | 2.6             | 2.3            | 2.3             | 2.7                  | 0.4             | 2.7                  | 0.4             |
| Police & Fire Incentive                   | 4.1            | 1.3            | 0.9             | 1.1             | -               | -              | -               | -                    | -               | -                    | -               |
| Prop. Val. Reimb.                         | -              | -              | 0.0             | 0.6             | 1.6             | 0.5            | 0.6             | 0.7                  | 0.1             | 1.8                  | 1.1             |
| Actuarial Valuation                       | -              | -              | -               | -               | -               | -              | -               | -                    | -               | -                    | -               |
| Oversight Reimbursement                   | -              | -              | -               | -               | -               | 0.1            | 0.1             | 0.1                  | 0.0             | 0.2                  | 0.1             |
| <b>Subtotal</b>                           | <b>\$ 7.2</b>  | <b>\$ 6.5</b>  | <b>\$ 8.2</b>   | <b>\$ 12.3</b>  | <b>\$ 13.0</b>  | <b>\$ 11.6</b> | <b>\$ 11.8</b>  | <b>\$ 12.3</b>       | <b>\$ 0.5</b>   | <b>\$ 13.4</b>       | <b>\$ 1.6</b>   |
| <b>Total - State Sources</b>              | <b>\$ 35.2</b> | <b>\$ 39.5</b> | <b>\$ 105.7</b> | <b>\$ 202.0</b> | <b>\$ 168.2</b> | <b>\$ 72.1</b> | <b>\$ 77.3</b>  | <b>\$ 77.7</b>       | <b>\$ 0.5</b>   | <b>\$ 73.8</b>       | <b>\$ (3.4)</b> |
| <b>Other Aid - Pass-Through</b>           |                |                |                 |                 |                 |                |                 |                      |                 |                      |                 |
| <b>Public Service Corp.</b>               | <b>\$ 9.9</b>  | <b>\$ 7.2</b>  | <b>\$ 12.8</b>  | <b>\$ 14.6</b>  | <b>\$ 10.2</b>  | <b>\$ 13.2</b> | <b>\$ 14.3</b>  | <b>\$ 14.3</b>       | <b>\$ (0.0)</b> | <b>\$ 14.3</b>       | <b>\$ (0.0)</b> |

*in millions*

- **Distressed Communities Relief Fund.** The Governor recommends the enacted level of \$10.4 million for the Distressed Communities Relief Fund, but with redistribution of funding among communities. Communities' aid distribution is based on updated qualifying tax levies and reflects inclusion of East Providence as a distressed community for FY 2016. In the first year of a community's qualification, it receives a transition payment of half its proportional share.

- **Payment in Lieu of Taxes Program.** The Governor recommends \$35.1 million in FY 2016 for the Payment in Lieu of Taxes program that reimburses municipalities for property taxes that would have been due on real property exempted from taxation by state law, including property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility, or correctional facility. The recommendation is \$5.0 million less than enacted to reflect the one-time nature of funding made available for FY 2015 through the refinancing of tobacco bonds. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced; FY 2016 recommended reimbursements reflect 20.75 percent of the value of the foregone tax.

- **Motor Vehicle Excise Tax Phase-Out.** The Budget funds the Motor Vehicle Excise Tax program at the enacted level of \$10.0 million for FY 2016. The 2010 Assembly enacted legislation mandating a \$500 exemption, for which the state will reimburse municipalities an amount subject to appropriation. State law allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement. The Division of Municipal Finance reports that the FY 2015 revised and FY 2016 recommended distributions are based on December 2013 data. It anticipates adjusting planned distribution in spring 2015, when updated tax rolls are available from communities.

- **Municipal Incentive Aid.** For both FY 2015 and FY 2016, the Governor includes the enacted amount of \$5.0 million for the Municipal Incentive Aid program, which encourages sustainable funding of retirement plans and reduction of unfunded liabilities. A municipality may receive funding for FY 2015 and FY 2016 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 required funding payment. Aid is distributed on the basis of the most recent estimate of each municipality's population as a share of the total state population; program payments are made in March of each year. If a municipality is ineligible to receive aid, its share will be reappropriated to the following fiscal year. If requirements are not met for a second year, its share will be distributed to the qualifying municipalities, according to their share of total state population. The Governor's revised FY 2015 recommendation includes the reappropriation and redistribution of Coventry's FY 2014 payment by May 31, 2015, the reappropriation of FY 2015 payments for Coventry and Johnston to FY 2016, and distribution to all 39 municipalities for FY 2016.

- **Library Resource Sharing Aid.** The Governor recommends \$8.8 million for FY 2015 and FY 2016 for grants-in-aid to libraries. This is the enacted level, but \$1.1 million or 12.2 percent less than the reimbursement of 25.0 percent of second prior year expenditures in current law.
- **Library Construction Aid.** The Governor provides \$2.7 million to fully fund library construction aid requirements. The state reimburses libraries up to half of 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. The 2011 Assembly adopted a three-year moratorium on the acceptance of applications for library construction aid projects that ended on July 1, 2014.
- **Property Valuation Reimbursement.** The Governor recommends \$0.7 million for FY 2015 and \$1.8 million for FY 2016 to reimburse communities conducting property valuation updates.
- **Oversight Reimbursement.** The Governor recommends \$0.1 million for FY 2015 and \$0.2 million for FY 2016 to provide reimbursements of 50.0 percent of the cost of a financial advisor position to communities no longer under state Fiscal Stability Act oversight. Her revised FY 2015 recommendation includes reimbursements to Central Falls, East Providence, and Woonsocket. For FY 2016, she also includes reimbursements to the Central Coventry Fire District.
- **Public Service Corporation Tax.** The revised FY 2015 and FY 2016 budgets assume the state will collect and distribute \$14.3 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The 2009 Assembly adopted the Governor's recommendation to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rate.

### State Aid

State aid can be classified into *general* state aid and *restricted use* aid. *General* aid payments made to municipalities can be used for general budget use or as reimbursement for costs incurred. Examples include: distressed communities relief, payments in lieu of taxes, vehicle excise tax phase-out payments, municipal incentive aid, and general revenue sharing. The general purpose of these programs is to relieve pressure on local property taxes by providing revenues from the state's broad based taxes to local governments.

*Restricted use* aid includes payments made to a municipality for a specific purpose or payments to non-governmental entities providing a public service. These include library aid and police and fire incentive pay reimbursements. The largest source of restricted aid is education aid, which is not included here. This information is shown separately in the Education Aid report in this publication.

*Pass-through aid* in the form of the Public Service Corporation tax is a third category often listed as state aid. However, it is not paid for from state sources. For efficiency of collections, the Division of Taxation collects this local levy at the state level and returns the collections back to the local governments.

### General State Aid

**Distressed Communities Relief Program.** The Distressed Communities Relief program was established in 1990 to provide assistance to the communities with the highest property tax burdens relative to the wealth of the taxpayers.

| Rankings                   | Central      |       |          | East     | North      | West       |           |            |         |            |
|----------------------------|--------------|-------|----------|----------|------------|------------|-----------|------------|---------|------------|
|                            | Burrillville | Falls | Coventry | Cranston | Providence | Providence | Pawtucket | Providence | Warwick | Woonsocket |
| FY 2013                    |              |       |          |          |            |            |           |            |         |            |
| Levy/Full Value            | 22           | 23    | 12       | 3        | 15         | 2          | 6         | 1          | 5       | 4          |
| Per Capita Income 2000     | 10           | 1     | 12       | 7        | 8          | 9          | 4         | 3          | 5       | 2          |
| Personal Income/Full Value | 8            | 1     | 11       | 10       | 14         | 4          | 3         | 7          | 5       | 2          |
| Full Value Per Capita      | 8            | 1     | 9        | 7        | 10         | 6          | 3         | 4          | 5       | 2          |
| Qualifying Rankings        | 2            | 3     | 0        | 3        | 1          | 3          | 4         | 4          | 4       | 4          |
| FY 2014                    |              |       |          |          |            |            |           |            |         |            |
| Levy/Full Value            | 20           | 3     | 14       | 5        | 10         | 4          | 8         | 1          | 6       | 2          |
| Per Capita Income 2000     | 11           | 1     | 10       | 7        | 9          | 6          | 4         | 3          | 5       | 2          |
| Personal Income/Full Value | 5            | 1     | 11       | 12       | 13         | 6          | 3         | 8          | 4       | 2          |
| Full Value Per Capita      | 7            | 1     | 10       | 8        | 9          | 6          | 3         | 4          | 5       | 2          |
| Qualifying Rankings        | 2            | 4     | 0        | 3        | 0          | 4          | 4         | 4          | 4       | 4          |
| FY 2015                    |              |       |          |          |            |            |           |            |         |            |
| Levy/Full Value            | 17           | 1     | 16       | 7        | 11         | 5          | 8         | 2          | 6       | 3          |
| Per Capita Income 2000     | 12           | 1     | 10       | 8        | 6          | 7          | 4         | 3          | 5       | 2          |
| Personal Income/Full Value | 5            | 1     | 15       | 16       | 22         | 6          | 3         | 14         | 4       | 2          |
| Full Value Per Capita      | 7            | 1     | 11       | 9        | 10         | 6          | 3         | 4          | 5       | 2          |
| Qualifying Rankings        | 2            | 4     | 0        | 2        | 1          | 4          | 4         | 3          | 4       | 4          |
| FY 2016                    |              |       |          |          |            |            |           |            |         |            |
| Levy/Full Value            | 19           | 2     | 22       | 7        | 8          | 4          | 5         | 3          | 6       | 1          |
| Per Capita Income 2013     | 13           | 1     | 10       | 8        | 5          | 7          | 3         | 4          | 6       | 2          |
| Personal Income/Full Value | 6            | 1     | 12       | 13       | 15         | 5          | 3         | 14         | 4       | 2          |
| Full Value Per Capita      | 8            | 1     | 10       | 9        | 7          | 6          | 3         | 4          | 5       | 2          |
| Qualifying Rankings        | 2            | 4     | 0        | 2        | 3          | 4          | 4         | 3          | 4       | 4          |

The 2005 Assembly increased eligibility for FY 2006 to any community falling into the lowest 20.0 percent for at least three of four indices to be eligible for assistance under the Distressed Communities Relief program.

Dedicated funding for the program was from \$0.30 of the \$2.00 real estate transfer tax collected for each \$500 or fractional part of the purchase price of property sold, \$5.0 million from state appropriations, and 0.19 percent of all net terminal income from video lottery. The 2007 Assembly adopted the Governor's recommendation to convert the real estate conveyance portion to general revenues and make the program subject to appropriation. Distributions from only video lottery terminal revenues were shared equally among qualifying communities.

The 2012 Assembly provided adopted legislation allowing municipalities to receive the entirety of their distressed aid payments in August. Payments had been made twice a year in August and March.

Historically, a majority of the funds, \$9.6 million, was distributed on a weighted allocation and legislation was included in past budgets to allow \$0.8 million previously linked to lottery revenues to be shared equally among the communities. Since FY 2014, all of the funds are distributed on a weighted basis. The program has been level funded at \$10.4 million since FY 2008.

The Governor recommends the enacted level of \$10.4 million for both FY 2015 and FY 2016 to fund the Distressed Communities Relief program. Communities' aid distribution in FY 2016 is based on updated qualifying tax levies.

Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. For FY 2016, East Providence qualifies for the program. The Governor's recommended budget provides East Providence a transition payment for its first year.

When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification. Cranston entered the program in FY 2013 and will no longer qualify as of FY 2015, receiving its full allocation only for FY 2014. The Governor's revised FY 2015 budget is consistent with the enacted budget, which includes a transition payment out of the program for Cranston.

**Payment in Lieu of Taxes (PILOT).** This program reimburses cities and towns for property taxes, which would have been due on real property owned by nonprofit educational institutions or nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. The state makes one payment to communities in July of each year. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced.

The Governor's recommendation includes the enacted amount of \$40.1 million for FY 2015 revised and \$35.1 million for FY 2016. The FY 2016 recommendation is \$5.0 million less than enacted to reflect the one-time nature of funding made available for FY 2015 through refinancing of tobacco bonds. The FY 2016 recommendation is also \$10.6 million less than the current law allowance of 27.0 percent and represents a reimbursement of 20.75 percent of the value for FY 2016.

**Motor Vehicle Excise Tax Phase-Out.** The 1998 General Assembly enacted legislation to eliminate the property tax on motor vehicles and trailers over a period of seven years. It was modified in subsequent legislative sessions to substantially extend the phase-out period. The exemption is a reduction in the assessed value subject to taxation. Cities and towns are paid by the state for the lost taxes due to the exemptions.

It began with a \$1,500 exemption for FY 2000 tax bills. Cities and towns were held harmless for the exemptions and were reimbursed on the basis of 100 percent collections. They also received adjustments for freezing tax rates at the FY 1998 level through FY 2003. Fire districts could no longer levy motor vehicle excise taxes, and they were fully reimbursed for the lost revenues.

The 2008 Assembly adopted Governor Carcieri's recommendation to maintain the exemption at \$6,000 for FY 2008 and FY 2009, and to permanently reduce the Motor Vehicle Excise Tax reimbursements to 98.0 percent of the calculated value beginning with FY 2008.

Governor Carcieri included legislation in his FY 2010 revised budget to eliminate the third and the fourth quarter reimbursements to municipalities and subject future exemptions to the annual appropriations act for FY 2011 and thereafter.



The 2010 Assembly provided \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010. It also enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation for FY 2011 and thereafter. It has been funded at \$10.0 million since. Municipalities may provide an additional exemption; it is not subject to reimbursement. The Assembly removed the prohibition on taxing the difference when the value of a vehicle is higher than assessed in the prior fiscal year. It allowed motor vehicle rates and ratios of assessment to be less than earlier levels, which were frozen. The Assembly also restored fire districts' authority to levy a motor vehicles excise tax and excluded them from reimbursements.

The Governor recommends the enacted amount of \$10.0 million for FY 2015 and FY 2016. The Division of Municipal Finance reports that the proposed distribution included in the Governor's FY 2016 recommended budget reflects December 2013 data; it anticipates updating planned distribution in spring 2015, following receipt of updated tax data from municipalities.

**Municipal Incentive Aid.** For both FY 2015 and FY 2016, the Governor includes the enacted amount of \$5.0 million for the Municipal Incentive Aid program, which encourages sustainable funding of retirement plans and reduction of unfunded liabilities. This was originally conceived as a three year program. The Governor's out-year forecast does not assume continued funding.

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. A municipality qualifies for the program for FY 2015 and FY 2016 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 required funding payment.

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 in the year the payment is made. Program 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.

For FY 2014, 38 municipalities qualified for the program. Coventry did not submit a funding improvement plan for one of its pension plans by the specified deadline; its FY 2014 payment was reappropriated to FY 2015. The Governor's revised FY 2015 recommendation includes \$166,126 representing Coventry's FY 2014 share. As Coventry had not met FY 2014 and FY 2015 benchmarks by submission of the Budget, as required by statute, the Governor recommends redistribution of its FY 2014 share by May 31, 2015.

However, the Division of Municipal Finance reports that in March 2015, the interested parties in Coventry reached a tentative agreement regarding the funding of the plan in question. Although it is beyond the statutory deadline to receive the FY 2014 payment, the Division has provided Coventry with a deadline of April 30, 2015 to reach a formalized agreement and receive its FY 2014 payment.

For FY 2015, 37 municipalities qualify for the program. If a formal funding agreement is reached by April 30, 2015, Coventry will receive both its FY 2014 and FY 2015 payments by May 31, 2015. If agreement is not reached, Coventry's FY 2015 payment will be reappropriated to FY 2016. In addition, Johnston has not met the funding requirements for FY 2015 eligibility. The Governor's

revised FY 2015 recommendation assumes Johnston's proportional payment will be reappropriated to FY 2016.

The Governor includes distribution to all 39 municipalities for FY 2016.

**General Revenue Sharing.** Beginning in FY 1994, a portion of total state tax revenues from the second prior fiscal year have been earmarked as state aid to cities and towns and distributed based on per capita income and local tax burdens for public purposes. In the FY 1999 budget, the General Assembly began increasing the percentage of revenues dedicated to the General Revenue Sharing program as a mechanism for reimbursing municipalities for lost local revenues from the ten-year phase-out of the inventory tax.

The 2005 Assembly provided that 6.25 percent of the *state share* of video lottery net terminal income solely attributable to new machines at Lincoln and Newport dedicated to the program, up to a maximum of \$10.0 million to non-distressed communities based on the proportion of the general revenue sharing distribution for that year. The 2006 Assembly converted that dedication to 0.10 percent of *all* net terminal income up to a maximum of \$10.0 million to non-distressed communities.

The 2009 Assembly adopted Governor Carcieri's recommendation to subject the program permanently to appropriation. It has not been funded since FY 2009.

### **Restricted Use State Aid**

**Library Resource Sharing Aid.** Current law requires the state to support local libraries via grants-in-aid at a level equivalent to 25.0 percent of the amount appropriated and expended from local tax revenues in the second prior fiscal year by the municipalities in which the libraries are located.

Aid remained relatively stable from FY 1991 through FY 1997. For FY 1998, the General Assembly appropriated an additional \$1.0 million to begin increasing funding to meet the 25.0 percent program requirement by FY 2000. The state is also required to fund 100 percent of the administrative and operating costs of the Rhode Island Library Network. It should be noted that the 25.0 percent requirement also applies to institutional libraries; however, that funding is not shown in this report as local aid.

The 2003 Assembly amended the statute to include Providence Public Library endowment funding as part of the local effort; the annual amount of endowment funds that may be included is capped at 6.0 percent of the three-year average market value of the endowment, calculated at the end of the calendar year. The 2004 Assembly further amended the laws to extend this allowance to all libraries.

The 2008 Assembly concurred with the Governor's recommendation to provide \$8.8 million for FY 2009 library operating aid. For FY 2009, the Assembly also enacted legislation to reduce the maintenance of effort requirement for municipalities to library services funding of at least 80.0 percent of the previous fiscal year. The 2009 Assembly enacted legislation to continue allowing communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid.

The chief library officer annually determines each municipality's compliance with the maintenance of effort requirement 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.

For FY 2016, the Governor recommends level funding the program at \$8.8 million. Her recommendation is \$1.1 million, or 12.2 percent, less than current law requirements.

**Library Construction Aid.** State law establishes a library construction aid program, administered by the Office of Library and Information Services, which provides the authority to make grants-in-aid to a municipality or a free public library for construction of or capital improvements to any free public library to provide better services to the public.

The state grants-in-aid are limited to a maximum of 50.0 percent of total eligible costs, as determined by the Office of Library and Information Services. The grants are paid 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 a project. During the repayment period, the state share may include the costs of interest on the state share of the project costs if the municipality or free public library was required to borrow the state's share of the project costs.

Reimbursable costs also include any cost of borrowing for the state share during the construction period. Examples of costs not eligible for state funds include fundraising or public relations costs incurred by the municipality or the free library. In a case where the library is a component of local government, payments are made to the municipality. Payments for free public libraries are made directly to the libraries.

Library construction aid is considered indirect aid. Payments are not necessarily made to a local government; some are made directly to free public libraries, and therefore cannot be considered traditional local aid. Additionally, funds are targeted for specific use and are not for general support of the local government or free library budget.

The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects through the end of FY 2014. The Office has been permitted to accept applications since July 1, 2014. The Governor recommends \$2.7 million for FY 2015 and FY 2016 to fully fund library construction aid.

**State and Municipal Police Incentive Pay.** The Rhode Island General Laws establish the Municipal Police Incentive Pay program. The purpose is to provide financial compensation to members of the state, city and town police departments, sheriffs and deputy sheriffs, members of the Rhode Island marshals' unit, Rhode Island Capitol Police, park police and conservation officers of the Division of Enforcement in the Department of Environmental Management, and the state fire marshal and deputy fire marshals who have earned college credits in the field of police work.

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state payments go directly to the municipalities which, in turn, make payments to the participants in the program. Governor Carcieri proposed to eliminate the program for FY 2009; the 2008 Assembly maintained it in the general laws, but no funding has been provided since. Municipalities are still required to reimburse police officers for eligible expenses incurred in earning credits associated with the program.

**Municipal Firefighters Incentive Pay.** The Rhode Island General Laws establish a Municipal Firefighters Incentive Pay program. The purpose of this program is to provide financial compensation

to members of the municipal fire departments and fire districts, the Cumberland Rescue Department and emergency service technicians of the Town of Lincoln who have furthered their education at the college level.

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state payments go directly to the municipalities which, in turn, make payments to the participants in the program. Governor Carcieri proposed to eliminate the program for FY 2009; the 2008 Assembly maintained it in the general laws, but no funding has been provided since. Current law does not require that municipalities reimburse firefighters for eligible expenses; however, some municipalities do so voluntarily.

**Property Valuation Reimbursement.** Section 44-5-11.6 of the Rhode Island General Laws requires that municipalities update property valuations using statistical techniques every third and sixth year after a full revaluation. The statute also requires that the state reimburse municipalities for 100 percent of the cost of the first update, not to exceed \$20 per parcel. Reimbursements for subsequent updates are 80.0 percent for the second statistical update and 60.0 percent for the third and all subsequent updates. A distressed community will receive 80.0 percent reimbursement for the second and all subsequent updates. The reimbursement is made upon receipt of bills for completion of the revaluation.

The Governor recommends \$0.7 million for FY 2015 and \$1.8 million for FY 2016, reflecting anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations. The state does not reimburse non-distressed municipalities for complete revaluations, only for updates. Expenditures fluctuate; 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.

For FY 2016, fifteen communities are required to conduct assessments and qualify for reimbursements, including Burrillville, Central Falls, Jamestown, Johnston, Lincoln, Little Compton, New Shoreham, North Kingstown, North Smithfield, Providence, Scituate, Smithfield, South Kingstown, West Warwick, and Westerly.

**Actuarial Valuations.** Pension legislation adopted by the 2011 Assembly requires municipalities administering local plans to complete actuarial reviews and to submit them to the study commission, with the state reimbursing communities for half the cost. Governor Chafee included legislation in Article 26 of 2012-H 7323, clarifying that the state will reimburse municipalities for half of the cost of the actuarial valuations due on April 1, 2012. A total of \$0.3 million was spent over FY 2012 and FY 2013. Actuarial valuations from FY 2013 on are not reimbursed by the state.

**Oversight Reimbursement.** Legislation enacted by the 2013 Assembly requires that the state reimburse municipalities no longer subject to state Fiscal Stability Act oversight for 50.0 percent of the cost of an executive officer to act as a chief financial advisor. The Governor's revised FY 2015 recommendation includes \$0.1 million, reflective of financial advisors contracted in Central Falls and East Providence and the anticipated establishment of a financial advisor position in Woonsocket, as of January 1, 2015. For FY 2016, her recommendation includes \$0.2 million, which includes reimbursements to Central Falls, East Providence, Woonsocket, and the Central Coventry Fire District.

### **Pass-Through Revenues**

**Public Service Corporation Tax.** The FY 2015 and FY 2016 budgets assume the state will collect \$14.3 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The Assembly concurred with the Governor's 2009 proposal to freeze the tax rate

applied to the tangible personal property of public service corporations at the FY 2008 rates. Annual tax collections had dropped from \$16.6 million in FY 2004 to \$10.2 million in FY 2010.

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations used exclusively in conducting business for the corporation is exempt from local taxation under current law; however, it is subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment.

By March 1 of each year, companies are required to declare the value of their tangible personal property to the Division of Taxation. The Division of Taxation uses this data to calculate the taxes due from each company. The calculation is based on the average assessment ratios in the state and the average property tax rate. Funds are collected by the Division and distributed as prescribed in statute. The statewide average assessment ratio is the total statewide assessment divided by the total book value. The average property tax is calculated as the total statewide levy divided by the statewide assessment. Funds collected by the state from this tax are distributed to cities and towns on the basis of the ratio of city or town population to the population of the state as a whole. It should be noted that while this category of state aid is displayed in the tables later in this report, the funds are not appropriated by the General Assembly.

### **Other Local Revenues**

**Meals and Beverage.** The 2003 Assembly enacted a one percent additional tax on gross receipts from sale of food and beverages sold in or from eating and drinking establishments effective August 1, 2003. Meals are defined as food sold ready for immediate consumption, regardless of when or where consumed. Eating establishments include all entities preparing these foods, including caterers. The Division of Taxation collects the tax and distributes it to the city or town where the meals and beverages were delivered. Distributions for FY 2014 totaled \$22.3 million; they were \$21.4 million in FY 2013, \$21.0 million for FY 2012 and \$19.4 million for FY 2011.

**Hotel Tax.** The 2004 Assembly enacted a one percent additional tax on occupancy charges effective January 1, 2005. The tax is paid by anyone receiving monetary charge for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised as or held out to the public to be a space where living quarters are supplied for pay to transient use. The Division of Taxation collects the tax for all except the City of Newport and distributes it to the city or town where the occupancy occurred. Distributions for FY 2014 totaled \$3.1 million; they were \$3.0 million for FY 2013, \$2.1 million for FY 2012, and \$1.9 million FY 2011.

The Governor's FY 2016 recommended budget includes four separate proposals relating to taxes on tourism, including the expansion of the definition of hotel, subjecting rooms sold by resellers and on online hosting platforms to the state sales and hotel taxes, and subjecting the rental of vacation homes to the state sales and local 1.0 percent hotel tax. The combined impact of these proposals is a total estimated increase in local 1.0 percent hotel tax revenues of \$1.0 million for municipal governments.

For additional information, the tables at the end of this section show recent distribution from these sources.

## **Distribution by Community**

## General Aid Total

Includes Distressed Communities, PILOT, Motor Vehicles Excise Tax and Municipal Incentive Aid

| <i>Community</i> | <i>FY 2014</i>       | <i>FY 2015<br/>Enacted</i> | <i>FY 2015<br/>Gov. Rev.</i> | <i>Revised<br/>Difference†</i> |
|------------------|----------------------|----------------------------|------------------------------|--------------------------------|
| Barrington       | \$ 328,236           | \$ 330,474                 | \$ 324,035                   | \$ (6,439)                     |
| Bristol          | 918,712              | 1,050,965                  | 1,030,483                    | (20,482)                       |
| Burrillville     | 397,225              | 419,599                    | 411,938                      | (7,661)                        |
| Central Falls    | 375,365              | 399,607                    | 405,412                      | 5,805                          |
| Charlestown      | 77,457               | 77,457                     | 81,621                       | 4,164                          |
| Coventry†        | 385,693              | 385,693                    | 246,097                      | (139,596)                      |
| Cranston         | 8,841,551            | 8,488,692                  | 8,592,447                    | 103,755                        |
| Cumberland       | 381,198              | 381,216                    | 405,772                      | 24,556                         |
| East Greenwich   | 389,325              | 544,659                    | 504,473                      | (40,186)                       |
| East Providence  | 976,901              | 1,023,506                  | 952,844                      | (70,662)                       |
| Exeter           | 113,152              | 113,152                    | 122,884                      | 9,732                          |
| Foster           | 89,293               | 89,352                     | 79,314                       | (10,038)                       |
| Glocester        | 139,418              | 139,418                    | 149,501                      | 10,083                         |
| Hopkinton        | 100,594              | 100,594                    | 108,358                      | 7,764                          |
| Jamestown        | 61,414               | 61,414                     | 47,772                       | (13,642)                       |
| Johnston†        | 512,983              | 512,983                    | 422,956                      | (90,027)                       |
| Lincoln          | 337,754              | 337,754                    | 298,007                      | (39,747)                       |
| Little Compton   | 40,750               | 40,750                     | 29,592                       | (11,158)                       |
| Middletown       | 161,697              | 161,697                    | 146,103                      | (15,594)                       |
| Narragansett     | 172,003              | 172,003                    | 136,238                      | (35,765)                       |
| Newport          | 1,352,122            | 1,565,948                  | 1,509,886                    | (56,062)                       |
| New Shoreham     | 11,645               | 11,645                     | 11,085                       | (560)                          |
| North Kingstown  | 353,988              | 353,642                    | 312,183                      | (41,459)                       |
| North Providence | 1,892,235            | 2,081,761                  | 2,126,420                    | 44,659                         |
| North Smithfield | 233,182              | 233,182                    | 237,999                      | 4,817                          |
| Pawtucket        | 2,734,629            | 2,942,994                  | 3,064,611                    | 121,617                        |
| Portsmouth       | 186,830              | 186,830                    | 160,680                      | (26,150)                       |
| Providence       | 31,214,071           | 34,738,636                 | 34,894,897                   | 156,261                        |
| Richmond         | 94,496               | 94,496                     | 103,197                      | 8,701                          |
| Scituate         | 173,293              | 173,293                    | 118,519                      | (54,774)                       |
| Smithfield       | 918,664              | 1,027,810                  | 1,001,848                    | (25,962)                       |
| South Kingstown  | 470,055              | 501,503                    | 469,361                      | (32,142)                       |
| Tiverton         | 181,839              | 181,839                    | 133,487                      | (48,352)                       |
| Warren           | 132,685              | 132,685                    | 142,861                      | 10,176                         |
| Warwick          | 2,670,238            | 3,039,830                  | 2,955,009                    | (84,821)                       |
| Westerly         | 451,645              | 475,907                    | 463,142                      | (12,765)                       |
| West Greenwich   | 87,623               | 87,623                     | 87,875                       | 252                            |
| West Warwick     | 1,033,229            | 1,140,549                  | 1,155,430                    | 14,881                         |
| Woonsocket       | 1,471,682            | 1,663,717                  | 1,717,976                    | 54,259                         |
| <b>Total</b>     | <b>\$ 60,464,867</b> | <b>\$ 65,464,867</b>       | <b>\$ 65,162,303</b>         | <b>\$ (302,563)</b>            |

† If not in compliance by April 30, 2015, FY 2015 Municipal Incentive Aid payment to be reappropriated to FY 2016

## General Aid Total

Includes Distressed Communities, PILOT, Motor Vehicles Excise Tax and Municipal Incentive Aid

| <i>Community</i> | <i>FY 2015<br/>Enacted</i> | <i>FY 2016*<br/>Gov. Rec.</i> | <i>FY 2016 Rec.<br/>to Enacted</i> | <i>FY 2016 Rec.<br/>to FY 2015 Rev.</i> |
|------------------|----------------------------|-------------------------------|------------------------------------|---|
| Barrington       | \$ 330,474                 | \$ 321,222                    | \$ (9,252)                         | \$ (333,287)                            |
| Bristol          | 1,050,965                  | 891,893                       | (159,072)                          | (138,590)                               |
| Burrillville     | 419,599                    | 388,866                       | (30,733)                           | (23,072)                                |
| Central Falls    | 399,607                    | 415,773                       | 16,166                             | 10,361                                  |
| Charlestown      | 77,457                     | 81,621                        | 4,164                              | -                                       |
| Coventry         | 385,693                    | 412,223                       | 26,530                             | 166,126                                 |
| Cranston         | 8,488,692                  | 6,329,687                     | (2,159,005)                        | (2,262,760)                             |
| Cumberland       | 381,216                    | 405,758                       | 24,542                             | (14)                                    |
| East Greenwich   | 544,659                    | 442,727                       | (101,932)                          | (61,746)                                |
| East Providence  | 1,023,506                  | 1,606,010                     | 582,504                            | 653,166                                 |
| Exeter           | 113,152                    | 122,884                       | 9,732                              | -                                       |
| Foster           | 89,352                     | 79,246                        | (10,106)                           | (68)                                    |
| Glocester        | 139,418                    | 149,501                       | 10,083                             | -                                       |
| Hopkinton        | 100,594                    | 108,358                       | 7,764                              | -                                       |
| Jamestown        | 61,414                     | 47,772                        | (13,642)                           | -                                       |
| Johnston         | 512,983                    | 559,394                       | 46,411                             | 136,438                                 |
| Lincoln          | 337,754                    | 298,007                       | (39,747)                           | -                                       |
| Little Compton   | 40,750                     | 29,592                        | (11,158)                           | -                                       |
| Middletown       | 161,697                    | 146,103                       | (15,594)                           | -                                       |
| Narragansett     | 172,003                    | 136,238                       | (35,765)                           | -                                       |
| Newport          | 1,565,948                  | 1,289,059                     | (276,889)                          | (220,827)                               |
| New Shoreham     | 11,645                     | 11,085                        | (560)                              | -                                       |
| North Kingstown  | 353,642                    | 311,897                       | (41,745)                           | (286)                                   |
| North Providence | 2,081,761                  | 2,160,430                     | 78,669                             | 34,010                                  |
| North Smithfield | 233,182                    | 237,999                       | 4,817                              | -                                       |
| Pawtucket        | 2,942,994                  | 3,006,659                     | 63,665                             | (57,952)                                |
| Portsmouth       | 186,830                    | 160,680                       | (26,150)                           | -                                       |
| Providence       | 34,738,636                 | 32,629,658                    | (2,108,978)                        | (2,265,239)                             |
| Richmond         | 94,496                     | 103,197                       | 8,701                              | -                                       |
| Scituate         | 173,293                    | 118,519                       | (54,774)                           | -                                       |
| Smithfield       | 1,027,810                  | 880,895                       | (146,915)                          | (120,953)                               |
| South Kingstown  | 501,503                    | 435,105                       | (66,398)                           | (34,256)                                |
| Tiverton         | 181,839                    | 133,487                       | (48,352)                           | -                                       |
| Warren           | 132,685                    | 142,861                       | 10,176                             | -                                       |
| Warwick          | 3,039,830                  | 2,631,576                     | (408,254)                          | (323,433)                               |
| Westerly         | 475,907                    | 437,427                       | (38,480)                           | (25,715)                                |
| West Greenwich   | 87,623                     | 87,875                        | 252                                | -                                       |
| West Warwick     | 1,140,549                  | 1,208,043                     | 67,494                             | 52,613                                  |
| Woonsocket       | 1,663,717                  | 1,505,550                     | (158,167)                          | (212,426)                               |
| <b>Total</b>     | <b>\$ 65,464,867</b>       | <b>\$ 60,464,867</b>          | <b>\$ (5,000,000)</b>              | <b>\$ (5,000,000)</b>                   |

*\*Motor Vehicle Excise Tax Phase-Out distribution will be revised in spring 2015, based on December 31, 2014 data.*



## Distressed Communities Relief

| <i>City or Town</i> | <i>FY 2014</i>       | <i>FY 2015<br/>Enacted</i> | <i>FY 2015<br/>Gov. Rev.</i> | <i>Revised<br/>Difference</i> |
|---------------------|----------------------|----------------------------|------------------------------|-------------------------------|
| Barrington          | \$ -                 | \$ -                       | \$ -                         | \$ -                          |
| Bristol             | -                    | -                          | -                            | -                             |
| Burrillville        | -                    | -                          | -                            | -                             |
| Central Falls       | 170,622              | 197,930                    | 197,930                      | -                             |
| Charlestown         | -                    | -                          | -                            | -                             |
| Coventry            | -                    | -                          | -                            | -                             |
| Cranston            | 2,320,642            | 1,160,322                  | 1,160,322                    | -                             |
| Cumberland          | -                    | -                          | -                            | -                             |
| East Greenwich      | -                    | -                          | -                            | -                             |
| East Providence     | -                    | -                          | -                            | -                             |
| Exeter              | -                    | -                          | -                            | -                             |
| Foster              | -                    | -                          | -                            | -                             |
| Glocester           | -                    | -                          | -                            | -                             |
| Hopkinton           | -                    | -                          | -                            | -                             |
| Jamestown           | -                    | -                          | -                            | -                             |
| Johnston            | -                    | -                          | -                            | -                             |
| Lincoln             | -                    | -                          | -                            | -                             |
| Little Compton      | -                    | -                          | -                            | -                             |
| Middletown          | -                    | -                          | -                            | -                             |
| Narragansett        | -                    | -                          | -                            | -                             |
| Newport             | -                    | -                          | -                            | -                             |
| New Shoreham        | -                    | -                          | -                            | -                             |
| North Kingstown     | -                    | -                          | -                            | -                             |
| North Providence    | 846,788              | 948,672                    | 948,672                      | -                             |
| North Smithfield    | -                    | -                          | -                            | -                             |
| Pawtucket           | 1,252,008            | 1,387,409                  | 1,387,409                    | -                             |
| Portsmouth          | -                    | -                          | -                            | -                             |
| Providence          | 4,429,560            | 5,071,751                  | 5,071,751                    | -                             |
| Richmond            | -                    | -                          | -                            | -                             |
| Scituate            | -                    | -                          | -                            | -                             |
| Smithfield          | -                    | -                          | -                            | -                             |
| South Kingstown     | -                    | -                          | -                            | -                             |
| Tiverton            | -                    | -                          | -                            | -                             |
| Warren              | -                    | -                          | -                            | -                             |
| Warwick             | -                    | -                          | -                            | -                             |
| Westerly            | -                    | -                          | -                            | -                             |
| West Greenwich      | -                    | -                          | -                            | -                             |
| West Warwick        | 675,775              | 783,095                    | 783,095                      | -                             |
| Woonsocket          | 689,062              | 835,279                    | 835,279                      | -                             |
| <b>Total</b>        | <b>\$ 10,384,458</b> | <b>\$ 10,384,458</b>       | <b>\$ 10,384,458</b>         | <b>\$ -</b>                   |

## Distressed Communities Relief

| <i>City or Town</i> | <i>FY 2015<br/>Enacted</i> | <i>FY 2016<br/>Gov. Rec.</i> | <i>FY 2016 Rec.<br/>to Enacted</i> | <i>FY 2016 Rec.<br/>to FY 2015 Rev.</i> |
|---------------------|----------------------------|------------------------------|------------------------------------|---|
| Barrington          | \$ -                       |                              | \$ -                               | \$ -                                    |
| Bristol             | -                          | -                            | -                                  | -                                       |
| Burrillville        | -                          | -                            | -                                  | -                                       |
| Central Falls       | 197,930                    | 211,123                      | 13,193                             | 13,193                                  |
| Charlestown         | -                          | -                            | -                                  | -                                       |
| Coventry            | -                          | -                            | -                                  | -                                       |
| Cranston            | 1,160,322                  | -                            | (1,160,322)                        | (1,160,322)                             |
| Cumberland          | -                          | -                            | -                                  | -                                       |
| East Greenwich      | -                          | -                            | -                                  | -                                       |
| East Providence     | -                          | 685,142                      | 685,142                            | 685,142                                 |
| Exeter              | -                          | -                            | -                                  | -                                       |
| Foster              | -                          | -                            | -                                  | -                                       |
| Glocester           | -                          | -                            | -                                  | -                                       |
| Hopkinton           | -                          | -                            | -                                  | -                                       |
| Jamestown           | -                          | -                            | -                                  | -                                       |
| Johnston            | -                          | -                            | -                                  | -                                       |
| Lincoln             | -                          | -                            | -                                  | -                                       |
| Little Compton      | -                          | -                            | -                                  | -                                       |
| Middletown          | -                          | -                            | -                                  | -                                       |
| Narragansett        | -                          | -                            | -                                  | -                                       |
| Newport             | -                          | -                            | -                                  | -                                       |
| New Shoreham        | -                          | -                            | -                                  | -                                       |
| North Kingstown     | -                          | -                            | -                                  | -                                       |
| North Providence    | 948,672                    | 989,710                      | 41,038                             | 41,038                                  |
| North Smithfield    | -                          | -                            | -                                  | -                                       |
| Pawtucket           | 1,387,409                  | 1,430,131                    | 42,722                             | 42,722                                  |
| Portsmouth          | -                          | -                            | -                                  | -                                       |
| Providence          | 5,071,751                  | 5,332,583                    | 260,832                            | 260,832                                 |
| Richmond            | -                          | -                            | -                                  | -                                       |
| Scituate            | -                          | -                            | -                                  | -                                       |
| Smithfield          | -                          | -                            | -                                  | -                                       |
| South Kingstown     | -                          | -                            | -                                  | -                                       |
| Tiverton            | -                          | -                            | -                                  | -                                       |
| Warren              | -                          | -                            | -                                  | -                                       |
| Warwick             | -                          | -                            | -                                  | -                                       |
| Westerly            | -                          | -                            | -                                  | -                                       |
| West Greenwich      | -                          | -                            | -                                  | -                                       |
| West Warwick        | 783,095                    | 835,708                      | 52,613                             | 52,613                                  |
| Woonsocket          | 835,279                    | 900,062                      | 64,783                             | 64,783                                  |
| <b>Total</b>        | <b>\$ 10,384,458</b>       | <b>\$ 10,384,458</b>         | <b>\$ -</b>                        | <b>\$ -</b>                             |

## Payment in Lieu of Taxes

| <i>City or Town</i> | <i>FY 2014</i>       | <i>FY 2015<br/>Enacted</i> | <i>FY 2015<br/>Gov. Rev.</i> | <i>Revised<br/>Difference</i> |
|---------------------|----------------------|----------------------------|------------------------------|-------------------------------|
| Barrington          | \$ 13,387            | \$ 15,625                  | \$ 15,625                    | \$ -                          |
| Bristol             | 692,849              | 825,102                    | 825,102                      | -                             |
| Burrillville        | 112,265              | 134,639                    | 134,639                      | -                             |
| Central Falls       | 24,638               | 21,572                     | 21,572                       | -                             |
| Charlestown         | -                    | -                          | -                            | -                             |
| Coventry            | -                    | -                          | -                            | -                             |
| Cranston            | 5,236,467            | 6,043,928                  | 6,043,928                    | -                             |
| Cumberland          | 101                  | 118                        | 118                          | -                             |
| East Greenwich      | 204,947              | 360,281                    | 360,281                      | -                             |
| East Providence     | 176,390              | 222,995                    | 222,995                      | -                             |
| Exeter              | -                    | -                          | -                            | -                             |
| Foster              | 372                  | 431                        | 431                          | -                             |
| Glocester           | -                    | -                          | -                            | -                             |
| Hopkinton           | -                    | -                          | -                            | -                             |
| Jamestown           | -                    | -                          | -                            | -                             |
| Johnston            | -                    | -                          | -                            | -                             |
| Lincoln             | -                    | -                          | -                            | -                             |
| Little Compton      | -                    | -                          | -                            | -                             |
| Middletown          | -                    | -                          | -                            | -                             |
| Narragansett        | -                    | -                          | -                            | -                             |
| Newport             | 1,101,495            | 1,315,321                  | 1,315,321                    | -                             |
| New Shoreham        | -                    | -                          | -                            | -                             |
| North Kingstown     | 1,941                | 1,594                      | 1,594                        | -                             |
| North Providence    | 544,065              | 631,707                    | 631,707                      | -                             |
| North Smithfield    | -                    | -                          | -                            | -                             |
| Pawtucket           | 472,601              | 545,565                    | 545,565                      | -                             |
| Portsmouth          | -                    | -                          | -                            | -                             |
| Providence          | 24,227,138           | 27,109,512                 | 27,109,512                   | -                             |
| Richmond            | -                    | -                          | -                            | -                             |
| Scituate            | -                    | -                          | -                            | -                             |
| Smithfield          | 537,747              | 646,892                    | 646,892                      | -                             |
| South Kingstown     | 154,721              | 186,169                    | 186,169                      | -                             |
| Tiverton            | -                    | -                          | -                            | -                             |
| Warren              | -                    | -                          | -                            | -                             |
| Warwick             | 1,226,062            | 1,595,654                  | 1,595,654                    | -                             |
| Westerly            | 121,833              | 146,095                    | 146,095                      | -                             |
| West Greenwich      | -                    | -                          | -                            | -                             |
| West Warwick        | -                    | -                          | -                            | -                             |
| Woonsocket          | 231,391              | 277,209                    | 277,209                      | -                             |
| <b>Total</b>        | <b>\$ 35,080,409</b> | <b>\$ 40,080,409</b>       | <b>\$ 40,080,409</b>         | <b>\$ -</b>                   |

## Payment in Lieu of Taxes

| <i>City or Town</i> | <i>FY 2015<br/>Enacted</i> | <i>FY 2016<br/>Gov. Rec.</i> | <i>FY 2016 Rec.<br/>to Enacted</i> | <i>FY 2016 Rec.<br/>to FY 2015 Rev.</i> |
|---------------------|----------------------------|------------------------------|------------------------------------|---|
| Barrington          | \$ 15,625                  | \$ 12,812                    | \$ (2,813)                         | \$ (2,813)                              |
| Bristol             | 825,102                    | 686,512                      | (138,590)                          | (138,590)                               |
| Burrillville        | 134,639                    | 111,567                      | (23,072)                           | (23,072)                                |
| Central Falls       | 21,572                     | 18,740                       | (2,832)                            | (2,832)                                 |
| Charlestown         | -                          | -                            | -                                  | -                                       |
| Coventry            | -                          | -                            | -                                  | -                                       |
| Cranston            | 6,043,928                  | 4,941,490                    | (1,102,438)                        | (1,102,438)                             |
| Cumberland          | 118                        | 104                          | (14)                               | (14)                                    |
| East Greenwich      | 360,281                    | 298,535                      | (61,746)                           | (61,746)                                |
| East Providence     | 222,995                    | 191,019                      | (31,976)                           | (31,976)                                |
| Exeter              | -                          | -                            | -                                  | -                                       |
| Foster              | 431                        | 363                          | (68)                               | (68)                                    |
| Glocester           | -                          | -                            | -                                  | -                                       |
| Hopkinton           | -                          | -                            | -                                  | -                                       |
| Jamestown           | -                          | -                            | -                                  | -                                       |
| Johnston            | -                          | -                            | -                                  | -                                       |
| Lincoln             | -                          | -                            | -                                  | -                                       |
| Little Compton      | -                          | -                            | -                                  | -                                       |
| Middletown          | -                          | -                            | -                                  | -                                       |
| Narragansett        | -                          | -                            | -                                  | -                                       |
| Newport             | 1,315,321                  | 1,094,494                    | (220,827)                          | (220,827)                               |
| New Shoreham        | -                          | -                            | -                                  | -                                       |
| North Kingstown     | 1,594                      | 1,308                        | (286)                              | (286)                                   |
| North Providence    | 631,707                    | 624,679                      | (7,028)                            | (7,028)                                 |
| North Smithfield    | -                          | -                            | -                                  | -                                       |
| Pawtucket           | 545,565                    | 444,891                      | (100,674)                          | (100,674)                               |
| Portsmouth          | -                          | -                            | -                                  | -                                       |
| Providence          | 27,109,512                 | 24,583,441                   | (2,526,071)                        | (2,526,071)                             |
| Richmond            | -                          | -                            | -                                  | -                                       |
| Scituate            | -                          | -                            | -                                  | -                                       |
| Smithfield          | 646,892                    | 525,939                      | (120,953)                          | (120,953)                               |
| South Kingstown     | 186,169                    | 151,913                      | (34,256)                           | (34,256)                                |
| Tiverton            | -                          | -                            | -                                  | -                                       |
| Warren              | -                          | -                            | -                                  | -                                       |
| Warwick             | 1,595,654                  | 1,272,221                    | (323,433)                          | (323,433)                               |
| Westerly            | 146,095                    | 120,380                      | (25,715)                           | (25,715)                                |
| West Greenwich      | -                          | -                            | -                                  | -                                       |
| West Warwick        | -                          | -                            | -                                  | -                                       |
| Woonsocket          | 277,209                    | -                            | (277,209)                          | (277,209)                               |
| <b>Total</b>        | <b>\$ 40,080,409</b>       | <b>\$ 35,080,409</b>         | <b>\$ (5,000,000)</b>              | <b>\$ (5,000,000)</b>                   |

## Motor Vehicle Excise Phase-Out

| <i>City or Town</i> | <i>FY 2014</i>       | <i>FY 2015<br/>Enacted</i> | <i>FY 2015<br/>Gov. Rev.</i> | <i>Revised<br/>Difference</i> |
|---------------------|----------------------|----------------------------|------------------------------|-------------------------------|
| Barrington          | \$ 236,976           | \$ 236,976                 | \$ 230,537                   | \$ (6,439)                    |
| Bristol             | 116,200              | 116,200                    | 95,718                       | (20,482)                      |
| Burrillville        | 209,316              | 209,316                    | 201,655                      | (7,661)                       |
| Central Falls       | 88,261               | 88,261                     | 94,066                       | 5,805                         |
| Charlestown         | 40,197               | 40,197                     | 44,361                       | 4,164                         |
| Coventry            | 219,567              | 219,567                    | 246,097                      | 26,530                        |
| Cranston            | 902,676              | 902,676                    | 1,006,431                    | 103,755                       |
| Cumberland          | 222,875              | 222,875                    | 247,431                      | 24,556                        |
| East Greenwich      | 121,975              | 121,975                    | 81,789                       | (40,186)                      |
| East Providence     | 576,285              | 576,285                    | 505,623                      | (70,662)                      |
| Exeter              | 82,278               | 82,278                     | 92,010                       | 9,732                         |
| Foster              | 67,222               | 67,222                     | 57,184                       | (10,038)                      |
| Glocester           | 93,040               | 93,040                     | 103,123                      | 10,083                        |
| Hopkinton           | 61,873               | 61,873                     | 69,637                       | 7,764                         |
| Jamestown           | 35,711               | 35,711                     | 22,069                       | (13,642)                      |
| Johnston            | 376,545              | 376,545                    | 422,956                      | 46,411                        |
| Lincoln             | 237,608              | 237,608                    | 197,861                      | (39,747)                      |
| Little Compton      | 24,136               | 24,136                     | 12,978                       | (11,158)                      |
| Middletown          | 84,730               | 84,730                     | 69,136                       | (15,594)                      |
| Narragansett        | 96,326               | 96,326                     | 60,561                       | (35,765)                      |
| Newport             | 133,938              | 133,938                    | 77,876                       | (56,062)                      |
| New Shoreham        | 7,124                | 7,124                      | 6,564                        | (560)                         |
| North Kingstown     | 226,217              | 226,217                    | 184,758                      | (41,459)                      |
| North Providence    | 348,919              | 348,919                    | 393,578                      | 44,659                        |
| North Smithfield    | 176,956              | 176,956                    | 181,773                      | 4,817                         |
| Pawtucket           | 671,382              | 671,382                    | 792,999                      | 121,617                       |
| Portsmouth          | 104,673              | 104,673                    | 78,523                       | (26,150)                      |
| Providence          | 1,712,321            | 1,712,321                  | 1,868,582                    | 156,261                       |
| Richmond            | 58,014               | 58,014                     | 66,715                       | 8,701                         |
| Scituate            | 124,353              | 124,353                    | 69,579                       | (54,774)                      |
| Smithfield          | 279,144              | 279,144                    | 253,182                      | (25,962)                      |
| South Kingstown     | 170,945              | 170,945                    | 138,803                      | (32,142)                      |
| Tiverton            | 107,329              | 107,329                    | 58,977                       | (48,352)                      |
| Warren              | 81,767               | 81,767                     | 91,943                       | 10,176                        |
| Warwick             | 1,049,606            | 1,049,606                  | 964,785                      | (84,821)                      |
| Westerly            | 221,373              | 221,373                    | 208,608                      | (12,765)                      |
| West Greenwich      | 59,026               | 59,026                     | 59,278                       | 252                           |
| West Warwick        | 218,649              | 218,649                    | 233,530                      | 14,881                        |
| Woonsocket          | 354,466              | 354,466                    | 408,725                      | 54,259                        |
| <b>Total</b>        | <b>\$ 10,000,000</b> | <b>\$ 10,000,000</b>       | <b>\$ 10,000,000</b>         | <b>\$ -</b>                   |

## Motor Vehicle Excise Phase-Out

| <i>City or Town</i> | <i>FY 2015<br/>Enacted</i> | <i>FY 2016<br/>Gov. Rec. *</i> | <i>FY 2016 Rec.<br/>to Enacted</i> | <i>FY 2016 Rec.<br/>to FY 2015 Rev.</i> |
|---------------------|----------------------------|--------------------------------|------------------------------------|---|
| Barrington          | \$ 236,976                 | \$ 230,537                     | \$ (6,439)                         | \$ -                                    |
| Bristol             | 116,200                    | 95,718                         | (20,482)                           | -                                       |
| Burrillville        | 209,316                    | 201,655                        | (7,661)                            | -                                       |
| Central Falls       | 88,261                     | 94,066                         | 5,805                              | -                                       |
| Charlestown         | 40,197                     | 44,361                         | 4,164                              | -                                       |
| Coventry            | 219,567                    | 246,097                        | 26,530                             | -                                       |
| Cranston            | 902,676                    | 1,006,431                      | 103,755                            | -                                       |
| Cumberland          | 222,875                    | 247,431                        | 24,556                             | -                                       |
| East Greenwich      | 121,975                    | 81,789                         | (40,186)                           | -                                       |
| East Providence     | 576,285                    | 505,623                        | (70,662)                           | -                                       |
| Exeter              | 82,278                     | 92,010                         | 9,732                              | -                                       |
| Foster              | 67,222                     | 57,184                         | (10,038)                           | -                                       |
| Glocester           | 93,040                     | 103,123                        | 10,083                             | -                                       |
| Hopkinton           | 61,873                     | 69,637                         | 7,764                              | -                                       |
| Jamestown           | 35,711                     | 22,069                         | (13,642)                           | -                                       |
| Johnston            | 376,545                    | 422,956                        | 46,411                             | -                                       |
| Lincoln             | 237,608                    | 197,861                        | (39,747)                           | -                                       |
| Little Compton      | 24,136                     | 12,978                         | (11,158)                           | -                                       |
| Middletown          | 84,730                     | 69,136                         | (15,594)                           | -                                       |
| Narragansett        | 96,326                     | 60,561                         | (35,765)                           | -                                       |
| Newport             | 133,938                    | 77,876                         | (56,062)                           | -                                       |
| New Shoreham        | 7,124                      | 6,564                          | (560)                              | -                                       |
| North Kingstown     | 226,217                    | 184,758                        | (41,459)                           | -                                       |
| North Providence    | 348,919                    | 393,578                        | 44,659                             | -                                       |
| North Smithfield    | 176,956                    | 181,773                        | 4,817                              | -                                       |
| Pawtucket           | 671,382                    | 792,999                        | 121,617                            | -                                       |
| Portsmouth          | 104,673                    | 78,523                         | (26,150)                           | -                                       |
| Providence          | 1,712,321                  | 1,868,582                      | 156,261                            | -                                       |
| Richmond            | 58,014                     | 66,715                         | 8,701                              | -                                       |
| Scituate            | 124,353                    | 69,579                         | (54,774)                           | -                                       |
| Smithfield          | 279,144                    | 253,182                        | (25,962)                           | -                                       |
| South Kingstown     | 170,945                    | 138,803                        | (32,142)                           | -                                       |
| Tiverton            | 107,329                    | 58,977                         | (48,352)                           | -                                       |
| Warren              | 81,767                     | 91,943                         | 10,176                             | -                                       |
| Warwick             | 1,049,606                  | 964,785                        | (84,821)                           | -                                       |
| Westerly            | 221,373                    | 208,608                        | (12,765)                           | -                                       |
| West Greenwich      | 59,026                     | 59,278                         | 252                                | -                                       |
| West Warwick        | 218,649                    | 233,530                        | 14,881                             | -                                       |
| Woonsocket          | 354,466                    | 408,725                        | 54,259                             | -                                       |
| <b>Total</b>        | <b>\$ 10,000,000</b>       | <b>\$ 10,000,000</b>           | <b>\$ -</b>                        | <b>\$ -</b>                             |

*\*Estimate as of May 20, 2014. Distribution will be revised in spring 2015, based on December 31, 2014 data.*

## Municipal Incentive Aid

| <i>City or Town</i> | <i>FY 2014</i>      | <i>FY 2015<br/>Enacted</i> | <i>FY 2015<br/>Gov. Rev.</i> | <i>Revised<br/>Difference</i> |
|---------------------|---------------------|----------------------------|------------------------------|-------------------------------|
| Barrington          | \$ 77,873           | \$ 77,873                  | \$ 77,873                    | \$ -                          |
| Bristol             | 109,663             | 109,663                    | 109,663                      | -                             |
| Burrillville        | 75,644              | 75,644                     | 75,644                       | -                             |
| Central Falls       | 91,844              | 91,844                     | 91,844                       | -                             |
| Charlestown         | 37,260              | 37,260                     | 37,260                       | -                             |
| Coventry*†          | 166,126             | 166,126                    |                              | (166,126)                     |
| Cranston            | 381,766             | 381,766                    | 381,766                      | -                             |
| Cumberland          | 158,223             | 158,223                    | 158,223                      | -                             |
| East Greenwich      | 62,403              | 62,403                     | 62,403                       | -                             |
| East Providence     | 224,226             | 224,226                    | 224,226                      | -                             |
| Exeter              | 30,874              | 30,874                     | 30,874                       | -                             |
| Foster              | 21,699              | 21,699                     | 21,699                       | -                             |
| Glocester           | 46,378              | 46,378                     | 46,378                       | -                             |
| Hopkinton           | 38,721              | 38,721                     | 38,721                       | -                             |
| Jamestown           | 25,703              | 25,703                     | 25,703                       | -                             |
| Johnston†           | 136,438             | 136,438                    |                              | (136,438)                     |
| Lincoln             | 100,146             | 100,146                    | 100,146                      | -                             |
| Little Compton      | 16,614              | 16,614                     | 16,614                       | -                             |
| Middletown          | 76,967              | 76,967                     | 76,967                       | -                             |
| Narragansett        | 75,677              | 75,677                     | 75,677                       | -                             |
| Newport             | 116,689             | 116,689                    | 116,689                      | -                             |
| New Shoreham        | 4,521               | 4,521                      | 4,521                        | -                             |
| North Kingstown     | 125,831             | 125,831                    | 125,831                      | -                             |
| North Providence    | 152,463             | 152,463                    | 152,463                      | -                             |
| North Smithfield    | 56,226              | 56,226                     | 56,226                       | -                             |
| Pawtucket           | 338,638             | 338,638                    | 338,638                      | -                             |
| Portsmouth          | 82,157              | 82,157                     | 82,157                       | -                             |
| Providence          | 845,052             | 845,052                    | 845,052                      | -                             |
| Richmond            | 36,482              | 36,482                     | 36,482                       | -                             |
| Scituate            | 48,940              | 48,940                     | 48,940                       | -                             |
| Smithfield          | 101,774             | 101,774                    | 101,774                      | -                             |
| South Kingstown     | 144,389             | 144,389                    | 144,389                      | -                             |
| Tiverton            | 74,510              | 74,510                     | 74,510                       | -                             |
| Warren              | 50,918              | 50,918                     | 50,918                       | -                             |
| Warwick             | 394,570             | 394,570                    | 394,570                      | -                             |
| Westerly            | 108,439             | 108,439                    | 108,439                      | -                             |
| West Greenwich      | 28,597              | 28,597                     | 28,597                       | -                             |
| West Warwick        | 138,805             | 138,805                    | 138,805                      | -                             |
| Woonsocket          | 196,763             | 196,763                    | 196,763                      | -                             |
| <b>Total</b>        | <b>\$ 5,000,000</b> | <b>\$ 5,000,000</b>        | <b>\$ 4,697,436</b>          | <b>\$ (302,564)</b>           |

*\*FY 2014 payment reappropriated to FY 2015. If not in compliance by April 30, 2015, FY 2014 payment to be redistributed amongst other communities May 2015*

*† If not in compliance by April 30, 2015, FY 2015 payment to be reappropriated to FY 2016*

## Municipal Incentive Aid

| <i>City or Town</i> | <i>FY 2015<br/>Enacted</i> | <i>FY 2016<br/>Gov. Rec.</i> | <i>FY 2016 Rec.<br/>to Enacted</i> | <i>FY 2016 Rec.<br/>to FY 2015 Rev.</i> |
|---------------------|----------------------------|------------------------------|------------------------------------|---|
| Barrington          | \$ 77,873                  | \$ 77,873                    | \$ -                               | \$ -                                    |
| Bristol             | 109,663                    | 109,663                      | -                                  | -                                       |
| Burrillville        | 75,644                     | 75,644                       | -                                  | -                                       |
| Central Falls       | 91,844                     | 91,844                       | -                                  | -                                       |
| Charlestown         | 37,260                     | 37,260                       | -                                  | -                                       |
| Coventry†           | 166,126                    | 166,126                      | -                                  | 166,126                                 |
| Cranston            | 381,766                    | 381,766                      | -                                  | -                                       |
| Cumberland          | 158,223                    | 158,223                      | -                                  | -                                       |
| East Greenwich      | 62,403                     | 62,403                       | -                                  | -                                       |
| East Providence     | 224,226                    | 224,226                      | -                                  | -                                       |
| Exeter              | 30,874                     | 30,874                       | -                                  | -                                       |
| Foster              | 21,699                     | 21,699                       | -                                  | -                                       |
| Glocester           | 46,378                     | 46,378                       | -                                  | -                                       |
| Hopkinton           | 38,721                     | 38,721                       | -                                  | -                                       |
| Jamestown           | 25,703                     | 25,703                       | -                                  | -                                       |
| Johnston†           | 136,438                    | 136,438                      | -                                  | 136,438                                 |
| Lincoln             | 100,146                    | 100,146                      | -                                  | -                                       |
| Little Compton      | 16,614                     | 16,614                       | -                                  | -                                       |
| Middletown          | 76,967                     | 76,967                       | -                                  | -                                       |
| Narragansett        | 75,677                     | 75,677                       | -                                  | -                                       |
| Newport             | 116,689                    | 116,689                      | -                                  | -                                       |
| New Shoreham        | 4,521                      | 4,521                        | -                                  | -                                       |
| North Kingstown     | 125,831                    | 125,831                      | -                                  | -                                       |
| North Providence    | 152,463                    | 152,463                      | -                                  | -                                       |
| North Smithfield    | 56,226                     | 56,226                       | -                                  | -                                       |
| Pawtucket           | 338,638                    | 338,638                      | -                                  | -                                       |
| Portsmouth          | 82,157                     | 82,157                       | -                                  | -                                       |
| Providence          | 845,052                    | 845,052                      | -                                  | -                                       |
| Richmond            | 36,482                     | 36,482                       | -                                  | -                                       |
| Scituate            | 48,940                     | 48,940                       | -                                  | -                                       |
| Smithfield          | 101,774                    | 101,774                      | -                                  | -                                       |
| South Kingstown     | 144,389                    | 144,389                      | -                                  | -                                       |
| Tiverton            | 74,510                     | 74,510                       | -                                  | -                                       |
| Warren              | 50,918                     | 50,918                       | -                                  | -                                       |
| Warwick             | 394,570                    | 394,570                      | -                                  | -                                       |
| Westerly            | 108,439                    | 108,439                      | -                                  | -                                       |
| West Greenwich      | 28,597                     | 28,597                       | -                                  | -                                       |
| West Warwick        | 138,805                    | 138,805                      | -                                  | -                                       |
| Woonsocket          | 196,763                    | 196,763                      | -                                  | -                                       |
| <b>Total</b>        | <b>\$ 5,000,000</b>        | <b>\$ 5,000,000</b>          | <b>\$ -</b>                        | <b>\$ 302,564</b>                       |

† If not in compliance by April 30, 2015, FY 2015 payment to be reappropriated to FY 2016



## Library Aid

| <i>City or Town</i> | <i>FY 2014</i>      | <i>FY 2015<br/>Enacted</i> | <i>FY 2015<br/>Gov. Rev.</i> | <i>Revised<br/>Difference</i> |
|---------------------|---------------------|----------------------------|------------------------------|-------------------------------|
| Barrington          | \$ 341,149          | \$ 341,488                 | \$ 341,488                   | \$ -                          |
| Bristol             | 129,784             | 139,595                    | 139,595                      | -                             |
| Burrillville        | 129,564             | 141,022                    | 141,022                      | -                             |
| Central Falls       | 14,022              | 17,569                     | 17,569                       | -                             |
| Charlestown         | 47,837              | 47,766                     | 47,766                       | -                             |
| Coventry            | 215,315             | 222,474                    | 222,474                      | -                             |
| Cranston            | 541,181             | 539,079                    | 539,079                      | -                             |
| Cumberland          | 268,332             | 273,112                    | 273,112                      | -                             |
| East Greenwich      | 121,963             | 121,085                    | 121,085                      | -                             |
| East Providence     | 403,334             | 363,025                    | 363,025                      | -                             |
| Exeter              | 41,703              | 45,664                     | 45,664                       | -                             |
| Foster              | 31,569              | 31,550                     | 31,550                       | -                             |
| Glocester           | 71,674              | 71,631                     | 71,631                       | -                             |
| Hopkinton           | 34,084              | 34,685                     | 34,685                       | -                             |
| Jamestown           | 80,467              | 87,697                     | 87,697                       | -                             |
| Johnston            | 120,380             | 124,729                    | 124,729                      | -                             |
| Lincoln             | 191,841             | 191,018                    | 191,018                      | -                             |
| Little Compton      | 29,670              | 30,298                     | 30,298                       | -                             |
| Middletown          | 135,566             | 137,973                    | 137,973                      | -                             |
| Narragansett        | 123,055             | 122,983                    | 122,983                      | -                             |
| Newport             | 378,526             | 381,739                    | 381,739                      | -                             |
| New Shoreham        | 78,316              | 78,270                     | 78,270                       | -                             |
| North Kingstown     | 263,710             | 273,440                    | 273,440                      | -                             |
| North Providence    | 171,750             | 176,242                    | 176,242                      | -                             |
| North Smithfield    | 63,341              | 63,304                     | 63,304                       | -                             |
| Pawtucket           | 315,245             | 329,493                    | 329,493                      | -                             |
| Portsmouth          | 103,446             | 103,554                    | 103,554                      | -                             |
| Providence*         | 2,257,761           | 2,207,807                  | 2,207,807                    | -                             |
| Richmond            | 26,139              | 26,531                     | 26,531                       | -                             |
| Scituate            | 95,169              | 95,113                     | 95,113                       | -                             |
| Smithfield          | 269,659             | 269,275                    | 269,275                      | -                             |
| South Kingstown     | 203,946             | 199,345                    | 199,345                      | -                             |
| Tiverton            | 94,109              | 102,842                    | 102,842                      | -                             |
| Warren              | 53,561              | 53,916                     | 53,916                       | -                             |
| Warwick             | 688,368             | 691,943                    | 691,943                      | -                             |
| Westerly            | 265,543             | 255,839                    | 255,839                      | -                             |
| West Greenwich      | 27,126              | 28,154                     | 28,154                       | -                             |
| West Warwick        | 147,770             | 155,644                    | 155,644                      | -                             |
| Woonsocket          | 197,423             | 196,505                    | 196,505                      | -                             |
| <b>Total</b>        | <b>\$ 8,773,398</b> | <b>\$ 8,773,398</b>        | <b>\$ 8,773,398</b>          | <b>\$ -</b>                   |

\*Includes the Statewide Reference Library Resource Grant.

## Library Aid

| <i>City or Town</i> | <i>FY 2015<br/>Enacted</i> | <i>FY 2016<br/>Gov. Rec.</i> | <i>FY 2016 Rec.<br/>to Enacted</i> | <i>FY 2016 Rec.<br/>to FY 2015 Rev.</i> |
|---------------------|----------------------------|------------------------------|------------------------------------|---|
| Barrington          | \$ 341,488                 | \$ 337,167                   | \$ (4,322)                         | \$ (4,322)                              |
| Bristol             | 139,595                    | 168,505                      | 28,910                             | 28,910                                  |
| Burrillville        | 141,022                    | 144,949                      | 3,927                              | 3,927                                   |
| Central Falls       | 17,569                     | 26,046                       | 8,477                              | 8,477                                   |
| Charlestown         | 47,766                     | 46,654                       | (1,112)                            | (1,112)                                 |
| Coventry            | 222,474                    | 217,150                      | (5,324)                            | (5,324)                                 |
| Cranston            | 539,079                    | 553,271                      | 14,192                             | 14,192                                  |
| Cumberland          | 273,112                    | 266,665                      | (6,447)                            | (6,447)                                 |
| East Greenwich      | 121,085                    | 121,208                      | 123                                | 123                                     |
| East Providence     | 363,025                    | 354,339                      | (8,686)                            | (8,686)                                 |
| Exeter              | 45,664                     | 45,910                       | 246                                | 246                                     |
| Foster              | 31,550                     | 30,796                       | (754)                              | (754)                                   |
| Glocester           | 71,631                     | 70,625                       | (1,006)                            | (1,006)                                 |
| Hopkinton           | 34,685                     | 31,101                       | (3,584)                            | (3,584)                                 |
| Jamestown           | 87,697                     | 87,375                       | (322)                              | (322)                                   |
| Johnston            | 124,729                    | 116,751                      | (7,978)                            | (7,978)                                 |
| Lincoln             | 191,018                    | 195,339                      | 4,321                              | 4,321                                   |
| Little Compton      | 30,298                     | 30,355                       | 57                                 | 57                                      |
| Middletown          | 137,973                    | 135,162                      | (2,811)                            | (2,811)                                 |
| Narragansett        | 122,983                    | 120,040                      | (2,943)                            | (2,943)                                 |
| Newport             | 381,739                    | 380,016                      | (1,723)                            | (1,723)                                 |
| New Shoreham        | 78,270                     | 80,325                       | 2,055                              | 2,055                                   |
| North Kingstown     | 273,440                    | 266,128                      | (7,312)                            | (7,312)                                 |
| North Providence    | 176,242                    | 175,272                      | (970)                              | (970)                                   |
| North Smithfield    | 63,304                     | 65,478                       | 2,174                              | 2,174                                   |
| Pawtucket           | 329,493                    | 336,605                      | 7,112                              | 7,112                                   |
| Portsmouth          | 103,554                    | 101,476                      | (2,078)                            | (2,078)                                 |
| Providence*         | 2,207,807                  | 2,213,877                    | 6,070                              | 6,070                                   |
| Richmond            | 26,531                     | 26,246                       | (285)                              | (285)                                   |
| Scituate            | 95,113                     | 94,694                       | (419)                              | (419)                                   |
| Smithfield          | 269,275                    | 269,640                      | 365                                | 365                                     |
| South Kingstown     | 199,345                    | 201,734                      | 2,389                              | 2,389                                   |
| Tiverton            | 102,842                    | 100,382                      | (2,460)                            | (2,460)                                 |
| Warren              | 53,916                     | 54,101                       | 185                                | 185                                     |
| Warwick             | 691,943                    | 673,157                      | (18,786)                           | (18,786)                                |
| Westerly            | 255,839                    | 274,847                      | 19,008                             | 19,008                                  |
| West Greenwich      | 28,154                     | 29,133                       | 979                                | 979                                     |
| West Warwick        | 155,644                    | 152,016                      | (3,628)                            | (3,628)                                 |
| Woonsocket          | 196,505                    | 178,865                      | (17,640)                           | (17,640)                                |
| <b>Total</b>        | <b>\$ 8,773,398</b>        | <b>\$ 8,773,398</b>          | <b>\$ -</b>                        | <b>\$ -</b>                             |

\*Includes the Statewide Reference Library Resource Grant.

## Public Service Corporation Tax

| <i>City or Town</i> | <i>FY 2014</i>       | <i>FY 2015<br/>Enacted</i> | <i>FY 2015<br/>Gov. Rev.</i> | <i>Revised<br/>Difference</i> |
|---------------------|----------------------|----------------------------|------------------------------|-------------------------------|
| Barrington          | \$ 205,617           | \$ 221,639                 | \$ 221,639                   | \$ -                          |
| Bristol             | 289,555              | 308,928                    | 308,928                      | -                             |
| Burrillville        | 199,730              | 216,868                    | 216,868                      | -                             |
| Central Falls       | 242,507              | 262,600                    | 262,600                      | -                             |
| Charlestown         | 98,381               | 106,035                    | 106,035                      | -                             |
| Coventry            | 438,642              | 474,601                    | 474,601                      | -                             |
| Cranston            | 1,008,020            | 1,090,383                  | 1,090,383                    | -                             |
| Cumberland          | 417,774              | 454,704                    | 454,704                      | -                             |
| East Greenwich      | 164,770              | 178,130                    | 178,130                      | -                             |
| East Providence     | 592,051              | 639,014                    | 639,014                      | -                             |
| Exeter              | 81,520               | 90,136                     | 90,136                       | -                             |
| Foster              | 57,295               | 62,363                     | 62,363                       | -                             |
| Glocester           | 122,456              | 132,587                    | 132,587                      | -                             |
| Hopkinton           | 102,239              | 110,548                    | 110,548                      | -                             |
| Jamestown           | 67,867               | 73,464                     | 73,464                       | -                             |
| Johnston            | 360,253              | 390,714                    | 390,714                      | -                             |
| Lincoln             | 264,428              | 286,509                    | 286,509                      | -                             |
| Little Compton      | 43,867               | 47,318                     | 47,318                       | -                             |
| Middletown          | 203,225              | 218,914                    | 218,914                      | -                             |
| Narragansett        | 199,818              | 214,997                    | 214,997                      | -                             |
| Newport             | 308,107              | 330,398                    | 330,398                      | -                             |
| New Shoreham        | 11,937               | 11,697                     | 11,697                       | -                             |
| North Kingstown     | 332,245              | 358,048                    | 358,048                      | -                             |
| North Providence    | 402,567              | 435,538                    | 435,538                      | -                             |
| North Smithfield    | 148,460              | 161,729                    | 161,729                      | -                             |
| Pawtucket           | 894,145              | 965,684                    | 965,684                      | -                             |
| Portsmouth          | 216,929              | 234,854                    | 234,854                      | -                             |
| Providence          | 2,231,291            | 2,415,159                  | 2,415,159                    | -                             |
| Richmond            | 96,326               | 103,920                    | 103,920                      | -                             |
| Scituate            | 129,220              | 140,191                    | 140,191                      | -                             |
| Smithfield          | 268,724              | 291,036                    | 291,036                      | -                             |
| South Kingstown     | 381,247              | 412,970                    | 412,970                      | -                             |
| Tiverton            | 196,736              | 213,316                    | 213,316                      | -                             |
| Warren              | 134,444              | 144,380                    | 144,380                      | -                             |
| Warwick             | 1,041,829            | 1,120,907                  | 1,120,907                    | -                             |
| Westerly            | 286,324              | 308,860                    | 308,860                      | -                             |
| West Greenwich      | 75,508               | 82,423                     | 82,423                       | -                             |
| West Warwick        | 366,504              | 394,835                    | 394,835                      | -                             |
| Woonsocket          | 519,536              | 559,030                    | 559,030                      | -                             |
| <b>Total</b>        | <b>\$ 13,202,094</b> | <b>\$ 14,265,427</b>       | <b>\$ 14,265,427</b>         | <b>\$ -</b>                   |

## Public Service Corporation Tax

| <i>City or Town</i> | <i>FY 2015<br/>Enacted</i> | <i>FY 2016<br/>Gov. Rec. *</i> | <i>FY 2016 Rec.<br/>to Enacted</i> | <i>FY 2016 Rec.<br/>to FY 2015 Rev.</i> |
|---------------------|----------------------------|--------------------------------|------------------------------------|---|
| Barrington          | \$ 221,639                 | \$ 221,639                     | \$ -                               | \$ -                                    |
| Bristol             | 308,928                    | 308,928                        | -                                  | -                                       |
| Burrillville        | 216,868                    | 216,868                        | -                                  | -                                       |
| Central Falls       | 262,600                    | 262,600                        | -                                  | -                                       |
| Charlestown         | 106,035                    | 106,035                        | -                                  | -                                       |
| Coventry            | 474,601                    | 474,601                        | -                                  | -                                       |
| Cranston            | 1,090,383                  | 1,090,383                      | -                                  | -                                       |
| Cumberland          | 454,704                    | 454,704                        | -                                  | -                                       |
| East Greenwich      | 178,130                    | 178,130                        | -                                  | -                                       |
| East Providence     | 639,014                    | 639,014                        | -                                  | -                                       |
| Exeter              | 90,136                     | 90,136                         | -                                  | -                                       |
| Foster              | 62,363                     | 62,363                         | -                                  | -                                       |
| Glocester           | 132,587                    | 132,587                        | -                                  | -                                       |
| Hopkinton           | 110,548                    | 110,548                        | -                                  | -                                       |
| Jamestown           | 73,464                     | 73,464                         | -                                  | -                                       |
| Johnston            | 390,714                    | 390,714                        | -                                  | -                                       |
| Lincoln             | 286,509                    | 286,509                        | -                                  | -                                       |
| Little Compton      | 47,318                     | 47,318                         | -                                  | -                                       |
| Middletown          | 218,914                    | 218,914                        | -                                  | -                                       |
| Narragansett        | 214,997                    | 214,997                        | -                                  | -                                       |
| Newport             | 330,398                    | 330,398                        | -                                  | -                                       |
| New Shoreham        | 11,697                     | 11,697                         | -                                  | -                                       |
| North Kingstown     | 358,048                    | 358,048                        | -                                  | -                                       |
| North Providence    | 435,538                    | 435,538                        | -                                  | -                                       |
| North Smithfield    | 161,729                    | 161,729                        | -                                  | -                                       |
| Pawtucket           | 965,684                    | 965,684                        | -                                  | -                                       |
| Portsmouth          | 234,854                    | 234,854                        | -                                  | -                                       |
| Providence          | 2,415,159                  | 2,415,159                      | -                                  | -                                       |
| Richmond            | 103,920                    | 103,920                        | -                                  | -                                       |
| Scituate            | 140,191                    | 140,191                        | -                                  | -                                       |
| Smithfield          | 291,036                    | 291,036                        | -                                  | -                                       |
| South Kingstown     | 412,970                    | 412,970                        | -                                  | -                                       |
| Tiverton            | 213,316                    | 213,316                        | -                                  | -                                       |
| Warren              | 144,380                    | 144,380                        | -                                  | -                                       |
| Warwick             | 1,120,907                  | 1,120,907                      | -                                  | -                                       |
| Westerly            | 308,860                    | 308,860                        | -                                  | -                                       |
| West Greenwich      | 82,423                     | 82,423                         | -                                  | -                                       |
| West Warwick        | 394,835                    | 394,835                        | -                                  | -                                       |
| Woonsocket          | 559,030                    | 559,030                        | -                                  | -                                       |
| <b>Total</b>        | <b>\$ 14,265,427</b>       | <b>\$ 14,265,427</b>           | <b>\$ -</b>                        | <b>\$ -</b>                             |

*\*Estimate as of May 7, 2014. Distribution will be revised based on updated returns filed in spring 2015.*

## Meals and Beverage Tax

| <i>City or Town</i> | <i>FY 2011</i>       | <i>FY 2012</i>       | <i>FY 2013</i>       | <i>FY 2014</i>       |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Barrington          | \$ 135,625           | \$ 135,686           | \$ 137,483           | \$ 150,289           |
| Bristol             | 327,042              | 340,439              | 333,801              | 349,976              |
| Burrillville        | 174,052              | 170,110              | 194,053              | 188,267              |
| Central Falls       | 92,902               | 100,396              | 95,042               | 108,588              |
| Charlestown         | 102,788              | 106,466              | 109,250              | 129,269              |
| Coventry            | 331,317              | 359,173              | 353,161              | 369,572              |
| Cranston            | 1,342,820            | 1,464,102            | 1,496,186            | 1,565,772            |
| Cumberland          | 357,915              | 377,291              | 387,440              | 398,311              |
| East Greenwich      | 447,265              | 467,401              | 505,899              | 542,163              |
| East Providence     | 740,237              | 789,039              | 815,946              | 850,141              |
| Exeter              | 72,117               | 73,550               | 77,753               | 82,729               |
| Foster              | 15,627               | 14,081               | 14,837               | 15,555               |
| Glocester           | 57,017               | 70,135               | 72,985               | 72,882               |
| Hopkinton           | 43,541               | 47,474               | 51,648               | 48,816               |
| Jamestown           | 79,350               | 81,039               | 77,397               | 82,430               |
| Johnston            | 455,592              | 464,125              | 464,676              | 477,395              |
| Lincoln             | 623,233              | 680,568              | 680,872              | 752,037              |
| Little Compton      | 36,462               | 32,462               | 38,168               | 36,886               |
| Middletown          | 565,079              | 609,116              | 601,666              | 650,819              |
| Narragansett        | 460,945              | 534,213              | 500,618              | 523,958              |
| Newport             | 1,627,651            | 1,833,841            | 1,912,423            | 1,850,957            |
| New Shoreham        | 225,192              | 256,173              | 257,729              | 287,318              |
| North Kingstown     | 424,631              | 463,093              | 462,381              | 473,098              |
| North Providence    | 338,650              | 333,767              | 348,156              | 314,626              |
| North Smithfield    | 156,161              | 181,683              | 195,593              | 229,300              |
| Pawtucket           | 643,598              | 670,833              | 649,192              | 707,825              |
| Portsmouth          | 168,433              | 172,717              | 177,469              | 175,345              |
| Providence          | 4,047,090            | 4,443,753            | 4,555,807            | 4,744,243            |
| Richmond            | 110,470              | 116,580              | 118,985              | 121,428              |
| Scituate            | 53,285               | 60,262               | 67,382               | 63,926               |
| Smithfield          | 524,556              | 558,121              | 582,110              | 649,927              |
| South Kingstown     | 561,221              | 623,204              | 642,828              | 705,854              |
| Tiverton            | 156,098              | 189,157              | 188,622              | 199,203              |
| Warren              | 208,132              | 241,958              | 230,369              | 249,162              |
| Warwick             | 2,130,242            | 2,319,661            | 2,338,168            | 2,502,697            |
| Westerly            | 625,338              | 704,012              | 713,100              | 747,540              |
| West Greenwich      | 101,165              | 97,853               | 103,943              | 124,809              |
| West Warwick        | 324,975              | 311,829              | 313,596              | 321,518              |
| Woonsocket          | 495,850              | 500,016              | 488,443              | 470,248              |
| <b>Total</b>        | <b>\$ 19,383,665</b> | <b>\$ 20,995,381</b> | <b>\$ 21,355,178</b> | <b>\$ 22,334,876</b> |

## Local Hotel Tax

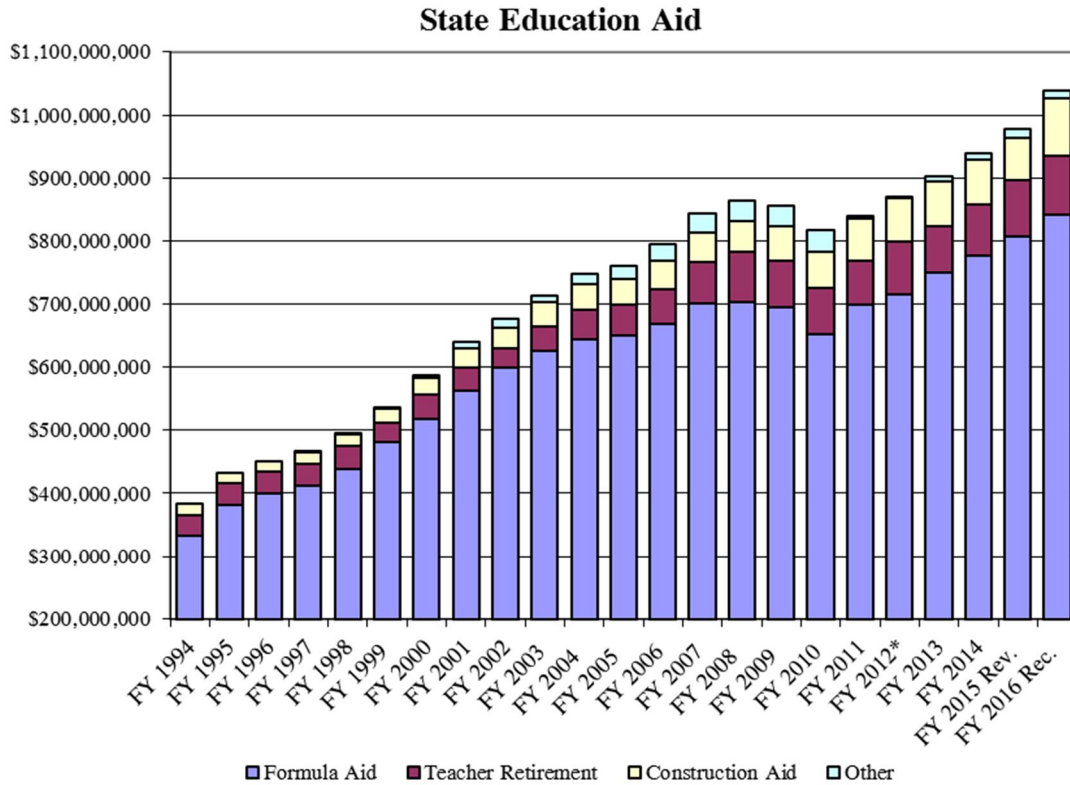
| <i>City or Town</i> | <i>FY 2011</i>      | <i>FY 2012</i>      | <i>FY 2013</i>      | <i>FY 2014</i>      |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| Barrington          | \$ -                | \$ -                | \$ -                | \$ -                |
| Bristol             | 14,742              | 13,073              | 14,631              | 15,804              |
| Burrillville        | -                   | -                   | -                   | -                   |
| Central Falls       | -                   | -                   | -                   | -                   |
| Charlestown         | 9,477               | 8,766               | 8,232               | 8,825               |
| Coventry            | 33,396              | 30,491              | 29,526              | 34,086              |
| Cranston            | 3,301               | 3,967               | 3,929               | 3,885               |
| Cumberland          | -                   | -                   | -                   | -                   |
| East Greenwich      | 189                 | 158                 | 229                 | 370                 |
| East Providence     | 13,695              | 15,378              | 15,256              | 18,373              |
| Exeter              | -                   | -                   | -                   | -                   |
| Foster              | 74                  | 57                  | 38                  | 104                 |
| Glocester           | 825                 | 781                 | 816                 | 1,148               |
| Hopkinton           | -                   | -                   | -                   | -                   |
| Jamestown           | 3,818               | 4,409               | 4,043               | 3,870               |
| Johnston            | 2,885               | 2,824               | 3,020               | 3,165               |
| Lincoln             | 36,521              | 38,782              | 41,808              | 43,671              |
| Little Compton      | 5,589               | 3,777               | 4,474               | 1,835               |
| Middletown          | 232,431             | 263,989             | 259,616             | 289,889             |
| Narragansett        | 37,474              | 34,552              | 34,265              | 34,462              |
| Newport             | -                   | -                   | 790,380             | 815,986             |
| New Shoreham        | 99,549              | 99,845              | 112,692             | 126,106             |
| North Kingstown     | 9,739               | 28,071              | 31,236              | 32,951              |
| North Providence    | -                   | -                   | -                   | -                   |
| North Smithfield    | 956                 | 1,108               | 1,379               | 1,284               |
| Pawtucket           | 19,148              | 18,645              | 20,463              | 22,076              |
| Portsmouth          | 2,967               | 3,627               | 3,943               | 4,913               |
| Providence          | 707,255             | 753,159             | 782,201             | 825,596             |
| Richmond            | 1,517               | 1,499               | 1,596               | 1,462               |
| Scituate            | 1,622               | 1,717               | 1,458               | 2,059               |
| Smithfield          | 52,094              | 56,265              | 56,971              | 62,429              |
| South Kingstown     | 50,496              | 53,940              | 56,764              | 58,652              |
| Tiverton            | -                   | -                   | -                   | -                   |
| Warren              | -                   | -                   | -                   | -                   |
| Warwick             | 353,993             | 386,408             | 416,065             | 432,937             |
| Westerly            | 116,835             | 143,201             | 163,639             | 188,057             |
| West Greenwich      | 35,515              | 36,480              | 39,230              | 40,274              |
| West Warwick        | 42,026              | 38,451              | 36,974              | 41,880              |
| Woonsocket          | 17,533              | 23,292              | 27,010              | 21,953              |
| <b>Total</b>        | <b>\$ 1,905,664</b> | <b>\$ 2,066,715</b> | <b>\$ 2,961,884</b> | <b>\$ 3,138,100</b> |



# Education Aid

## Summary

The Governor recommends \$1,039.4 million for FY 2016 total aid for local school districts. This is \$61.8 million more than enacted for FY 2015. Funding for FY 2016 includes \$842.9 million in direct distributions to local school districts, \$12.3 million in categorical funding, \$0.5 million in other aid for distribution by the Department, \$92.8 million for the state's contribution to teacher retirement, and \$90.9 million for school construction costs.



*\*Davies begins appearing with education aid*

The 2010 Assembly adopted a funding formula to be effective with the FY 2012 budget. This formula distributes aid to all districts, charter schools and the state schools: Davies Career and Technical School and the Metropolitan Career and Technical School. It is based on the principle that the money follows the student and includes a core instruction amount per pupil, that every student will receive a single poverty weight as a proxy for student supports, and a new state share ratio that considers the district's ability to generate revenues and its poverty concentration. There is no minimum share in the formula.

The funding plan also allows for additional support from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Group home aid is paid on a per-bed basis, in addition to aid paid through the funding formula.



There is redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula is being phased in over a ten-year period. The budget for FY 2016 represents the fifth year of the phase in.

### Education Aid by Component

The Governor recommends \$1,039.4 million for FY 2016 education aid for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This also includes teacher retirement and school housing aid as well as other formula aid for distribution by the Department of Elementary and Secondary Education. This is \$61.8 million more than enacted for FY 2015.

The following table compares the FY 2016 recommended funding for the major components of education aid to the FY 2015 enacted budget and the Governor's FY 2015 revised recommendation. It is followed by an explanation of each of the items in the table.

| Education Aid                       | FY 2015<br>Enacted    | FY 2015<br>Revised    | Change to<br>Enacted | FY 2016<br>Governor     | Change to<br>Enacted | Change to<br>Revised |
|-------------------------------------|-----------------------|-----------------------|----------------------|-------------------------|----------------------|----------------------|
| <b>Operating Aid</b>                |                       |                       |                      |                         |                      |                      |
| Local Districts                     | \$ 679,524,926        | \$ 679,524,926        | \$ -                 | \$ 705,751,636          | \$ 26,226,710        | \$ 26,226,710        |
| Central Falls                       | 39,010,583            | 39,010,583            | -                    | 39,369,337              | 358,754              | 358,754              |
| Met School*                         | 10,501,360            | 10,501,360            | -                    | 9,987,505               | (513,855)            | (513,855)            |
| Davies Career & Technical*          | 12,240,174            | 12,223,378            | (16,796)             | 11,656,803              | (583,371)            | (566,575)            |
| Charter Schools                     | 59,166,676            | 59,055,780            | (110,896)            | 70,165,418              | 10,998,742           | 11,109,638           |
| UCAP                                | 574,513               | 574,513               | -                    | 849,196                 | 274,683              | 274,683              |
| Group Homes Funding                 | 6,093,233             | 6,168,233             | 75,000               | 5,115,172               | (978,061)            | (1,053,061)          |
| <b>Subtotal</b>                     | <b>\$ 807,111,465</b> | <b>\$ 807,058,773</b> | <b>\$ (52,692)</b>   | <b>\$ 842,895,067</b>   | <b>\$ 35,783,602</b> | <b>\$ 35,836,294</b> |
| <b>Categorical Funding</b>          |                       |                       |                      |                         |                      |                      |
| High Cost Special Education         | \$ 1,500,000          | \$ 1,500,000          | \$ -                 | \$ 2,500,000            | \$ 1,000,000         | \$ 1,000,000         |
| Career and Technical                | 3,500,000             | 3,500,000             | -                    | 3,500,000               | -                    | -                    |
| Early Childhood                     | 2,950,000             | 2,950,000             | -                    | 3,950,000               | 1,000,000            | 1,000,000            |
| Transportation                      | 4,351,360             | 4,351,360             | -                    | 2,351,360               | (2,000,000)          | (2,000,000)          |
| <b>Subtotal</b>                     | <b>\$ 12,301,360</b>  | <b>\$ 12,301,360</b>  | <b>\$ -</b>          | <b>\$ 12,301,360</b>    | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>Set-Aside Funds</b>              |                       |                       |                      |                         |                      |                      |
| Full-Day Kindergarten Pilot Program | \$ 250,000            | \$ 250,000            | \$ -                 | \$ 250,000              | \$ -                 | \$ -                 |
| Textbook Loans                      | 240,000               | 115,745               | (124,255)            | -                       | (240,000)            | (115,745)            |
| School Breakfast                    | 270,000               | 270,000               | -                    | 270,000                 | -                    | -                    |
| <b>Subtotal</b>                     | <b>\$ 760,000</b>     | <b>\$ 635,745</b>     | <b>\$ (124,255)</b>  | <b>\$ 520,000</b>       | <b>\$ (240,000)</b>  | <b>\$ (115,745)</b>  |
| <b>Total</b>                        | <b>\$ 820,172,825</b> | <b>\$ 819,995,878</b> | <b>\$ (176,947)</b>  | <b>\$ 855,716,427</b>   | <b>\$ 35,543,602</b> | <b>\$ 35,720,549</b> |
| <b>Other Aid</b>                    |                       |                       |                      |                         |                      |                      |
| Teacher Retirement                  | \$ 89,529,396         | \$ 89,005,049         | \$ (524,347)         | \$ 92,805,836           | \$ 3,276,440         | \$ 3,800,787         |
| Construction Aid                    | 67,949,504            | 68,100,072            | 150,568              | 70,907,110              | 2,957,606            | 2,807,038            |
| School Building Authority Fund      | -                     | -                     | -                    | 20,000,000              | 20,000,000           | 20,000,000           |
| <b>Statewide Total</b>              | <b>\$ 977,651,725</b> | <b>\$ 977,100,999</b> | <b>\$ (550,726)</b>  | <b>\$ 1,039,429,373</b> | <b>\$ 61,777,648</b> | <b>\$ 62,328,374</b> |

\*Only reflects operating support consistent with other school districts. Capital projects funded from Rhode Island Capital Plan funds appear in the Department of Elementary and Secondary Education's operating budget.

The funding formula calculation for FY 2016 uses June 30, 2014 student enrollment data adjusted for FY 2016 projected charter school enrollments, a per pupil core instruction amount of \$8,928 and state share ratio variables updated with June 30, 2014 data. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. The Department of Elementary and Secondary Education will provide updated March 2015 student enrollment data at the beginning of April. Districts are billed quarterly for students attending charter and state schools.

## Operating Aid

**Local Districts.** The Governor recommends \$705.8 million for formula aid to locally operated school districts. This is \$26.2 million more than enacted. This reflects the fifth year of the funding formula. Included in this total is \$1.4 million in FY 2016 to fund full-day kindergarten programs if the seven communities that do not currently have it, begin in August 2015.

**Central Falls Operations.** The Governor recommends \$39.4 million for formula aid for the Central Falls School District. This is \$0.4 million or 0.9 percent more than FY 2015 enacted aid. Beginning with FY 2012, Central Falls is funded pursuant to the funding formula.

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 of stabilization funding and the budget includes \$3.7 million. The formula produces a \$1.5 million reduction, reflecting year five of the funding formula. This reduction reflects a declining Central Falls enrollment primarily due to the growth in the number of students attending charter schools.

**Metropolitan Career and Technical School.** The Governor recommends \$10.0 million for formula aid for the Metropolitan Career and Technical School. This is \$0.5 million or 4.9 percent less than the FY 2015 enacted level. Prior to FY 2012, the Met School was fully state supported.

The Met School is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. The estimated local contribution is \$4.8 million once the formula is fully phased in. Table 6 at the end of this report includes estimated enrollment for FY 2016.

**Davies Career and Technical School.** The Governor recommends \$11.7 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$0.6 million or 4.8 percent less than the FY 2015 enacted level and includes \$0.1 million to represent the state's share of teacher retirement costs. The funding formula legislation requires that state schools participating in the state retirement system have their state aid adjusted to reflect reimbursement for the employer contributions for those staff employed by the state. Davies was fully state supported until FY 2012, but is now funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which must pay it to the School.

The local share for FY 2016 is estimated at \$4.0 million and is shown in the school's budget as restricted receipt expenditures. Davies' operating budget will continue to be submitted as part of the Department's budget and Davies' employees are still state employees. Table 6 at the end of this report includes estimated enrollment by sending district for FY 2016.

For the FY 2015 revised budget, the Governor recommends \$16,796 less than enacted to reflect statewide medical benefit savings. The school's budget should not be reduced by the value of the statewide savings because it gets a single state allocation for the year pursuant to the education funding formula. This also occurred in the initial FY 2013 revised recommendation, but the funding was restored.

**Charter Schools.** The Governor recommends \$70.2 million for formula aid to charter schools. This is \$11.0 million or 18.6 percent more than the FY 2015 enacted level. This increase includes funding for the opening of two new schools for the 2015-2016 school year. Since FY 2012, charter schools are funded pursuant to the education funding formula, like other districts. The state share is that of the

sending district for each student and the local contribution is the local per pupil cost of each sending district which must pay it to the school.

Charter schools are public schools authorized by the state to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters are reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and included in the total. There are currently 25 charter schools in Rhode Island. The Governor's budget assumes two new schools will open during the 2015-2016 school year for a total of 27 schools. Table 6 at the end of this report includes estimated enrollment for FY 2016.

**Urban Collaborative Accelerated Program.** The Governor recommends \$0.8 million for the third year of funding for the Urban Collaborative Accelerated Program (UCAP) for FY 2016. The 2012 Assembly adopted legislation requiring that the Urban Collaborative Accelerated Program is funded pursuant to the education funding formula beginning in FY 2014. The program operates as an independent public school dedicated to reducing the dropout rates in Providence, Central Falls and Cranston. Table 6 at the end of this report includes estimated enrollment by sending district for FY 2016.

**Group Homes.** The Governor recommends \$5.1 million for group home aid, based on 431 beds and uses a method proposed by the Department and adopted by the 2014 Assembly that changed the way group homes beds affect total funding allowed under Rhode Island General Law, Section 16-7-22(1)(ii), which requires that the number of group home beds be deducted from enrollment data for the purpose of determining average daily membership. Instead of showing the impact of group home beds on funding formula aid, the budget shows the impact in group home aid. The decrease in funding is phased-in over the remaining years of the transition period.

The 2007 Assembly enacted legislation to ensure that the payment of communities' group home aid more closely reflects the actual number of group home beds open at the time of the budget. The legislation mandates that increases in beds prior to December 31 of each year shall be paid as part of the supplemental budget for that year and included in the budget year recommendation. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2015 would not be reflected until FY 2016. This is unlike increases which are funded as part of the supplemental budget. The 2008 Assembly increased the per bed amount from \$15,000 to \$22,000 for the group home beds associated with Bradley Hospital's residential CRAFT program.

Prior to FY 2002, an official community of residence, which is generally based on the parents' residence, was determined for each child living in a group home. The district of official residence was responsible to pay the district in which the child is placed for the cost of the child's education. This system produced disputes among communities concerning financial responsibility. These disputes often resulted in legal fees for all parties involved, and districts hosting group homes were largely unsuccessful in seeking reimbursements.

The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out-of-district group homes. In FY 2016, the 18 communities hosting group homes will receive \$15,000 per bed or \$22,000 for the CRAFT beds, adjusted for the remaining years of the transition period. This is the per pupil rate that was provided in the FY 2002 budget in an attempt to reflect the mix of regular and special education students residing in these homes; it has never increased.

#### **Categorical Funding**

The education funding formula allows for additional resources from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. For each categorical fund, the Department of Elementary and Secondary Education will prorate 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.

**High Cost Special Education.** The funding formula allows for additional funding from the state for 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 Governor recommends \$2.5 million for FY 2016, which is \$1.0 million more than enacted.

**Career and Technical Programs.** The funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment, maintenance, repair and supplies necessary for maintaining the quality of highly specialized programs. The Department developed criteria for the purpose of allocating funds 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. The Governor recommends the enacted level of \$3.5 million for FY 2016. These funds are not shown in the distribution tables at the end of this report. There was an expectation that funding for these expenditures would grow annually.

**Early Childhood Education.** The funding formula allows for additional resources from the state to increase access to voluntary, free, high quality pre-kindergarten programs. The Governor recommends \$4.0 million for FY 2016, which is \$1.0 million more than enacted. These funds are currently distributed through a request for proposal process and have been going directly to childcare programs. These funds are not shown in the distribution tables at the end of this report.

**Transportation.** The funding formula allows for additional resources from the state to districts for transportation costs. The Governor recommends \$2.4 million for FY 2016 for the fifth year of funding, a \$2.0 million decrease to reflect her proposal to repeal the requirement that local education agencies provide transportation for students attending private schools. The state currently provides funding to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The recommended funding is for the regionalized districts only and the legislation for this change is included in Article 6.

### **Set-Aside Funds**

**Full-Day Kindergarten Pilot Program.** The Governor recommends \$0.3 million from general revenues for a full-day kindergarten incentive grant program. This is consistent with the enacted budget. This grant 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. Funds are appropriated based upon criteria established by the Commissioner. The legislation also allows the Department, beginning in the 2014-2015 school year, to include an estimate to ensure that districts converting from a

half-day to a full-day kindergarten program are credited on a full-time basis beginning in the first year of enrollment.

Funding was historically provided through the full-day kindergarten investment fund that was established by the 2000 Assembly and funded until FY 2012, at \$4.2 million, 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. The new program passed by the 2013 Assembly is intended to support start-up costs associated with moving from a part-time to a full-time kindergarten. This program should end in 2016, since the remaining seven districts are pursuing the transition to full-day kindergarten by the 2016-2017 school year.

**Mandatory Full-Day Kindergarten.** The Governor includes legislation in Article 6 requiring that, beginning in August 2016, all school districts offer full-day kindergarten to every eligible student in order to qualify for any state education aid. The seven districts that do not offer full-day kindergarten during the 2014-2015 school year are: Coventry, Cranston, East Greenwich, Johnston, North Kingstown, Tiverton, and Warwick. Converting these districts is estimated to cost the state \$1.4 million in FY 2016 and \$2.9 million in additional aid in FY 2017.

**Textbook Loans.** The Governor recommends eliminating the requirement that municipalities provide textbooks for non-public school students and eliminates funding for the reimbursements allowed under the program for FY 2016; the enacted budget includes \$240,000. The state currently reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. The law currently requires districts provide these books to all grades for all pupils living in the district, regardless of location of school attendance; however, this language is eliminated as part of the legislation in Article 6.

**School Breakfast.** The Governor recommends \$270,000 for FY 2016 for the administrative cost reimbursement to districts for the school breakfast program, which is consistent with the enacted level. State law mandates that all public schools provide a breakfast program and costs, other than transportation, associated with this program in excess of federal money for the meals, shall be borne exclusively by the state.

Current law requires the Assembly to "*annually appropriate some sum and distribute it 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.*" As in the lunch program, children from families with incomes at or below 130 percent of poverty are eligible for free meals. Children from families between 130 percent and 185 percent of poverty are eligible for reduced-price meals. Children from families over 185 percent of poverty pay a regular price for their meals.

### **Other Aid**

**Teacher Retirement.** The Governor recommends \$92.8 million to fund the state's 40.0 percent share of the employer contribution for teacher retirement, an increase of \$3.3 million or 3.7 percent more than the FY 2015 enacted budget. Prior to changes enacted in a special legislative session during the fall of 2011, teachers had contributed 9.5 percent of their salaries; as of July 1, 2012, teachers contribute 8.75 percent. That rate is set in the General Laws.

Employers contribute 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. For districts that choose not to participate in social security, there is

an additional 4.0 percent contribution; 2.0 percent paid by both the employee and the district. The state does not pay a share of this 2.0 percent.

**School Housing (Construction) Aid.** The Governor recommends \$70.9 million for construction aid to local districts. This is \$3.0 million more than the FY 2015 enacted budget and \$2.8 million more than the FY 2015 revised cost. The state reimburses cities and towns for a share of school capital projects. The shares are based on a district's wealth compared to the aggregate state wealth, and the minimum share for each district is 35.0 percent for FY 2016. The funding formula legislation had included a two-year phased increase in the state's minimum housing aid share to provide that no local district receives less than a 40.0 percent state reimbursement by FY 2012 for projects completed after June 30, 2012. The previous minimum had been 30.0 percent.

The Governor proposed legislation as part of his FY 2013 budget to roll back the state's minimum housing aid participation to 35.0 percent. The 2012 Assembly adopted the proposal and added language to ensure that projects that received approval from the Board of Regents prior to June 30, 2012 and were expecting the 40.0 percent minimum would be allowed to receive it.

The 2011 Assembly instituted a three-year moratorium on the approval of new projects with exception for projects necessitated by health and safety reasons, effective July 1, 2011 through July 1, 2014. The 2014 Assembly extended the moratorium to May 1, 2015.

To encourage municipalities to refinance their bonds, the 2013 General Assembly enacted legislation that entitles towns to 80.0 percent of the total savings from bond refinancing, rather than the typical local share, for bond refinancing occurring between July 1, 2013 and December 31, 2015. The Governor includes language in Article 9 to end this provision on June 30, 2015, six months earlier.

**School Building Authority Fund.** The Governor recommends \$20.0 million from general revenues available from debt restructuring for the establishment of a new School Building Authority Fund and creates a School Building Authority office within the Department of Elementary and Secondary Education to oversee the Fund. The funding would be transferred to the Rhode Island Health and Educational Building Corporation and be used for financial assistance and loans, pursuant to loan agreements with the Corporation and local education agencies. The Authority would determine the necessity of school construction and develop a priority system and the Council on Elementary and Secondary Education shall approve all projects prior to the award of financial assistance through the Fund. Legislation is included in Article 9.

This is different from the regular school construction aid program in that disbursements from this fund do not require General Assembly approval and loans of up to \$500,000 do not require local voter approval. However, it is not clear what repayment or reimbursement rates would apply to charter schools or districts and which entity would determine the rates under this Fund.

## **Calculation and Distribution Tables**

The ten tables on the following pages include the calculation and distribution of the Governor's FY 2016 recommended education aid to districts, charter and state schools. Tables 1A and 1B show the total recommended funding and Tables 2 through 8 illustrate different components of the funding formula. Table 9 has education aid to districts for FY 2009 through FY 2014 for comparison purposes.

Table 1A: Total Recommended Education Aid for Districts for FY 2016

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2016

Table 2: Calculation of New Funding Formula for FY 2016

Table 3: Group Home Aid

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2016 Estimated Charter & State School Enrollment by Sending District

Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District

Table 8: Recommended Categorical Aid for FY 2016

Table 9: Education Aid for FY 2009 - FY 2014

### **Table 1A: Total Recommended Education Aid for Districts for FY 2016**

**A.** Column **A** is the amount that districts will receive in the fifth year of the new formula's implementation pursuant to the ten-year phase in of the formula. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. This calculation is shown in Table 2.

**B.** Column **B** is the amount of group home aid districts will receive in FY 2016. Changes from FY 2015 are shown in Table 3. Group home aid is paid pursuant to current law in addition to aid paid through the funding formula.

**C.** The formula allows for additional resources from the state 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 Governor's recommendation is shown in Column **C**. Specific programs are shown in Table 8.

**D.** Column **D** shows the Governor's total FY 2016 recommended aid.

**E.** Column **E** is the FY 2015 enacted aid.

**F.** Column **F** is the difference between the Governor's FY 2016 recommendation shown in Column **D** and the FY 2015 enacted budget in Column **E**.



**Table 1A: Total Recommended Education Aid for Districts for FY 2016**

| <i>District</i>       | <i>A</i><br><i>FY 2016</i><br><i>Recommended</i><br><i>Formula Aid</i><br><i>(Table 2)</i> | <i>B</i><br><i>Group Home</i><br><i>Aid</i><br><i>(Table 3)</i> | <i>C</i><br><i>All</i><br><i>Categoricals</i><br><i>(Table 8)</i> | <i>D</i><br><i>FY 2016</i><br><i>Recommended</i><br><i>Aid</i> | <i>E</i><br><i>FY 2015</i><br><i>Enacted Aid</i> | <i>F</i><br><i>Total</i><br><i>FY 2016</i><br><i>Change to</i><br><i>Enacted</i> |
|-----------------------|--|---|---|--|--|--|
| Barrington            | \$ 5,125,978   | \$ -  | \$ 75,924   | \$ 5,201,902   | \$ 4,701,418                                     | \$ 500,484   |
| Burrillville          | 13,040,175   | 283,374   | 21,038  | 13,344,587   | 13,173,610                                       | 170,976  |
| Charlestown           | 1,721,411  | -   | -   | 1,721,411  | 1,708,666  | 12,745   |
| Coventry              | 21,698,420   | 95,489  | 30,662  | 21,824,571   | 21,039,824                                       | 784,747  |
| Cranston              | 49,930,520   | 46,354  | 248,212   | 50,225,086   | 47,040,378                                       | 3,184,708  |
| Cumberland            | 16,511,066   | -   | 36,943  | 16,548,009   | 15,756,436                                       | 791,573  |
| East Greenwich        | 2,753,180  | -   | 109,501   | 2,862,681  | 2,469,555  | 393,126  |
| East Providence       | 30,401,592   | 510,748   | 235,859   | 31,148,199   | 29,373,000                                       | 1,775,200  |
| Foster                | 1,178,425  | -   | 18,141  | 1,196,566  | 1,193,192  | 3,374  |
| Glocester             | 2,528,470  | -   | 12,651  | 2,541,121  | 2,640,483  | (99,362)   |
| Hopkinton             | 5,520,458  | -   | -   | 5,520,458  | 5,576,348  | (55,890)   |
| Jamestown             | 440,600  | -   | 17,774  | 458,374  | 406,834  | 51,540   |
| Johnston              | 13,706,185   | -   | 65,164  | 13,771,349   | 13,192,809                                       | 578,539  |
| Lincoln               | 10,277,627   | 113,099   | 95,990  | 10,486,716   | 9,855,862  | 630,854  |
| Little Compton        | 401,954  | -   | -   | 401,954  | 401,928  | 26   |
| Middletown            | 8,358,838  | 302,018   | 51,852  | 8,712,708  | 8,905,309  | (192,601)  |
| Narragansett          | 2,169,670  | -   | 20,647  | 2,190,317  | 1,993,920  | 196,398  |
| Newport               | 10,326,771   | 184,024   | 10,855  | 10,521,650   | 10,623,202                                       | (101,552)  |
| New Shoreham          | 84,762   | -   | 18,248  | 103,010  | 91,103   | 11,906   |
| North Kingstown       | 10,623,405   | -   | 31,418  | 10,654,823   | 10,725,467                                       | (70,644)   |
| North Providence      | 17,861,642   | 182,432   | 117,852   | 18,161,926   | 16,607,860                                       | 1,554,066  |
| North Smithfield      | 5,636,057  | 101,850   | 21,461  | 5,759,368  | 5,587,845  | 171,523  |
| Pawtucket             | 76,872,011   | 491,410   | 64,933  | 77,428,354   | 74,842,935                                       | 2,585,419  |
| Portsmouth            | 4,230,728  | 536,183   | 49,026  | 4,815,937  | 4,882,427  | (66,490)   |
| Providence            | 220,268,950  | 1,083,736   | 473,715   | 221,826,401  | 215,122,639                                      | 6,703,762  |
| Richmond              | 5,082,617  | -   | -   | 5,082,617  | 5,205,437  | (122,820)  |
| Scituate              | 3,935,755  | -   | 19,637  | 3,955,392  | 3,960,437  | (5,045)  |
| Smithfield            | 5,180,882  | 219,020   | 1,400   | 5,401,302  | 5,115,212  | 286,090  |
| South Kingstown       | 7,300,005  | 300,911   | 32,463  | 7,633,379  | 7,977,157  | (343,778)  |
| Tiverton              | 5,980,785  | -   | 41,493  | 6,022,278  | 5,828,165  | 194,113  |
| Warwick               | 36,193,214   | 247,344   | 158,378   | 36,598,936   | 36,064,777                                       | 534,159  |
| Westerly              | 8,279,681  | -   | 146,557   | 8,426,238  | 7,704,193  | 722,045  |
| West Warwick          | 21,820,351   | -   | -   | 21,820,351   | 21,027,603                                       | 792,747  |
| Woonsocket            | 53,041,591   | 54,652  | 16,871  | 53,113,115   | 50,690,278                                       | 2,422,837  |
| Bristol-Warren        | 15,362,481   | 109,676   | 757,057   | 16,229,214   | 16,749,945                                       | (520,730)  |
| Chariho               | 191,602  | -   | 956,256   | 1,147,858  | 1,316,445  | (168,587)  |
| Exeter-West Greenwich | 5,400,298  | 252,851   | 621,885   | 6,275,034  | 6,637,627  | (362,593)  |
| Foster-Glocester      | 4,896,136  | -   | 261,011   | 5,157,147  | 5,204,461  | (47,315)   |
| Central Falls         | 39,369,337   | -   | 10,486  | 39,379,823   | 39,085,006                                       | 294,818  |
| <b>Total</b>          | <b>\$ 743,703,635</b>  | <b>\$ 5,115,172</b>   | <b>\$ 4,851,360</b>   | <b>\$ 753,670,163</b>  | <b>\$ 730,479,795</b>                            | <b>\$ 23,190,367</b>   |

## **Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2016**

**A.** Column **A** is the FY 2015 enacted formula aid.

**B.** Column **B** includes mid-year revisions to FY 2015 based on current law requirements that any changes in enrollment as of October 1 that are greater than 10.0 percent get adjusted in that year.

**C.** Column **C** is the base formula aid calculation for FY 2016. It uses June 30, 2014 enrollment data adjusted for October 2014 charter school enrollment and projected charter school enrollment for FY 2016.

**D.** Column **D** is the difference between FY 2016 base funding and FY 2015 revised formula aid.

**E.** Column **E** shows the transition calculation. Charter and state schools that will receive more state funding will have the additional funding phased in over seven years and those that are going to receive less state funding will have that loss phased in over ten years.

**F.** Column **F** is the FY 2016 recommended formula aid. It is the transition calculation in Column **E** added or subtracted from the FY 2015 revised formula aid shown in Column **B**. Growth due to adding grades is paid in the year of the growth.

**G.** Column **G** is the difference between the fifth year of funding under the formula in Column **F** and total state formula aid shown in Column **C**.

**Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2016**

| <i>School</i>                         | <i>A<br/>FY 2015<br/>Enacted<br/>Formula Aid</i> | <i>B<br/>FY 2015<br/>Revised<br/>Formula Aid</i> | <i>C<br/>FY 2016 Base<br/>Formula<br/>Funding</i> | <i>D<br/>Change to<br/>Enacted</i> |
|---------------------------------------|--|--|---|------------------------------------|
| Achievement First                     | \$ 2,705,111                                     | \$ 2,705,111                                     | \$ 5,391,640                                      | \$ 2,686,529                       |
| Beacon                                | 1,679,403  | 1,679,403  | 2,044,695   | 365,292                            |
| Blackstone                            | 1,652,884  | 1,652,884  | 2,678,946   | 1,026,062                          |
| Compass                               | 534,940  | 534,940  | 383,020   | (151,920)                          |
| Engineering Early College             | -  | -  | 1,060,052   | 1,060,052                          |
| Greene School                         | 942,594  | 942,594  | 1,138,412   | 195,819                            |
| Highlander                            | 3,754,605  | 3,754,605  | 4,453,429   | 698,824                            |
| Hope Academy                          | 369,149  | 369,149  | 734,676   | 365,527                            |
| International                         | 2,867,485  | 2,867,486  | 3,021,622   | 154,137                            |
| Kingston Hill                         | 625,616  | 625,616  | 557,222   | (68,394)                           |
| Learning Community                    | 6,137,789  | 6,137,789  | 6,072,166   | (65,623)                           |
| New England Laborers                  | 1,194,388  | 1,194,388  | 966,596   | (227,792)                          |
| Nowell                                | 1,596,758  | 1,596,758  | 1,656,252   | 59,494                             |
| Nurses Institute                      | 2,508,982  | 2,398,086  | 2,581,604   | 72,622                             |
| Paul Cuffee                           | 7,962,689  | 7,962,689  | 7,909,618   | (53,071)                           |
| RI Mayoral Academies Blackstone Prep. | 9,068,092  | 9,068,092  | 10,937,966  | 1,869,874                          |
| RISE Mayoral Academy                  | -  | -  | 652,514   | 652,514                            |
| Segue Institute                       | 2,649,456  | 2,649,456  | 2,740,480   | 91,024                             |
| Southside Elementary                  | 255,742  | 255,742  | 508,072   | 252,330                            |
| Textron                               | 2,318,176  | 2,318,176  | 2,159,307   | (158,869)                          |
| Times2 Academy                        | 6,986,801  | 6,986,801  | 7,619,514   | 632,713                            |
| Trinity                               | 1,755,462  | 1,755,462  | 2,160,875   | 405,413                            |
| Village Green                         | 1,600,555  | 1,600,555  | 2,411,323   | 810,768                            |
| <b>Charter Schools Subtotal</b>       | <b>\$ 59,166,676</b>                             | <b>\$ 59,055,780</b>                             | <b>\$ 69,840,001</b>                              | <b>\$ 10,673,325</b>               |
| Davies Career and Tech                | 12,240,174                                       | 12,223,378                                       | 8,057,966   | (4,182,208)                        |
| Met School                            | 10,501,360                                       | 10,501,360                                       | 7,418,229   | (3,083,131)                        |
| Urban Collaborative                   | 574,513  | 574,513  | 1,428,033   | 853,520                            |
| <b>Total</b>                          | <b>\$ 82,482,723</b>                             | <b>\$ 82,355,031</b>                             | <b>\$ 86,744,229</b>                              | <b>\$ 4,261,506</b>                |

**Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2016**

| <i>School</i>                         | <i>E<br/>Transition<br/>= 1/3rd or<br/>1/6th*</i> | <i>F<br/>FY 2016<br/>Recommended<br/>Aid</i> | <i>G<br/>Change to<br/>Base<br/>Calculation</i> |
|---------------------------------------|---|--|---|
| Achievement First                     | \$ 2,686,529                                      | \$ 5,391,640                                 | \$ -  |
| Beacon                                | 365,292   | 2,044,695                                    | -   |
| Blackstone                            | 1,026,062   | 2,678,946                                    | -   |
| Compass                               | (25,320)  | 509,620                                      | 126,600   |
| Engineering Early College             | 1,060,052   | 1,060,052                                    | -   |
| Greene School                         | 65,273  | 1,007,866                                    | (130,546)                                       |
| Highlander                            | 698,824   | 4,453,429                                    | -   |
| Hope Academy                          | 365,527   | 734,676                                      | -   |
| International                         | 154,137   | 3,021,622                                    | -   |
| Kingston Hill                         | (11,399)  | 614,217                                      | 56,995  |
| Learning Community                    | (10,937)  | 6,126,851                                    | 54,685  |
| New England Laborers                  | (37,965)  | 1,156,423                                    | 189,827   |
| Nowell                                | 19,831  | 1,616,589                                    | (39,663)  |
| Nurses Institute                      | 24,207  | 2,533,189                                    | (48,415)  |
| Paul Cuffee                           | (8,845)   | 7,953,844                                    | 44,226  |
| RI Mayoral Academies Blackstone Prep. | 1,869,874   | 10,937,966                                   | -   |
| RISE Mayoral Academy                  | 652,514   | 652,514                                      | -   |
| Segue Institute                       | 30,341  | 2,679,797                                    | (60,683)  |
| Southside Elementary                  | 252,330   | 508,072                                      | -   |
| Textron                               | (26,478)  | 2,291,698                                    | 132,391   |
| Times2 Academy                        | 632,713   | 7,619,514                                    | -   |
| Trinity                               | 405,413   | 2,160,875                                    | -   |
| Village Green                         | 810,768   | 2,411,323                                    | -   |
| <b>Charter Schools Subtotal</b>       | <b>\$10,998,743</b>                               | <b>\$ 70,165,418</b>                         | <b>\$ 325,417</b>                               |
| Davies Career and Tech                | (583,371)   | 11,656,803                                   | 3,598,837                                       |
| Met School                            | (513,855)   | 9,987,505                                    | 2,569,276                                       |
| Urban Collaborative                   | 274,683   | 849,196                                      | (578,837)                                       |
| <b>Total</b>                          | <b>\$ 10,176,200</b>                              | <b>\$ 92,658,922</b>                         | <b>\$ 5,914,693</b>                             |

\* Growth due to adding grades is all paid in the year of growth

**Table 2: Calculation of Funding Formula for FY 2016**

**A.** The FY 2016 student counts are shown in Column **A** based on the resident average daily membership as of June 30. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

**B.** Column **B** includes the number of students in pre-kindergarten through 12<sup>th</sup> grade that receive USDA reimbursable lunch as reported to the Department of Elementary and Secondary Education by the districts.

**C.** Column **C** includes the percent of students that are eligible for free and reduced price lunch - Column **B** divided by Column **A**.

**D.** Column **D** is the core instruction funding, which is the FY 2014 student count in Column **A** times the core instruction per pupil amount of \$8,928. The legislation requires the core instruction per pupil amount to be updated annually.

**E.** Column **E** includes the student success factor funding which is a single poverty weight as a proxy for student supports and is 40.0 percent times the number of students in pre-K through 12<sup>th</sup> grade that receive free and reduced price lunch in Column **B** times the core instruction amount.

**F.** The total foundation amount in Column **F** is the sum of the core instruction amount in Column **D** plus the student success factor funding in Column **E**.

**G.** Column **G** is the state share ratio; the calculation is described in Table 4.

**H.** Column **H** includes the state foundation aid under the funding formula based on FY 2014 data. It is the total foundation amount in Column **F** times the state share ratio in Column **G**.

**I.** Column **I** is the FY 2015 enacted formula aid in Table 5.

**J.** Column **J** is the fifth year transition amount. It is the amount that will be added or subtracted from the FY 2016 base aid amount. It assumes districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. The calculation is shown in Table 5.

**K.** Column **K** is the amount that districts would receive in the fifth year of the new formula's implementation pursuant to the ten-year phase in of the formula.

**L.** Column **L** is the difference between the fifth year of funding under the formula shown in Column **K** and the total state foundation aid shown in Column **H**.

**Table 2: Calculation of New Funding Formula for FY 2016**

| <i>District</i>         | <i>A</i><br><i>FY 2016</i><br><i>PK-12</i><br><i>RADM</i> | <i>B</i><br><i>FY 2016</i><br><i>FRPL</i><br><i>RADM</i> | <i>C</i><br><i>%FRPL</i> | <i>D</i><br><i>Core</i><br><i>Instruction</i><br><i>Funding</i> | <i>E</i><br><i>Student</i><br><i>Success</i><br><i>Factor</i><br><i>Funding</i> | <i>F</i><br><i>Total</i><br><i>Foundation</i> |
|-------------------------|---|--|--------------------------|---|---|---|
| Barrington              | 3,414   | 212  | 6.2%                     | \$ 30,480,192   | \$ 757,094  | \$ 31,237,286                                 |
| Burrillville            | 2,375   | 963  | 40.5%                    | 21,204,000  | 3,439,066   | 24,643,066                                    |
| Charlestown             | 914   | 249  | 27.2%                    | 8,160,192   | 889,229   | 9,049,421                                     |
| Coventry                | 4,723   | 1,451  | 30.7%                    | 42,166,944  | 5,181,811   | 47,348,755                                    |
| Cranston                | 9,968   | 4,255  | 42.7%                    | 88,994,304  | 15,195,456  | 104,189,760                                   |
| Cumberland              | 4,402   | 1,062  | 24.1%                    | 39,301,056  | 3,792,614   | 43,093,670                                    |
| East Greenwich          | 2,366   | 190  | 8.0%                     | 21,123,648  | 678,528   | 21,802,176                                    |
| East Providence         | 5,256   | 2,723  | 51.8%                    | 46,925,568  | 9,724,378   | 56,649,946                                    |
| Foster                  | 284   | 59   | 20.8%                    | 2,535,552   | 210,701   | 2,746,253                                     |
| Glocester               | 540   | 103  | 19.1%                    | 4,821,120   | 367,834   | 5,188,954                                     |
| Hopkinton               | 1,189   | 295  | 24.8%                    | 10,615,392  | 1,053,504   | 11,668,896                                    |
| Jamestown               | 646   | 67   | 10.4%                    | 5,767,488   | 239,270   | 6,006,758                                     |
| Johnston                | 3,048   | 1,366  | 44.8%                    | 27,212,544  | 4,878,259   | 32,090,803                                    |
| Lincoln                 | 3,026   | 841  | 27.8%                    | 27,016,128  | 3,003,379   | 30,019,507                                    |
| Little Compton          | 393   | 58   | 14.8%                    | 3,508,704   | 207,130   | 3,715,834                                     |
| Middletown              | 2,268   | 714  | 31.5%                    | 20,248,704  | 2,549,837   | 22,798,541                                    |
| Narragansett            | 1,379   | 312  | 22.6%                    | 12,311,712  | 1,114,214   | 13,425,926                                    |
| Newport                 | 1,982   | 1,210  | 61.0%                    | 17,695,296  | 4,321,152   | 22,016,448                                    |
| New Shoreham            | 115   | 16   | 13.9%                    | 1,026,720   | 57,139  | 1,083,859                                     |
| North Kingstown         | 3,826   | 860  | 22.5%                    | 34,158,528  | 3,071,232   | 37,229,760                                    |
| North Providence        | 3,439   | 1,602  | 46.6%                    | 30,703,392  | 5,721,062   | 36,424,454                                    |
| North Smithfield        | 1,726   | 318  | 18.4%                    | 15,409,728  | 1,135,642   | 16,545,370                                    |
| Pawtucket               | 8,524   | 6,452  | 75.7%                    | 76,102,272  | 23,041,382  | 99,143,654                                    |
| Portsmouth              | 2,501   | 398  | 15.9%                    | 22,328,928  | 1,421,338   | 23,750,266                                    |
| Providence              | 22,269  | 19,178   | 86.1%                    | 198,818,160   | 68,488,474  | 267,306,633                                   |
| Richmond                | 1,173   | 225  | 19.2%                    | 10,472,544  | 803,520   | 11,276,064                                    |
| Scituate                | 1,472   | 264  | 17.9%                    | 13,142,016  | 942,797   | 14,084,813                                    |
| Smithfield              | 2,456   | 444  | 18.1%                    | 21,927,168  | 1,585,613   | 23,512,781                                    |
| South Kingstown         | 3,347   | 677  | 20.2%                    | 29,882,016  | 2,417,702   | 32,299,718                                    |
| Tiverton                | 1,809   | 527  | 29.1%                    | 16,150,752  | 1,882,022   | 18,032,774                                    |
| Warwick                 | 9,047   | 3,233  | 35.7%                    | 80,771,616  | 11,545,690  | 92,317,306                                    |
| Westerly                | 3,068   | 1,170  | 38.1%                    | 27,391,104  | 4,178,304   | 31,569,408                                    |
| West Warwick            | 3,378   | 1,815  | 53.7%                    | 30,158,784  | 6,481,728   | 36,640,512                                    |
| Woonsocket              | 5,833   | 4,509  | 77.3%                    | 52,077,024  | 16,102,541  | 68,179,565                                    |
| Bristol-Warren          | 3,402   | 1,280  | 37.6%                    | 30,373,056  | 4,571,136   | 34,944,192                                    |
| Chariho                 | -   | -  | 0.0%                     | -   | -   | -   |
| Exeter-West Greenwich   | 1,676   | 274  | 16.3%                    | 14,963,328  | 978,509   | 15,941,837                                    |
| Foster-Glocester        | 1,149   | 218  | 19.0%                    | 10,258,272  | 778,522   | 11,036,794                                    |
| Central Falls           | 2,513   | 2,115  | 84.2%                    | 22,436,064  | 7,553,088   | 29,989,152                                    |
| <b>Total</b>            | <b>130,896</b>  | <b>61,705</b>  |                          | <b>\$1,168,640,016</b>  | <b>\$220,360,896</b>  | <b>\$1,389,000,912</b>                        |
| <i>Adjusted Chariho</i> | <i>3,276</i>  | <i>769</i>   |                          | <i>29,248,128</i>   | <i>2,746,253</i>  | <i>31,994,381</i>                             |

**Table 2: Calculation of New Funding Formula for FY 2016**

| <i>District</i>         | <i>G<br/>State<br/>Share<br/>Ratio<br/>(Table 4)</i> | <i>H<br/>FY 2016 Base<br/>Funding</i> | <i>I<br/>FY 2015<br/>Enacted<br/>Formula Aid</i> | <i>J<br/>Adjusted Year<br/>Five Difference<br/>(Table 5)</i> | <i>K<br/>FY 2016<br/>Recommended<br/>Formula Aid*</i> | <i>L<br/>Difference<br/>from Base<br/>Funding</i> |
|-------------------------|--|---------------------------------------|--|--|---|---|
| Barrington              | 19.7%  | \$ 6,166,536                          | \$ 4,605,699                                     | \$ 520,279   | \$ 5,125,978  | \$ (1,040,558)                                    |
| Burrillville            | 54.2%  | 13,357,360                            | 12,881,582                                       | 158,593  | 13,040,175  | (317,185)   |
| Charlestown             | 19.3%  | 1,746,902                             | 1,708,666  | 12,745   | 1,721,411   | (25,490)  |
| Coventry                | 49.3%  | 23,343,585                            | 20,875,838                                       | 822,582  | 21,698,420  | (1,645,164)                                       |
| Cranston                | 54.6%  | 56,892,999                            | 46,449,281                                       | 3,481,239  | 49,930,520  | (6,962,479)                                       |
| Cumberland              | 42.5%  | 18,303,907                            | 15,614,646                                       | 896,420  | 16,511,066  | (1,792,840)                                       |
| East Greenwich          | 15.9%  | 3,471,855                             | 2,393,842  | 359,338  | 2,753,180   | (718,676)   |
| East Providence         | 59.8%  | 33,873,375                            | 28,665,701                                       | 1,735,891  | 30,401,592  | (3,471,783)                                       |
| Foster                  | 42.9%  | 1,178,117                             | 1,178,487  | (62)   | 1,178,425   | 308   |
| Glocester               | 40.2%  | 2,086,234                             | 2,616,917  | (88,447)   | 2,528,470   | 442,236   |
| Hopkinton               | 44.9%  | 5,241,010                             | 5,576,348  | (55,890)   | 5,520,458   | 279,448   |
| Jamestown               | 8.7%   | 522,433                               | 399,684  | 40,916   | 440,600   | (81,832)  |
| Johnston                | 47.7%  | 15,312,156                            | 12,903,199                                       | 802,986  | 13,706,185  | (1,605,972)                                       |
| Lincoln                 | 38.3%  | 11,505,346                            | 9,663,767  | 613,860  | 10,277,627  | (1,227,719)                                       |
| Little Compton          | 10.8%  | 402,006                               | 401,928  | 26   | 401,954   | (52)  |
| Middletown              | 33.2%  | 7,570,798                             | 8,516,446  | (157,608)  | 8,358,838   | 788,040   |
| Narragansett            | 18.9%  | 2,534,781                             | 1,987,115  | 182,555  | 2,169,670   | (365,111)   |
| Newport                 | 46.0%  | 10,119,187                            | 10,368,288                                       | (41,517)   | 10,326,771  | 207,584   |
| New Shoreham            | 8.3%   | 89,669                                | 82,308   | 2,454  | 84,762  | (4,908)   |
| North Kingstown         | 27.3%  | 10,171,972                            | 10,713,692                                       | (90,287)   | 10,623,405  | 451,434   |
| North Providence        | 58.1%  | 21,174,485                            | 16,205,220                                       | 1,656,422  | 17,861,642  | (3,312,843)                                       |
| North Smithfield        | 36.4%  | 6,023,935                             | 5,442,118  | 193,939  | 5,636,057   | (387,878)   |
| Pawtucket               | 83.1%  | 82,409,819                            | 74,103,107                                       | 2,768,904  | 76,872,011  | (5,537,808)                                       |
| Portsmouth              | 16.3%  | 3,866,008                             | 4,303,672  | (72,944)   | 4,230,728   | 364,720   |
| Providence              | 87.8%  | 234,750,171                           | 213,028,339                                      | 7,240,611  | 220,268,950   | (14,481,221)                                      |
| Richmond                | 39.6%  | 4,468,517                             | 5,205,437  | (122,820)  | 5,082,617   | 614,100   |
| Scituate                | 28.3%  | 3,979,826                             | 3,913,720  | 22,035   | 3,935,755   | (44,071)  |
| Smithfield              | 25.3%  | 5,944,829                             | 4,798,909  | 381,973  | 5,180,882   | (763,947)   |
| South Kingstown         | 19.0%  | 6,130,143                             | 7,533,977  | (233,972)  | 7,300,005   | 1,169,862   |
| Tiverton                | 35.2%  | 6,341,027                             | 5,800,664  | 180,121  | 5,980,785   | (360,242)   |
| Warwick                 | 40.4%  | 37,264,244                            | 35,657,699                                       | 535,515  | 36,193,214  | (1,071,030)                                       |
| Westerly                | 30.4%  | 9,598,865                             | 7,620,089  | 659,592  | 8,279,681   | (1,319,184)                                       |
| West Warwick            | 64.2%  | 23,513,062                            | 20,973,995                                       | 846,356  | 21,820,351  | (1,692,711)                                       |
| Woonsocket              | 85.1%  | 57,987,612                            | 50,568,580                                       | 2,473,011  | 53,041,591  | (4,946,021)                                       |
| Bristol-Warren          | 35.6%  | 12,444,156                            | 15,946,146                                       | (583,665)  | 15,362,481  | 2,918,325   |
| Chariho                 | 0.0%   | -                                     | 229,922  | (38,320)   | 191,602   | 191,602   |
| Exeter-West Greenwich   | 26.3%  | 4,187,957                             | 5,642,766  | (242,468)  | 5,400,298   | 1,212,341   |
| Foster-Glocester        | 42.1%  | 4,641,159                             | 4,947,131  | (50,995)   | 4,896,136   | 254,977   |
| Central Falls*          | 93.5%  | 28,030,666                            | 37,222,887                                       | (1,532,037)  | 39,369,337  | 11,338,671  |
| <b>Total</b>            |  | <b>\$ 776,646,707</b>                 | <b>\$ 716,747,812</b>                            | <b>\$ 23,277,331</b>   | <b>\$ 743,703,635</b>                                 | <b>\$(32,943,078)</b>                             |
| <i>Adjusted Chariho</i> |  | <i>11,456,428</i>                     | <i>12,720,373</i>                                | <i>(204,285)</i>   | <i>12,516,088</i>                                     | <i>1,059,660</i>                                  |

\*This includes a \$3.7 million stabilization fund payment to Central Falls.

### **Table 3: Calculation of Group Home Aid for FY 2016**

**A.** Column **A** is the FY 2015 enacted amount of group home aid. The distribution includes \$15,000 per bed with the exception of \$22,000 per bed for the group home beds associated with Bradley Hospital's residential CRAFT program, both of which are then adjusted for the seven or ten year phase in, for a total of 448 beds.

**B.** Column **B** is the revised current law entitlement based on the December 31, 2014 report from the Department of Children, Youth and Families that identified 451 beds eligible for aid.

**C.** Column **C** shows the Governor's FY 2016 recommendation that assumes a bed count of 431.

**D.** Column **D** is the difference between the FY 2015 enacted aid shown in column **A** and the Governor's FY 2016 recommendation in column **C**.

**E.** Column **E** is the difference between the FY 2015 revised current law entitlement shown in column **B** and the Governor's FY 2016 recommendation in column **C**.



**Table 3: Group Home Aid**

|                       | <i>A</i>                           | <i>B</i>                   | <i>C</i>                          | <i>D</i>                     | <i>E</i>                     |
|-----------------------|------------------------------------|----------------------------|-----------------------------------|------------------------------|------------------------------|
| <i>District</i>       | <i>FY 2015<br/>Enacted<br/>Aid</i> | <i>FY 2015<br/>Revised</i> | <i>Governor's<br/>FY 2016 Aid</i> | <i>Change to<br/>Enacted</i> | <i>Change to<br/>Revised</i> |
| Barrington            | \$ -                               | \$ -                       | \$ -                              | \$ -                         | \$ -                         |
| Burrillville          | 266,361                            | 326,361                    | 283,374                           | 17,013                       | (42,987)                     |
| Charlestown           | -                                  | -                          | -                                 | -                            | -                            |
| Coventry              | 107,883                            | 107,883                    | 95,489                            | (12,394)                     | (12,394)                     |
| Cranston              | 53,182                             | 53,182                     | 46,354                            | (6,828)                      | (6,828)                      |
| Cumberland            | -                                  | -                          | -                                 | -                            | -                            |
| East Greenwich        | -                                  | -                          | -                                 | -                            | -                            |
| East Providence       | 575,275                            | 575,275                    | 510,748                           | (64,527)                     | (64,527)                     |
| Foster                | -                                  | -                          | -                                 | -                            | -                            |
| Glocester             | -                                  | -                          | -                                 | -                            | -                            |
| Hopkinton             | -                                  | -                          | -                                 | -                            | -                            |
| Jamestown             | -                                  | -                          | -                                 | -                            | -                            |
| Johnston              | -                                  | -                          | -                                 | -                            | -                            |
| Lincoln               | 123,826                            | 123,826                    | 113,099                           | (10,727)                     | (10,727)                     |
| Little Compton        | -                                  | -                          | -                                 | -                            | -                            |
| Middletown            | 374,656                            | 374,656                    | 302,018                           | (72,638)                     | (72,638)                     |
| Narragansett          | -                                  | -                          | -                                 | -                            | -                            |
| Newport               | 254,914                            | 254,914                    | 184,024                           | (70,890)                     | (70,890)                     |
| New Shoreham          | -                                  | -                          | -                                 | -                            | -                            |
| North Kingstown       | -                                  | -                          | -                                 | -                            | -                            |
| North Providence      | 211,819                            | 211,819                    | 182,432                           | (29,387)                     | (29,387)                     |
| North Smithfield      | 110,978                            | 110,978                    | 101,850                           | (9,128)                      | (9,128)                      |
| Pawtucket             | 606,854                            | 621,854                    | 491,410                           | (115,444)                    | (130,444)                    |
| Portsmouth            | 547,476                            | 547,476                    | 536,183                           | (11,293)                     | (11,293)                     |
| Providence            | 1,541,907                          | 1,541,907                  | 1,083,736                         | (458,171)                    | (458,171)                    |
| Richmond              | -                                  | -                          | -                                 | -                            | -                            |
| Scituate              | -                                  | -                          | -                                 | -                            | -                            |
| Smithfield            | 233,753                            | 233,753                    | 219,020                           | (14,733)                     | (14,733)                     |
| South Kingstown       | 308,034                            | 308,034                    | 300,911                           | (7,123)                      | (7,123)                      |
| Tiverton              | -                                  | -                          | -                                 | -                            | -                            |
| Warwick               | 301,470                            | 301,470                    | 247,344                           | (54,126)                     | (54,126)                     |
| Westerly              | -                                  | -                          | -                                 | -                            | -                            |
| West Warwick          | -                                  | -                          | -                                 | -                            | -                            |
| Woonsocket            | 98,870                             | 98,870                     | 54,652                            | (44,218)                     | (44,218)                     |
| Bristol-Warren        | 114,733                            | 114,733                    | 109,676                           | (5,057)                      | (5,057)                      |
| Exeter-West Greenwich | 261,242                            | 261,242                    | 252,851                           | (8,391)                      | (8,391)                      |
| Foster-Glocester      | -                                  | -                          | -                                 | -                            | -                            |
| Central Falls         | -                                  | -                          | -                                 | -                            | -                            |
| <b>Total</b>          | <b>\$6,093,233</b>                 | <b>\$6,168,233</b>         | <b>\$5,115,172</b>                | <b>\$ (1,478,626)</b>        | <b>\$ (1,053,061)</b>        |

### Table 4: Calculation of State Share Ratio

The following table shows the calculation of each community's state share ratio for the purpose of the new education funding formula. The share ratio formula considers the district's ability to generate revenues and its poverty concentration.

**A.** The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2011, is used for FY 2016 calculations. Property value is certified annually by the Department of Revenue, Division of Municipal Finance, based on local sales data and appraisals.

**B.** The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2011, as reported by the Department of Revenue's Division of Municipal Finance. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV).

The valuations are then adjusted by the ratio that the community's median family income bears to the statewide median family income, as reported in the most recent federal census data. Use of both the property value and the median family income is an attempt to compensate for districts that have significant disparity between median family income and the full value of property. Once community wealth is determined, it is divided by pupil counts to calculate the per pupil wealth for each community compared to the per pupil wealth for the state as a whole.

**C.** The FY 2016 student counts are shown in Column **C** based on the resident average daily membership as of June 30, 2014. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

**D.** The resulting relative per pupil community wealth is then multiplied by 0.475 and subtracted from 1.0, yielding the district's share ratio. The result is multiplied by 100 to convert this share ratio to a percentage.

**E.** Column **E** includes the percentage of students eligible for USDA reimbursable school meals in pre-Kindergarten through 6<sup>th</sup> grade as of June 30, 2014.

**F.** The calculation in Column **F** is the square root of the sum of the state share ratio for the community calculation in Column **D** squared plus the district's percentage of students eligible for USDA reimbursable school meals in grades pre-Kindergarten through 6<sup>th</sup> in Column **E** squared, divided by two.

$$h \quad ( \quad ) = \frac{\text{+ \% 6}}{2}$$

**G.** Column **G** shows what the share ratio was for FY 2015. It uses property valuations as of December 31, 2010 and student counts as of June 30, 2013.

**H.** Column **H** shows the difference between the share ratio for FY 2016 and that for FY 2015.

**Table 4: Calculation of State Share Ratio**

| <i>District</i>       | <i>A</i><br><i>Assessed Value</i><br><i>12/31/11</i> | <i>B</i><br><i>Adjusted EWAV</i><br><i>12/31/11</i> | <i>C</i><br><i>June 2014</i><br><i>Student Count*</i> | <i>D</i><br><i>Adjusted</i><br><i>EWAV</i> |
|-----------------------|--|---|---|--|
| Barrington            | \$ 2,982,443,388                                     | \$ 4,294,620,703                                    | 3,245   | 27.0%                                      |
| Burrillville          | 1,607,203,611  | 1,455,405,851                                       | 2,417   | 66.8%                                      |
| Charlestown           | 2,400,382,443  | 2,517,075,414                                       | 1,008   | 0.0%                                       |
| Coventry              | 3,525,437,865  | 3,244,729,537                                       | 4,782   | 62.6%                                      |
| Cranston              | 7,087,108,566  | 6,876,888,665                                       | 10,228  | 62.9%                                      |
| Cumberland            | 3,826,379,936  | 3,977,780,117                                       | 4,857   | 54.8%                                      |
| East Greenwich        | 2,312,095,540  | 3,416,411,240                                       | 2,374   | 20.6%                                      |
| East Providence       | 4,646,547,442  | 3,509,132,211                                       | 5,346   | 63.8%                                      |
| Foster                | 220,268,995  | 224,594,860   | 285   | 56.5%                                      |
| Glocester             | 417,979,623  | 422,851,786   | 499   | 53.3%                                      |
| Hopkinton             | 931,466,958  | 920,303,420   | 1,192   | 57.4%                                      |
| Jamestown             | 2,032,977,802  | 3,208,545,248                                       | 653   | 0.0%                                       |
| Johnston              | 2,945,080,370  | 2,872,305,347                                       | 3,099   | 48.9%                                      |
| Lincoln               | 2,784,171,808  | 3,289,228,476                                       | 3,275   | 44.6%                                      |
| Little Compton        | 1,854,806,408  | 2,466,907,667                                       | 393   | 0.0%                                       |
| Middletown            | 2,643,035,904  | 2,749,617,693                                       | 2,293   | 33.9%                                      |
| Narragansett          | 4,527,080,489  | 5,886,860,460                                       | 1,399   | 0.0%                                       |
| Newport               | 5,272,317,661  | 5,534,084,319                                       | 2,032   | 0.0%                                       |
| New Shoreham          | 1,753,910,209  | 2,548,133,822                                       | 117   | 0.0%                                       |
| North Kingstown       | 3,969,303,956  | 5,102,235,650                                       | 3,930   | 28.4%                                      |
| North Providence      | 2,781,231,163  | 2,168,942,173                                       | 3,579   | 66.6%                                      |
| North Smithfield      | 1,588,477,504  | 1,712,200,950                                       | 1,768   | 46.6%                                      |
| Pawtucket             | 3,781,568,939  | 2,461,386,518                                       | 10,077  | 86.5%                                      |
| Portsmouth            | 3,355,186,809  | 3,853,245,896                                       | 2,509   | 15.3%                                      |
| Providence            | 11,685,525,495                                       | 6,717,133,206                                       | 26,192  | 85.9%                                      |
| Richmond              | 883,799,519  | 1,023,555,447                                       | 1,175   | 52.0%                                      |
| Scituate              | 884,845,672  | 1,693,333,481                                       | 1,440   | 35.1%                                      |
| Smithfield            | 2,749,497,569  | 3,003,765,973                                       | 2,370   | 30.1%                                      |
| South Kingstown       | 4,541,390,959  | 5,253,197,490                                       | 3,456   | 16.2%                                      |
| Tiverton              | 1,956,313,434  | 1,999,179,390                                       | 1,815   | 39.2%                                      |
| Warwick               | 10,261,732,408                                       | 9,404,110,189                                       | 9,151   | 43.3%                                      |
| Westerly              | 6,309,044,068  | 5,785,156,386                                       | 3,103   | 0.0%                                       |
| West Warwick          | 2,266,422,455  | 1,776,956,166                                       | 3,390   | 71.1%                                      |
| Woonsocket            | 1,868,296,247  | 1,142,596,841                                       | 5,774   | 89.1%                                      |
| Bristol/Warren        | 4,197,893,856  | 4,311,773,477                                       | 3,429   | 30.6%                                      |
| Exeter/West Greenwich | 1,699,866,426  | 2,021,826,006                                       | 1,653   | 32.5%                                      |
| Foster/Glocester      | 939,462,889  | 953,001,825   | 1,154   | 54.5%                                      |
| Central Falls         | 517,527,074  | 209,007,560   | 3,888   | 97.0%                                      |
| <b>Total</b>          | <b>\$ 120,008,081,460</b>                            | <b>\$120,008,081,460</b>                            | <b>139,347</b>  |  |

*\*Includes charter and state school students*

**Table 4: Calculation of State Share Ratio**

| <i>District</i>       | <i>E</i><br><i>FY 2014 % of</i><br><i>PK-6 FRPL</i> | <i>F</i><br><i>FY 2016 State</i><br><i>Share Ratio</i> | <i>G</i><br><i>FY 2015 State</i><br><i>Share Ratio</i> | <i>H</i><br><i>Change to</i><br><i>Share Ratio</i> |
|-----------------------|---|--|--|--|
| Barrington            | 7.1%  | 19.6%  | 21.2%  | -1.5%  |
| Burrillville          | 37.6%   | 54.2%  | 53.6%  | 0.6%   |
| Charlestown           | 27.3%   | 19.3%  | 18.7%  | 0.6%   |
| Coventry              | 30.7%   | 49.3%  | 48.3%  | 1.0%   |
| Cranston              | 44.8%   | 54.6%  | 54.3%  | 0.3%   |
| Cumberland            | 24.6%   | 42.5%  | 42.2%  | 0.3%   |
| East Greenwich        | 9.1%  | 15.9%  | 12.7%  | 3.2%   |
| East Providence       | 55.5%   | 59.8%  | 56.9%  | 2.9%   |
| Foster                | 22.1%   | 42.9%  | 40.4%  | 2.5%   |
| Glocester             | 19.8%   | 40.2%  | 42.5%  | -2.3%  |
| Hopkinton             | 27.2%   | 44.9%  | 49.1%  | -4.2%  |
| Jamestown             | 12.3%   | 8.7%   | 8.6%   | 0.1%   |
| Johnston              | 46.5%   | 47.7%  | 51.8%  | -4.1%  |
| Lincoln               | 30.8%   | 38.3%  | 39.6%  | -1.2%  |
| Little Compton        | 15.3%   | 10.8%  | 13.7%  | -2.9%  |
| Middletown            | 32.5%   | 33.2%  | 32.9%  | 0.3%   |
| Narragansett          | 26.7%   | 18.9%  | 18.9%  | 0.0%   |
| Newport               | 65.0%   | 46.0%  | 46.7%  | -0.8%  |
| New Shoreham          | 11.7%   | 8.3%   | 9.5%   | -1.2%  |
| North Kingstown       | 26.2%   | 27.3%  | 27.3%  | 0.0%   |
| North Providence      | 48.2%   | 58.1%  | 56.1%  | 2.1%   |
| North Smithfield      | 21.9%   | 36.4%  | 35.9%  | 0.5%   |
| Pawtucket             | 79.6%   | 83.1%  | 83.3%  | -0.1%  |
| Portsmouth            | 17.2%   | 16.3%  | 11.3%  | 4.9%   |
| Providence            | 89.7%   | 87.8%  | 88.0%  | -0.2%  |
| Richmond              | 20.9%   | 39.6%  | 39.1%  | 0.5%   |
| Scituate              | 19.1%   | 28.3%  | 32.5%  | -4.2%  |
| Smithfield            | 19.3%   | 25.3%  | 21.8%  | 3.5%   |
| South Kingstown       | 21.4%   | 19.0%  | 18.5%  | 0.5%   |
| Tiverton              | 30.6%   | 35.2%  | 32.6%  | 2.6%   |
| Warwick               | 37.2%   | 40.4%  | 41.3%  | -0.9%  |
| Westerly              | 43.0%   | 30.4%  | 28.7%  | 1.7%   |
| West Warwick          | 56.4%   | 64.2%  | 62.7%  | 1.4%   |
| Woonsocket            | 80.8%   | 85.0%  | 84.2%  | 0.9%   |
| Bristol/Warren        | 40.0%   | 35.6%  | 36.7%  | -1.1%  |
| Exeter/West Greenwich | 18.0%   | 26.3%  | 27.1%  | -0.8%  |
| Foster/Glocester      | 23.8%   | 42.0%  | 41.7%  | 0.4%   |
| Central Falls         | 89.8%   | 93.5%  | 95.4%  | -1.9%  |

**Total**

*\*Includes charter and state school students*

### Table 5: Transition Plan for Districts

The new funding formula results in a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities and allow for an adjustment period, the law allows for a transition of up to seven years. The Department of Elementary and Secondary Education has developed a methodology to implement this transition based on how a district fares compared to funding distributions under the current system. It requires establishing the total gain or loss to each district.

**A.** Column **A** is the amount of formula aid that districts received in the fourth year of the formula's implementation, FY 2015.

**B.** Column **B** is the FY 2016 total base funding calculation.

**C.** Column **C** is the difference between FY 2016 base funding shown in Column **B** and the amount of formula aid received in FY 2015 and shown in Column **A**.

**D.** Column **D** shows the transition calculation. Districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years.

**Table 5: Transition Plan for Districts**

| <i>District</i>         | <i>A</i><br><i>FY 2015 Enacted</i><br><i>Base Formula</i><br><i>Funding</i> | <i>B</i><br><i>FY 2016 Base</i><br><i>Calculation</i> | <i>C</i><br><i>Difference</i> | <i>D</i><br><i>Transition =</i><br><i>1/3rd or 1/6th</i> |
|-------------------------|---|---|-------------------------------|--|
| Barrington              | \$ 4,605,699  | \$ 6,166,536  | \$ 1,560,837                  | \$ 520,279   |
| Burrillville            | 12,881,582  | 13,357,360  | 475,778                       | 158,593  |
| Charlestown             | 1,708,666   | 1,746,902   | 38,236                        | 12,745   |
| Coventry                | 20,875,838  | 23,343,585  | 2,467,747                     | 822,582  |
| Cranston                | 46,449,281  | 56,892,999  | 10,443,718                    | 3,481,239  |
| Cumberland              | 15,614,646  | 18,303,907  | 2,689,261                     | 896,420  |
| East Greenwich          | 2,393,842   | 3,471,855   | 1,078,013                     | 359,338  |
| East Providence         | 28,665,701  | 33,873,375  | 5,207,674                     | 1,735,891  |
| Foster                  | 1,178,487   | 1,178,117   | (370)                         | (62)   |
| Glocester               | 2,616,917   | 2,086,234   | (530,683)                     | (88,447)   |
| Hopkinton               | 5,576,348   | 5,241,010   | (335,338)                     | (55,890)   |
| Jamestown               | 399,684   | 522,433   | 122,749                       | 40,916   |
| Johnston                | 12,903,199  | 15,312,156  | 2,408,957                     | 802,986  |
| Lincoln                 | 9,663,767   | 11,505,346  | 1,841,579                     | 613,860  |
| Little Compton          | 401,928   | 402,006   | 78                            | 26   |
| Middletown              | 8,516,446   | 7,570,798   | (945,648)                     | (157,608)  |
| Narragansett            | 1,987,115   | 2,534,781   | 547,666                       | 182,555  |
| Newport                 | 10,368,288  | 10,119,187  | (249,101)                     | (41,517)   |
| New Shoreham            | 82,308  | 89,669  | 7,361                         | 2,454  |
| North Kingstown         | 10,713,692  | 10,171,972  | (541,720)                     | (90,287)   |
| North Providence        | 16,205,220  | 21,174,485  | 4,969,265                     | 1,656,422  |
| North Smithfield        | 5,442,118   | 6,023,935   | 581,817                       | 193,939  |
| Pawtucket               | 74,103,107  | 82,409,819  | 8,306,712                     | 2,768,904  |
| Portsmouth              | 4,303,672   | 3,866,008   | (437,664)                     | (72,944)   |
| Providence              | 213,028,339   | 234,750,171   | 21,721,832                    | 7,240,611  |
| Richmond                | 5,205,437   | 4,468,517   | (736,920)                     | (122,820)  |
| Scituate                | 3,913,720   | 3,979,826   | 66,106                        | 22,035   |
| Smithfield              | 4,798,909   | 5,944,829   | 1,145,920                     | 381,973  |
| South Kingstown         | 7,533,977   | 6,130,143   | (1,403,834)                   | (233,972)  |
| Tiverton                | 5,800,664   | 6,341,027   | 540,363                       | 180,121  |
| Warwick                 | 35,657,699  | 37,264,244  | 1,606,545                     | 535,515  |
| Westerly                | 7,620,089   | 9,598,865   | 1,978,776                     | 659,592  |
| West Warwick            | 20,973,995  | 23,513,062  | 2,539,067                     | 846,356  |
| Woonsocket              | 50,568,580  | 57,987,613  | 7,419,034                     | 2,473,011  |
| Bristol-Warren          | 15,946,146  | 12,444,156  | (3,501,990)                   | (583,665)  |
| Chariho                 | 229,922   | -   | (229,922)                     | (38,320)   |
| Exeter-West Greenwich   | 5,642,766   | 4,187,957   | (1,454,809)                   | (242,468)  |
| Foster-Glocester        | 4,947,131   | 4,641,159   | (305,972)                     | (50,995)   |
| Central Falls           | 37,222,887  | 28,030,666  | (9,192,221)                   | (1,532,037)  |
| <b>Total</b>            | <b>\$ 716,747,812</b>   | <b>\$ 776,646,708</b>                                 | <b>\$ 59,898,897</b>          | <b>\$ 23,277,331</b>                                     |
| <i>Adjusted Chariho</i> | <i>12,720,373</i>   | <i>11,456,428</i>                                     | <i>(1,263,945)</i>            | <i>(204,285)</i>   |

**Table 6: FY 2016 Estimated Charter & State School Enrollment by Sending District**

| <i>Sending District</i> | <i>Achievement<br/>First</i> | <i>Beacon</i> | <i>Blackstone<br/>Academy</i> | <i>Compass</i> | <i>Engineering<br/>Early<br/>College</i> |
|-------------------------|------------------------------|---------------|-------------------------------|----------------|--|
| Barrington              | -                            | -             | -                             | -              | -  |
| Burrillville            | -                            | 21            | -                             | -              | -  |
| Charlestown             | -                            | -             | -                             | 48             | -  |
| Coventry                | -                            | -             | -                             | 2              | -  |
| Cranston                | 36                           | 6             | -                             | -              | -  |
| Cumberland              | -                            | 37            | -                             | -              | -  |
| East Greenwich          | -                            | 1             | -                             | 2              | -  |
| East Providence         | -                            | 3             | -                             | -              | -  |
| Foster                  | -                            | -             | -                             | -              | -  |
| Glocester               | -                            | -             | -                             | -              | -  |
| Hopkinton               | -                            | -             | -                             | -              | -  |
| Jamestown               | -                            | -             | -                             | 1              | -  |
| Johnston                | -                            | 2             | -                             | -              | -  |
| Lincoln                 | -                            | 10            | -                             | -              | -  |
| Little Compton          | -                            | -             | -                             | -              | -  |
| Middletown              | -                            | -             | -                             | -              | -  |
| Narragansett            | -                            | -             | -                             | 8              | -  |
| Newport                 | -                            | -             | -                             | -              | -  |
| New Shoreham            | -                            | -             | -                             | -              | -  |
| North Kingstown         | -                            | -             | -                             | 35             | -  |
| North Providence        | 10                           | 4             | -                             | -              | -  |
| North Smithfield        | -                            | 21            | -                             | -              | -  |
| Pawtucket               | 1                            | 15            | 114                           | -              | -  |
| Portsmouth              | -                            | -             | -                             | -              | -  |
| Providence              | 479                          | 20            | 27                            | 4              | 100                                      |
| Richmond                | -                            | -             | -                             | -              | -  |
| Scituate                | -                            | 2             | -                             | -              | -  |
| Smithfield              | -                            | 4             | -                             | -              | -  |
| South Kingstown         | -                            | 1             | -                             | 30             | -  |
| Tiverton                | -                            | 1             | -                             | -              | -  |
| Warwick                 | 2                            | 9             | -                             | 2              | -  |
| Westerly                | -                            | -             | -                             | 21             | -  |
| West Warwick            | -                            | -             | -                             | -              | -  |
| Woonsocket              | -                            | 96            | -                             | -              | -  |
| Bristol-Warren          | -                            | -             | -                             | -              | -  |
| Exeter-West Greenwich   | -                            | -             | -                             | 11             | -  |
| Foster-Glocester        | -                            | -             | -                             | -              | -  |
| Central Falls           | -                            | 23            | 114                           | -              | -  |
| <b>Total</b>            | <b>528</b>                   | <b>276</b>    | <b>255</b>                    | <b>164</b>     | <b>100</b>                               |

**Table 6: FY 2016 Estimated Charter & State School Enrollment by Sending District**

| <i>Sending District</i> | <i>Greene School</i> | <i>Highlander</i> | <i>Hope Academy</i> | <i>International</i> | <i>Kingston Hill</i> | <i>Learning Community</i> |
|-------------------------|----------------------|-------------------|---------------------|----------------------|----------------------|---------------------------|
| Barrington              | -                    | 1                 | -                   | -                    | -                    | -                         |
| Burrillville            | -                    | -                 | -                   | -                    | -                    | -                         |
| Charlestown             | 2                    | -                 | -                   | -                    | 33                   | -                         |
| Coventry                | 43                   | -                 | -                   | 1                    | 2                    | -                         |
| Cranston                | 4                    | 54                | -                   | 23                   | 1                    | 1                         |
| Cumberland              | 2                    | -                 | -                   | 6                    | -                    | -                         |
| East Greenwich          | 2                    | -                 | -                   | -                    | -                    | -                         |
| East Providence         | 1                    | 7                 | -                   | 20                   | -                    | 1                         |
| Foster                  | -                    | -                 | -                   | -                    | -                    | -                         |
| Glocester               | -                    | -                 | -                   | -                    | -                    | -                         |
| Hopkinton               | 5                    | -                 | -                   | -                    | 1                    | -                         |
| Jamestown               | 3                    | -                 | -                   | -                    | -                    | -                         |
| Johnston                | 1                    | 14                | -                   | 1                    | 2                    | -                         |
| Lincoln                 | -                    | 4                 | -                   | 2                    | -                    | -                         |
| Little Compton          | -                    | -                 | -                   | -                    | -                    | -                         |
| Middletown              | -                    | -                 | -                   | -                    | 2                    | -                         |
| Narragansett            | 2                    | -                 | -                   | 3                    | 10                   | -                         |
| Newport                 | -                    | -                 | -                   | -                    | -                    | -                         |
| New Shoreham            | -                    | -                 | -                   | -                    | -                    | -                         |
| North Kingstown         | 8                    | 4                 | -                   | -                    | 68                   | -                         |
| North Providence        | -                    | 7                 | 6                   | 11                   | 1                    | -                         |
| North Smithfield        | -                    | 1                 | -                   | -                    | -                    | -                         |
| Pawtucket               | 9                    | 38                | -                   | 131                  | -                    | 110                       |
| Portsmouth              | -                    | -                 | -                   | -                    | -                    | -                         |
| Providence              | 37                   | 332               | 66                  | 103                  | -                    | 104                       |
| Richmond                | 2                    | -                 | -                   | -                    | 1                    | -                         |
| Scituate                | -                    | 1                 | -                   | 1                    | -                    | -                         |
| Smithfield              | -                    | -                 | -                   | 2                    | -                    | -                         |
| South Kingstown         | 6                    | -                 | -                   | -                    | 56                   | -                         |
| Tiverton                | -                    | -                 | -                   | -                    | -                    | -                         |
| Warwick                 | 14                   | -                 | -                   | 1                    | 9                    | 1                         |
| Westerly                | 8                    | -                 | -                   | -                    | 15                   | -                         |
| West Warwick            | 7                    | 1                 | -                   | 2                    | 7                    | -                         |
| Woonsocket              | -                    | -                 | -                   | -                    | -                    | -                         |
| Bristol-Warren          | -                    | -                 | -                   | -                    | -                    | -                         |
| Exeter-West Greenwich   | 7                    | -                 | -                   | -                    | 12                   | -                         |
| Foster-Glocester        | 4                    | -                 | -                   | -                    | -                    | -                         |
| Central Falls           | 18                   | 4                 | -                   | 35                   | -                    | 341                       |
| <b>Total</b>            | <b>185</b>           | <b>468</b>        | <b>72</b>           | <b>342</b>           | <b>220</b>           | <b>558</b>                |



**Table 6: FY 2016 Estimated Charter & State School Enrollment by Sending District**

| <i>Sending District</i> | <i>RI</i>                   |                       |                         |                    |   |                             |                        |
|-------------------------|-----------------------------|-----------------------|-------------------------|--------------------|---|-----------------------------|------------------------|
|                         | <i>New England Laborers</i> | <i>Nowell Academy</i> | <i>Nurses Institute</i> | <i>Paul Cuffee</i> | <i>RI Mayoral Academies Blackstone Valley</i> | <i>RISE Mayoral Academy</i> | <i>Segue Institute</i> |
| Barrington              | -                           | -                     | 1                       | -                  | -   | -                           | -                      |
| Burrillville            | -                           | -                     | 2                       | -                  | -   | 18                          | -                      |
| Charlestown             | -                           | -                     | 1                       | -                  | -   | -                           | -                      |
| Coventry                | 2                           | -                     | -                       | -                  | -   | -                           | -                      |
| Cranston                | 78                          | 3                     | 17                      | -                  | 2   | -                           | -                      |
| Cumberland              | 2                           | -                     | 4                       | -                  | 391   | -                           | -                      |
| East Greenwich          | 1                           | -                     | -                       | -                  | -   | -                           | -                      |
| East Providence         | -                           | 4                     | 7                       | -                  | -   | -                           | -                      |
| Foster                  | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| Glocester               | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| Hopkinton               | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| Jamestown               | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| Johnston                | 15                          | 1                     | 7                       | -                  | -   | -                           | -                      |
| Lincoln                 | -                           | -                     | 1                       | -                  | 210   | -                           | -                      |
| Little Compton          | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| Middletown              | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| Narragansett            | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| Newport                 | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| New Shoreham            | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| North Kingstown         | -                           | 2                     | -                       | -                  | -   | -                           | -                      |
| North Providence        | 1                           | 1                     | 5                       | -                  | -   | -                           | -                      |
| North Smithfield        | -                           | -                     | -                       | -                  | -   | 13                          | -                      |
| Pawtucket               | 5                           | 30                    | 55                      | -                  | 427   | -                           | -                      |
| Portsmouth              | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| Providence              | 13                          | 63                    | 146                     | 774                | 3   | -                           | -                      |
| Richmond                | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| Scituate                | 3                           | -                     | -                       | -                  | -   | -                           | -                      |
| Smithfield              | 1                           | -                     | 1                       | -                  | -   | -                           | -                      |
| South Kingstown         | -                           | -                     | 1                       | -                  | -   | -                           | -                      |
| Tiverton                | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| Warwick                 | 15                          | 4                     | 7                       | -                  | 2   | -                           | -                      |
| Westerly                | -                           | -                     | -                       | -                  | -   | -                           | -                      |
| West Warwick            | 5                           | -                     | 1                       | -                  | -   | -                           | -                      |
| Woonsocket              | -                           | 31                    | 2                       | -                  | -   | 50                          | -                      |
| Bristol-Warren          | -                           | -                     | 3                       | -                  | -   | -                           | -                      |
| Exeter-West Greenwich   | -                           | 1                     | -                       | -                  | -   | -                           | -                      |
| Foster-Glocester        | 1                           | -                     | 1                       | -                  | -   | -                           | -                      |
| Central Falls           | 8                           | 20                    | 10                      | -                  | 380   | -                           | 240                    |
| <b>Total</b>            | <b>150</b>                  | <b>160</b>            | <b>272</b>              | <b>774</b>         | <b>1,415</b>                                  | <b>81</b>                   | <b>240</b>             |

**Table 6: FY 2016 Estimated Charter & State School Enrollment by Sending District**

| <i><b>Sending District</b></i> | <i><b>Southside<br/>Elementary</b></i> | <i><b>Textron</b></i> | <i><b>Times2</b></i> | <i><b>Trinity</b></i> | <i><b>Village<br/>Green</b></i> |
|--------------------------------|--|-----------------------|----------------------|-----------------------|---------------------------------|
| Barrington                     | -                                      | -                     | -                    | -                     | 1                               |
| Burrillville                   | -                                      | -                     | -                    | -                     | -                               |
| Charlestown                    | -                                      | -                     | -                    | -                     | 1                               |
| Coventry                       | -                                      | -                     | -                    | -                     | -                               |
| Cranston                       | -                                      | -                     | -                    | -                     | 1                               |
| Cumberland                     | -                                      | -                     | -                    | -                     | 3                               |
| East Greenwich                 | -                                      | -                     | -                    | -                     | -                               |
| East Providence                | -                                      | -                     | -                    | -                     | 16                              |
| Foster                         | -                                      | -                     | -                    | -                     | -                               |
| Glocester                      | -                                      | -                     | -                    | -                     | -                               |
| Hopkinton                      | -                                      | -                     | -                    | -                     | -                               |
| Jamestown                      | -                                      | -                     | -                    | -                     | -                               |
| Johnston                       | -                                      | -                     | -                    | -                     | 1                               |
| Lincoln                        | -                                      | -                     | -                    | -                     | 6                               |
| Little Compton                 | -                                      | -                     | -                    | -                     | -                               |
| Middletown                     | -                                      | -                     | -                    | -                     | -                               |
| Narragansett                   | -                                      | -                     | -                    | -                     | -                               |
| Newport                        | -                                      | -                     | -                    | -                     | -                               |
| New Shoreham                   | -                                      | -                     | -                    | -                     | -                               |
| North Kingstown                | -                                      | -                     | -                    | -                     | -                               |
| North Providence               | -                                      | -                     | -                    | -                     | 1                               |
| North Smithfield               | -                                      | -                     | -                    | -                     | -                               |
| Pawtucket                      | -                                      | -                     | -                    | -                     | 28                              |
| Portsmouth                     | -                                      | -                     | -                    | -                     | -                               |
| Providence                     | 48                                     | 205                   | 727                  | 204                   | 139                             |
| Richmond                       | -                                      | -                     | -                    | -                     | -                               |
| Scituate                       | -                                      | -                     | -                    | -                     | 1                               |
| Smithfield                     | -                                      | -                     | -                    | -                     | -                               |
| South Kingstown                | -                                      | -                     | -                    | -                     | 1                               |
| Tiverton                       | -                                      | -                     | -                    | -                     | -                               |
| Warwick                        | -                                      | -                     | -                    | -                     | 3                               |
| Westerly                       | -                                      | -                     | -                    | -                     | -                               |
| West Warwick                   | -                                      | -                     | -                    | -                     | 6                               |
| Woonsocket                     | -                                      | -                     | -                    | -                     | 9                               |
| Bristol-Warren                 | -                                      | -                     | -                    | -                     | 1                               |
| Exeter-West Greenwich          | -                                      | -                     | -                    | -                     | 1                               |
| Foster-Glocester               | -                                      | -                     | -                    | -                     | 1                               |
| Central Falls                  | -                                      | -                     | -                    | -                     | 25                              |
| <b>Total</b>                   | <b>48</b>                              | <b>205</b>            | <b>727</b>           | <b>204</b>            | <b>245</b>                      |

**Table 6: FY 2016 Estimated Charter & State School Enrollment by Sending District**

| <i>Sending District</i> | <i>Davies<br/>Career &amp;<br/>Tech Center</i> | <i>Metropolitan<br/>Career &amp;<br/>Tech Center</i> | <i>Urban<br/>Collaborative</i> | <i>Total</i> | <i>Charter/State<br/>School<br/>Percentage of<br/>Total<br/>Enrollment</i> | <i>June 2014<br/>Student<br/>Count</i> |
|-------------------------|--|--|--------------------------------|--------------|--|--|
| Barrington              | -  | 4  | -                              | 7            | 0.2%   | 3,245                                  |
| Burrillville            | -  | 2  | -                              | 43           | 1.8%   | 2,417                                  |
| Charlestown             | -  | 3  | -                              | 88           | 8.7%   | 1,008                                  |
| Coventry                | 1  | 4  | -                              | 55           | 1.2%   | 4,782                                  |
| Cranston                | -  | 27   | 9                              | 262          | 2.6%   | 10,228                                 |
| Cumberland              | 10   | 8  | -                              | 463          | 9.5%   | 4,857                                  |
| East Greenwich          | -  | 1  | -                              | 7            | 0.3%   | 2,374                                  |
| East Providence         | 3  | 41   | -                              | 103          | 1.9%   | 5,346                                  |
| Foster                  | -  | -  | -                              | -            | 0.0%   | 285                                    |
| Glocester               | -  | -  | -                              | -            | 0.0%   | 499                                    |
| Hopkinton               | -  | -  | -                              | 6            | 0.5%   | 1,192                                  |
| Jamestown               | -  | 11   | -                              | 15           | 2.3%   | 653                                    |
| Johnston                | 2  | 5  | -                              | 51           | 1.6%   | 3,099                                  |
| Lincoln                 | 40   | 5  | -                              | 278          | 8.5%   | 3,275                                  |
| Little Compton          | -  | 1  | -                              | 1            | 0.3%   | 393                                    |
| Middletown              | -  | 23   | -                              | 25           | 1.1%   | 2,293                                  |
| Narragansett            | -  | 4  | -                              | 27           | 1.9%   | 1,399                                  |
| Newport                 | -  | 41   | -                              | 41           | 2.0%   | 2,032                                  |
| New Shoreham            | -  | -  | -                              | -            | 0.0%   | 117                                    |
| North Kingstown         | -  | 10   | -                              | 127          | 3.2%   | 3,930                                  |
| North Providence        | 58   | 12   | 1                              | 118          | 3.3%   | 3,579                                  |
| North Smithfield        | 1  | -  | -                              | 36           | 2.0%   | 1,768                                  |
| Pawtucket               | 516  | 42   | -                              | 1,521        | 15.1%  | 10,077                                 |
| Portsmouth              | -  | 9  | -                              | 9            | 0.4%   | 2,509                                  |
| Providence              | 70   | 444  | 120                            | 4,228        | 16.1%  | 26,192                                 |
| Richmond                | -  | 3  | -                              | 6            | 0.5%   | 1,175                                  |
| Scituate                | -  | 4  | -                              | 12           | 0.8%   | 1,440                                  |
| Smithfield              | 9  | 6  | -                              | 23           | 1.0%   | 2,370                                  |
| South Kingstown         | -  | 24   | -                              | 119          | 3.4%   | 3,456                                  |
| Tiverton                | -  | 14   | -                              | 15           | 0.8%   | 1,815                                  |
| Warwick                 | -  | 23   | -                              | 92           | 1.0%   | 9,151                                  |
| Westerly                | -  | 1  | -                              | 45           | 1.5%   | 3,103                                  |
| West Warwick            | -  | 3  | -                              | 32           | 0.9%   | 3,390                                  |
| Woonsocket              | 2  | 50   | -                              | 240          | 4.2%   | 5,774                                  |
| Bristol-Warren          | -  | 21   | -                              | 25           | 0.7%   | 3,429                                  |
| Exeter-West Greenwich   | -  | 2  | -                              | 34           | 2.1%   | 1,653                                  |
| Foster-Glocester        | -  | -  | -                              | 7            | 0.6%   | 1,154                                  |
| Central Falls           | 163  | 40   | 8                              | 1,429        | 36.8%  | 3,888                                  |
| <b>Total</b>            | <b>875</b>                                     | <b>888</b>   | <b>138</b>                     | <b>9,590</b> | <b>7.2%</b>  | <b>139,347</b>                         |

**Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District**

| <i>Sending District</i> | <i>Achievement<br/>First</i> | <i>Beacon</i>      | <i>Blackstone<br/>Academy</i> | <i>Compass</i>    | <i>Engineering<br/>Early College</i> |
|-------------------------|------------------------------|--------------------|-------------------------------|-------------------|--------------------------------------|
| Barrington              | \$ -                         | \$ -               | \$ -                          | \$ -              | \$ -                                 |
| Burrillville            | -                            | 120,982            | -                             | -                 | -                                    |
| Charlestown             | -                            | -                  | -                             | 86,173            | -                                    |
| Coventry                | -                            | -                  | -                             | 8,803             | -                                    |
| Cranston                | 230,107                      | 33,151             | -                             | -                 | -                                    |
| Cumberland              | -                            | 155,478            | -                             | -                 | -                                    |
| East Greenwich          | -                            | 1,422              | -                             | 3,412             | -                                    |
| East Providence         | -                            | 16,015             | -                             | -                 | -                                    |
| Foster                  | -                            | -                  | -                             | -                 | -                                    |
| Glocester               | -                            | -                  | -                             | -                 | -                                    |
| Hopkinton               | -                            | -                  | -                             | -                 | -                                    |
| Jamestown               | -                            | -                  | -                             | 777               | -                                    |
| Johnston                | -                            | 11,928             | -                             | -                 | -                                    |
| Lincoln                 | -                            | 38,324             | -                             | -                 | -                                    |
| Little Compton          | -                            | -                  | -                             | -                 | -                                    |
| Middletown              | -                            | -                  | -                             | -                 | -                                    |
| Narragansett            | -                            | -                  | -                             | 13,485            | -                                    |
| Newport                 | -                            | -                  | -                             | -                 | -                                    |
| New Shoreham            | -                            | -                  | -                             | -                 | -                                    |
| North Kingstown         | -                            | -                  | -                             | 87,328            | -                                    |
| North Providence        | 60,205                       | 20,760             | -                             | -                 | -                                    |
| North Smithfield        | -                            | 76,063             | -                             | -                 | -                                    |
| Pawtucket               | 10,390                       | 149,906            | 1,110,196                     | -                 | -                                    |
| Portsmouth              | -                            | -                  | -                             | -                 | -                                    |
| Providence              | 5,082,289                    | 200,720            | 286,967                       | 31,362            | 1,060,052                            |
| Richmond                | -                            | -                  | -                             | -                 | -                                    |
| Scituate                | -                            | 5,045              | -                             | -                 | -                                    |
| Smithfield              | -                            | 9,029              | -                             | -                 | -                                    |
| South Kingstown         | -                            | 1,694              | -                             | 52,189            | -                                    |
| Tiverton                | -                            | 3,139              | -                             | -                 | -                                    |
| Warwick                 | 8,649                        | 33,876             | -                             | 7,208             | -                                    |
| Westerly                | -                            | -                  | -                             | 64,608            | -                                    |
| West Warwick            | -                            | -                  | -                             | -                 | -                                    |
| Woonsocket              | -                            | 905,131            | -                             | -                 | -                                    |
| Bristol-Warren          | -                            | -                  | -                             | -                 | -                                    |
| Exeter-West Greenwich   | -                            | -                  | -                             | 27,676            | -                                    |
| Foster-Glocester        | -                            | -                  | -                             | -                 | -                                    |
| Central Falls           | -                            | 262,031            | 1,281,783                     | -                 | -                                    |
| <b>Total</b>            | <b>\$ 5,391,640</b>          | <b>\$2,044,695</b> | <b>\$2,678,946</b>            | <b>\$ 383,020</b> | <b>\$ 1,060,052</b>                  |

**Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District**

| <i>Sending District</i> | <i>Greene School</i> | <i>Highlander</i>   | <i>Hope Academy</i> | <i>International</i> | <i>Kingston Hill</i> | <i>Learning Community</i> |
|-------------------------|----------------------|---------------------|---------------------|----------------------|----------------------|---------------------------|
| Barrington              | \$ -                 | \$ 2,467            | \$ -                | \$ -                 | \$ -                 | \$ -                      |
| Burrillville            | -                    | -                   | -                   | -                    | -                    | -                         |
| Charlestown             | 3,447                | -                   | -                   | -                    | 60,321               | -                         |
| Coventry                | 199,834              | -                   | -                   | 4,402                | 8,803                | -                         |
| Cranston                | 19,501               | 325,660             | -                   | 135,529              | 4,875                | 4,875                     |
| Cumberland              | 7,584                | -                   | -                   | 25,787               | -                    | -                         |
| East Greenwich          | 3,412                | -                   | -                   | -                    | -                    | -                         |
| East Providence         | 5,338                | 50,181              | -                   | 130,258              | -                    | 5,338                     |
| Foster                  | -                    | -                   | -                   | -                    | -                    | -                         |
| Glocester               | -                    | -                   | -                   | -                    | -                    | -                         |
| Hopkinton               | 21,654               | -                   | -                   | -                    | 4,010                | -                         |
| Jamestown               | 2,330                | -                   | -                   | -                    | -                    | -                         |
| Johnston                | 5,964                | 78,384              | -                   | 5,964                | 8,520                | -                         |
| Lincoln                 | -                    | 17,793              | -                   | 8,212                | -                    | -                         |
| Little Compton          | -                    | -                   | -                   | -                    | -                    | -                         |
| Middletown              | -                    | -                   | -                   | -                    | 5,930                | -                         |
| Narragansett            | 3,371                | -                   | -                   | 6,405                | 20,227               | -                         |
| Newport                 | -                    | -                   | -                   | -                    | -                    | -                         |
| New Shoreham            | -                    | -                   | -                   | -                    | -                    | -                         |
| North Kingstown         | 19,515               | 13,660              | -                   | -                    | 173,680              | -                         |
| North Providence        | -                    | 38,407              | 35,293              | 63,319               | 5,190                | -                         |
| North Smithfield        | -                    | 3,251               | -                   | -                    | -                    | -                         |
| Pawtucket               | 87,569               | 359,181             | -                   | 1,260,103            | -                    | 1,083,480                 |
| Portsmouth              | -                    | -                   | -                   | -                    | -                    | -                         |
| Providence              | 390,463              | 3,509,461           | 699,383             | 970,669              | -                    | 1,066,324                 |
| Richmond                | 7,076                | -                   | -                   | -                    | 3,538                | -                         |
| Scituate                | -                    | 2,523               | -                   | 2,523                | -                    | -                         |
| Smithfield              | -                    | -                   | -                   | 4,515                | -                    | -                         |
| South Kingstown         | 10,167               | -                   | -                   | -                    | 105,055              | -                         |
| Tiverton                | -                    | -                   | -                   | -                    | -                    | -                         |
| Warwick                 | 53,337               | -                   | -                   | 3,604                | 32,434               | 5,045                     |
| Westerly                | 22,803               | -                   | -                   | -                    | 49,406               | -                         |
| West Warwick            | 42,397               | 5,729               | -                   | 11,459               | 42,397               | -                         |
| Woonsocket              | -                    | -                   | -                   | -                    | -                    | -                         |
| Bristol-Warren          | -                    | -                   | -                   | -                    | -                    | -                         |
| Exeter-West Greenwich   | 17,356               | -                   | -                   | -                    | 32,836               | -                         |
| Foster-Glocester        | 15,018               | -                   | -                   | -                    | -                    | -                         |
| Central Falls           | 200,279              | 46,732              | -                   | 388,874              | -                    | 3,907,103                 |
| <b>Total</b>            | <b>\$ 1,138,412</b>  | <b>\$ 4,453,429</b> | <b>\$ 734,676</b>   | <b>\$ 3,021,621</b>  | <b>\$ 557,222</b>    | <b>\$6,072,166</b>        |

**Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District**

| <i>Sending District</i> | <i>New England Laborers</i> | <i>Nowell Academy</i> | <i>Nurses Institute</i> | <i>Paul Cuffee</i>  | <i>RI Mayoral Academies Blackstone Valley</i> | <i>RISE Mayoral Academy</i> | <i>Segue Institute</i> |
|-------------------------|-----------------------------|-----------------------|-------------------------|---------------------|---|-----------------------------|------------------------|
| Barrington              | \$ -                        | \$ -                  | \$ 2,467                | \$ -                | \$ -  | \$ -                        | \$ -                   |
| Burrillville            | -                           | -                     | 13,550                  | -                   | -   | 102,593                     | -                      |
| Charlestown             | -                           | -                     | 1,723                   | -                   | -   | -                           | -                      |
| Coventry                | 10,564                      | -                     | -                       | -                   | -   | -                           | -                      |
| Cranston                | 473,865                     | 20,476                | 108,228                 | -                   | 9,750   | -                           | -                      |
| Cumberland              | 7,584                       | -                     | 19,719                  | -                   | 1,685,986                                     | -                           | -                      |
| East Greenwich          | 1,422                       | -                     | -                       | -                   | -   | -                           | -                      |
| East Providence         | -                           | 29,895                | 45,910                  | -                   | -   | -                           | -                      |
| Foster                  | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| Glocester               | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| Hopkinton               | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| Jamestown               | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| Johnston                | 69,012                      | 4,260                 | 38,340                  | -                   | -   | -                           | -                      |
| Lincoln                 | -                           | -                     | 4,790                   | -                   | 811,643                                       | -                           | -                      |
| Little Compton          | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| Middletown              | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| Narragansett            | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| Newport                 | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| New Shoreham            | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| North Kingstown         | -                           | 6,830                 | -                       | -                   | -   | -                           | -                      |
| North Providence        | 7,266                       | 7,266                 | 32,178                  | -                   | -   | -                           | -                      |
| North Smithfield        | -                           | -                     | -                       | -                   | -   | 48,758                      | -                      |
| Pawtucket               | 51,948                      | 311,686               | 547,677                 | -                   | 4,130,584                                     | -                           | -                      |
| Portsmouth              | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| Providence              | 133,291                     | 691,543               | 1,568,124               | 7,909,617           | 23,522  | -                           | -                      |
| Richmond                | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| Scituate                | 8,577                       | -                     | -                       | -                   | -   | -                           | -                      |
| Smithfield              | 3,160                       | -                     | 3,160                   | -                   | -   | -                           | -                      |
| South Kingstown         | -                           | -                     | 2,372                   | -                   | -   | -                           | -                      |
| Tiverton                | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| Warwick                 | 72,797                      | 18,740                | 35,317                  | -                   | 7,208   | -                           | -                      |
| Westerly                | -                           | -                     | -                       | -                   | -   | -                           | -                      |
| West Warwick            | 33,230                      | -                     | 8,021                   | -                   | -   | -                           | -                      |
| Woonsocket              | -                           | 329,553               | 21,261                  | -                   | -   | 501,163                     | -                      |
| Bristol-Warren          | -                           | -                     | 13,353                  | -                   | -   | -                           | -                      |
| Exeter-West Greenwich   | -                           | 2,345                 | -                       | -                   | -   | -                           | -                      |
| Foster-Glocester        | 3,754                       | -                     | 5,256                   | -                   | -   | -                           | -                      |
| Central Falls           | 90,125                      | 233,658               | 110,153                 | -                   | 4,269,273                                     | -                           | 2,740,480              |
| <b>Total</b>            | <b>\$ 966,595</b>           | <b>\$ 1,656,252</b>   | <b>\$ 2,581,604</b>     | <b>\$ 7,909,617</b> | <b>10,937,966</b>                             | <b>\$ 652,514</b>           | <b>\$ 2,740,480</b>    |

**Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District**

| <i>Sending District</i> | <i>Southside</i>  |                     |                     |                     |                      |
|-------------------------|-------------------|---------------------|---------------------|---------------------|----------------------|
|                         | <i>Elementary</i> | <i>Textron</i>      | <i>Times2</i>       | <i>Trinity</i>      | <i>Village Green</i> |
| Barrington              | \$ -              | \$ -                | \$ -                | \$ -                | \$ 1,762             |
| Burrillville            | -                 | -                   | -                   | -                   | -                    |
| Charlestown             | -                 | -                   | -                   | -                   | 1,723                |
| Coventry                | -                 | -                   | -                   | -                   | -                    |
| Cranston                | -                 | -                   | -                   | -                   | 4,875                |
| Cumberland              | -                 | -                   | -                   | -                   | 15,927               |
| East Greenwich          | -                 | -                   | -                   | -                   | -                    |
| East Providence         | -                 | -                   | -                   | -                   | 106,769              |
| Foster                  | -                 | -                   | -                   | -                   | -                    |
| Glocester               | -                 | -                   | -                   | -                   | -                    |
| Hopkinton               | -                 | -                   | -                   | -                   | -                    |
| Jamestown               | -                 | -                   | -                   | -                   | -                    |
| Johnston                | -                 | -                   | -                   | -                   | 4,260                |
| Lincoln                 | -                 | -                   | -                   | -                   | 24,637               |
| Little Compton          | -                 | -                   | -                   | -                   | -                    |
| Middletown              | -                 | -                   | -                   | -                   | -                    |
| Narragansett            | -                 | -                   | -                   | -                   | -                    |
| Newport                 | -                 | -                   | -                   | -                   | -                    |
| New Shoreham            | -                 | -                   | -                   | -                   | -                    |
| North Kingstown         | -                 | -                   | -                   | -                   | -                    |
| North Providence        | -                 | -                   | -                   | -                   | 7,266                |
| North Smithfield        | -                 | -                   | -                   | -                   | -                    |
| Pawtucket               | -                 | -                   | -                   | -                   | 290,907              |
| Portsmouth              | -                 | -                   | -                   | -                   | -                    |
| Providence              | 508,072           | 2,159,307           | 7,619,514           | 2,160,875           | 1,506,967            |
| Richmond                | -                 | -                   | -                   | -                   | -                    |
| Scituate                | -                 | -                   | -                   | -                   | 2,523                |
| Smithfield              | -                 | -                   | -                   | -                   | -                    |
| South Kingstown         | -                 | -                   | -                   | -                   | 1,694                |
| Tiverton                | -                 | -                   | -                   | -                   | -                    |
| Warwick                 | -                 | -                   | -                   | -                   | 15,136               |
| Westerly                | -                 | -                   | -                   | -                   | -                    |
| West Warwick            | -                 | -                   | -                   | -                   | 38,959               |
| Woonsocket              | -                 | -                   | -                   | -                   | 86,565               |
| Bristol-Warren          | -                 | -                   | -                   | -                   | 3,179                |
| Exeter-West Greenwich   | -                 | -                   | -                   | -                   | 2,345                |
| Foster-Glocester        | -                 | -                   | -                   | -                   | 3,754                |
| Central Falls           | -                 | -                   | -                   | -                   | 292,073              |
| <b>Total</b>            | <b>\$ 508,072</b> | <b>\$ 2,159,307</b> | <b>\$ 7,619,514</b> | <b>\$ 2,160,875</b> | <b>\$ 2,411,323</b>  |

**Table 7: Transitioned Formula Funding to Charter and State Schools by Sending District**

| <i>Sending District</i> | <i>Davies<br/>Career and<br/>Technical<br/>Center</i> | <i>Metropolitan<br/>Career and<br/>Technical<br/>Center</i> | <i>Urban<br/>Collaborative</i> | <i>Total</i>        |
|-------------------------|---|---|--------------------------------|---------------------|
| Barrington              | \$ -  | \$ 7,755  | \$ -                           | \$ 14,451           |
| Burrillville            | -   | 13,550  | -                              | 250,675             |
| Charlestown             | -   | 6,549   | -                              | 159,936             |
| Coventry                | 4,402   | 21,128  | -                              | 257,936             |
| Cranston                | -   | 168,680   | 57,527                         | 1,597,099           |
| Cumberland              | 43,989  | 39,438  | -                              | 2,001,492           |
| East Greenwich          | -   | 1,990   | -                              | 11,658              |
| East Providence         | 22,421  | 274,395   | -                              | 686,520             |
| Foster                  | -   | -   | -                              | -                   |
| Glocester               | -   | -   | -                              | -                   |
| Hopkinton               | -   | -   | -                              | 25,664              |
| Jamestown               | -   | 9,473   | -                              | 12,580              |
| Johnston                | 11,928  | 24,708  | -                              | 263,268             |
| Lincoln                 | 164,245   | 18,478  | -                              | 1,088,122           |
| Little Compton          | -   | 966   | -                              | 966                 |
| Middletown              | -   | 85,978  | -                              | 91,908              |
| Narragansett            | -   | 6,742   | -                              | 50,230              |
| Newport                 | -   | 209,278   | -                              | 209,278             |
| New Shoreham            | -   | -   | -                              | -                   |
| North Kingstown         | -   | 29,272  | -                              | 330,285             |
| North Providence        | 369,534   | 76,813  | 7,266                          | 730,763             |
| North Smithfield        | 3,251   | -   | -                              | 131,323             |
| Pawtucket               | 4,871,209   | 409,645   | -                              | 14,674,481          |
| Portsmouth              | -   | 14,242  | -                              | 14,242              |
| Providence              | 727,609   | 4,710,644   | 1,276,453                      | 44,293,229          |
| Richmond                | -   | 10,614  | -                              | 21,228              |
| Scituate                | -   | 10,091  | -                              | 31,282              |
| Smithfield              | 20,316  | 14,447  | -                              | 54,627              |
| South Kingstown         | -   | 48,122  | -                              | 221,293             |
| Tiverton                | -   | 53,998  | -                              | 57,137              |
| Warwick                 | -   | 94,420  | -                              | 387,771             |
| Westerly                | -   | 2,715   | -                              | 139,532             |
| West Warwick            | -   | 24,063  | -                              | 206,255             |
| Woonsocket              | 18,224  | 495,088   | -                              | 2,356,986           |
| Bristol-Warren          | -   | 82,028  | -                              | 98,560              |
| Exeter-West Greenwich   | -   | 5,629   | -                              | 88,187              |
| Foster-Glocester        | -   | -   | -                              | 27,782              |
| Central Falls           | 1,800,839   | 447,289   | 86,787                         | 16,157,479          |
| <b>Total</b>            | <b>\$ 8,057,966</b>                                   | <b>\$ 7,418,229</b>   | <b>\$ 1,428,033</b>            | <b>\$86,744,226</b> |



**Table 8: Recommended Categorical Aid for FY 2016**

| <i>Sending District</i>  | <i>High Cost Special</i> |                       |                     |
|--------------------------|--------------------------|-----------------------|---------------------|
|                          | <i>Education</i>         | <i>Transportation</i> | <i>Total</i>        |
| Barrington               | \$ 75,924                | \$ -                  | \$ 75,924           |
| Burrillville             | 21,038                   | -                     | 21,038              |
| Charlestown              | -                        | -                     | -                   |
| Coventry                 | 30,662                   | -                     | 30,662              |
| Cranston                 | 248,212                  | -                     | 248,212             |
| Cumberland               | 36,943                   | -                     | 36,943              |
| East Greenwich           | 109,501                  | -                     | 109,501             |
| East Providence          | 235,859                  | -                     | 235,859             |
| Foster                   | 18,141                   | -                     | 18,141              |
| Glocester                | 12,651                   | -                     | 12,651              |
| Hopkinton                | -                        | -                     | -                   |
| Jamestown                | 17,774                   | -                     | 17,774              |
| Johnston                 | 65,164                   | -                     | 65,164              |
| Lincoln                  | 95,990                   | -                     | 95,990              |
| Little Compton           | -                        | -                     | -                   |
| Middletown               | 51,852                   | -                     | 51,852              |
| Narragansett             | 20,647                   | -                     | 20,647              |
| Newport                  | 10,855                   | -                     | 10,855              |
| New Shoreham             | 18,248                   | -                     | 18,248              |
| North Kingstown          | 31,418                   | -                     | 31,418              |
| North Providence         | 117,852                  | -                     | 117,852             |
| North Smithfield         | 21,461                   | -                     | 21,461              |
| Pawtucket                | 64,933                   | -                     | 64,933              |
| Portsmouth               | 49,026                   | -                     | 49,026              |
| Providence               | 473,715                  | -                     | 473,715             |
| Richmond                 | -                        | -                     | -                   |
| Scituate                 | 19,637                   | -                     | 19,637              |
| Smithfield               | 1,400                    | -                     | 1,400               |
| South Kingstown          | 32,463                   | -                     | 32,463              |
| Tiverton                 | 41,493                   | -                     | 41,493              |
| Warwick                  | 158,378                  | -                     | 158,378             |
| Westerly                 | 146,557                  | -                     | 146,557             |
| West Warwick             | -                        | -                     | -                   |
| Woonsocket               | 16,871                   | -                     | 16,871              |
| Bristol-Warren           | 139,648                  | 617,409               | 757,057             |
| Chariho                  | 26,388                   | 929,868               | 956,256             |
| Exeter-West Greenwich    | 63,022                   | 558,863               | 621,885             |
| Foster-Glocester         | 15,791                   | 245,220               | 261,011             |
| Central Falls            | 10,486                   | -                     | 10,486              |
| <b>Subtotal</b>          | <b>\$ 2,500,000</b>      | <b>\$ 2,351,360</b>   | <b>\$ 4,851,360</b> |
| Charters & State Schools | -                        | -                     | -                   |
| <b>Total</b>             | <b>\$ 2,500,000</b>      | <b>\$ 2,351,360</b>   | <b>\$ 4,851,360</b> |

**Table 9: Education Aid for FY 2009 – FY 2014**

| <i>District</i>       | <i>FY 2009</i>        | <i>FY 2010</i>        | <i>FY 2011</i>        | <i>FY 2012</i>        | <i>FY 2013</i>        | <i>FY 2014</i>        |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Barrington            | \$ 1,907,570          | \$ 1,800,191          | \$ 1,777,692          | \$ 2,374,854          | \$ 3,350,904          | \$ 3,971,797          |
| Burrillville          | 13,789,047            | 13,169,342            | 13,049,312            | 13,008,772            | 12,965,501            | 13,063,243            |
| Charlestown           | 1,824,817             | 1,725,632             | 1,708,264             | 1,704,449             | 1,694,669             | 1,706,995             |
| Coventry              | 19,167,853            | 18,278,654            | 18,106,570            | 18,670,838            | 19,707,074            | 20,348,442            |
| Cranston              | 34,241,412            | 32,032,775            | 31,729,746            | 34,148,058            | 39,188,868            | 43,347,609            |
| Cumberland            | 12,749,195            | 11,966,879            | 11,853,639            | 12,663,079            | 13,834,760            | 14,705,457            |
| East Greenwich        | 1,457,699             | 1,450,763             | 1,327,711             | 1,507,198             | 1,955,236             | 2,323,568             |
| East Providence       | 26,404,603            | 24,881,232            | 24,531,957            | 25,375,608            | 26,993,305            | 28,082,665            |
| Foster                | 1,372,428             | 1,305,135             | 1,293,021             | 1,242,314             | 1,214,327             | 1,204,783             |
| Glocester             | 3,150,714             | 2,973,405             | 2,946,000             | 2,862,833             | 2,792,685             | 2,705,444             |
| Hopkinton             | 5,758,687             | 5,749,276             | 5,695,888             | 5,726,195             | 5,615,973             | 5,515,535             |
| Jamestown             | 445,251               | 391,353               | 386,846               | 369,267               | 363,461               | 361,936               |
| Johnston              | 10,412,388            | 9,701,822             | 9,609,655             | 10,131,916            | 11,083,498            | 11,997,593            |
| Lincoln               | 6,762,647             | 6,384,476             | 6,320,677             | 6,999,556             | 8,156,329             | 8,990,606             |
| Little Compton        | 324,893               | 291,845               | 288,570               | 313,858               | 338,666               | 365,270               |
| Middletown            | 10,102,194            | 9,653,308             | 9,562,746             | 9,407,808             | 9,288,241             | 9,109,276             |
| Narragansett          | 1,601,846             | 1,440,139             | 1,423,684             | 1,488,608             | 1,663,260             | 1,805,079             |
| Newport               | 11,718,446            | 10,912,686            | 10,812,053            | 10,701,213            | 10,661,062            | 10,656,332            |
| New Shoreham          | 40,148                | 57,149                | 56,081                | 61,851                | 72,292                | 81,762                |
| North Kingstown       | 11,342,544            | 10,735,891            | 10,633,129            | 10,674,839            | 10,758,204            | 10,796,604            |
| North Providence      | 12,949,606            | 12,222,938            | 12,107,544            | 12,751,556            | 14,139,108            | 15,094,386            |
| North Smithfield      | 4,542,906             | 4,384,693             | 4,342,683             | 4,630,725             | 5,133,980             | 5,400,054             |
| Pawtucket             | 67,589,810            | 63,316,158            | 62,743,324            | 64,600,780            | 68,246,641            | 71,459,692            |
| Portsmouth            | 6,235,178             | 6,026,090             | 5,968,097             | 5,762,149             | 5,380,832             | 5,128,661             |
| Providence            | 198,173,499           | 181,619,378           | 179,813,040           | 185,804,948           | 197,968,379           | 206,273,348           |
| Richmond              | 5,711,973             | 5,722,291             | 5,669,397             | 5,648,866             | 5,474,556             | 5,335,436             |
| Scituate              | 3,136,637             | 2,942,545             | 2,913,522             | 3,155,942             | 3,514,829             | 3,720,471             |
| Smithfield            | 5,265,557             | 5,023,550             | 4,899,277             | 4,966,920             | 4,982,755             | 4,985,793             |
| South Kingstown       | 9,759,935             | 9,289,273             | 9,198,692             | 8,832,470             | 8,511,975             | 8,154,486             |
| Tiverton              | 5,620,900             | 5,326,062             | 5,275,223             | 5,329,648             | 5,677,809             | 5,775,390             |
| Warwick               | 35,667,487            | 33,816,257            | 33,493,714            | 33,796,578            | 34,449,461            | 35,164,250            |
| Westerly              | 6,132,170             | 5,780,009             | 5,721,304             | 5,982,372             | 6,572,162             | 7,164,219             |
| West Warwick          | 20,065,546            | 19,030,395            | 18,855,252            | 19,143,704            | 19,775,027            | 20,309,057            |
| Woonsocket            | 47,937,431            | 44,881,514            | 44,356,033            | 45,012,523            | 46,744,955            | 48,170,444            |
| Bristol-Warren        | 19,987,011            | 19,071,142            | 18,896,443            | 18,625,047            | 17,832,369            | 17,089,869            |
| Exeter-West Greenwich | 7,159,892             | 6,894,092             | 6,708,949             | 6,818,348             | 6,705,948             | 6,639,220             |
| Chariho               | 892,154               | 387,074               | 383,667               | 642,082               | 898,449               | 1,127,409             |
| Foster-Glocester      | 5,522,536             | 5,268,913             | 5,219,945             | 5,372,978             | 5,289,023             | 5,213,358             |
| Central Falls         | 44,524,530            | 43,255,325            | 42,865,644            | 41,145,437            | 39,744,688            | 38,451,858            |
| Met School Operations | 11,830,303            | 12,508,767            | 13,025,640            | 12,236,284            | 11,648,256            | 11,085,049            |
| <b>Total</b>          | <b>\$ 693,279,442</b> | <b>\$ 651,668,420</b> | <b>\$ 645,570,630</b> | <b>\$ 659,692,470</b> | <b>\$ 690,389,517</b> | <b>\$ 712,882,446</b> |



## Revenues Changes

The Governor recommends \$0.4 million less and \$216.9 million more general revenues than estimated at the November 2014 Revenue Estimating Conference for FY 2015 and FY 2016, respectively. The Revenue Estimating Conference increased the enacted FY 2015 estimates by \$15.8 million for a total of \$3,508.9 million and included \$3,380.2 million for FY 2016. The table below shows the changes, followed by paragraphs explaining them.

| <b>Recommended General Revenues Changes</b>                       | <b>FY 2015</b>      | <b>FY 2016</b>        |
|---|---------------------|-----------------------|
| <b>Taxes</b>  |                     |                       |
| Earned Income Tax Credit  | \$ -                | \$ (3,038,540)        |
| Social Security Retirement Exemption                              | -                   | (3,854,666)           |
| Contingency Fee Contracts   | -                   | 962,500               |
| Enterprise Zone Tax Credit  | -                   | 356,347               |
| Reduced Medicaid Expenses   | -                   | (1,895,168)           |
| Hotel Room Resale   | -                   | 820,662               |
| Small Bed & Breakfasts and Other Temporary and Unlicensed Rentals | -                   | 851,512               |
| Vacation Homes  | -                   | 5,422,316             |
| Cigarette Tax   | -                   | 7,142,018             |
| Self-Audit Program  | -                   | 500,000               |
| Commercial Energy Sales Tax                                       | -                   | (4,877,756)           |
| License Plate Reissuance Delay                                    | -                   | (2,561,952)           |
| DMV Fees Transfer Delay   | -                   | 13,191,835            |
| Real Estate Conveyance  | -                   | 695,970               |
| State Property Tax  | -                   | 11,761,679            |
| <b>Total Taxes</b>  | <b>\$ -</b>         | <b>\$ 25,476,757</b>  |
| <b>Departmental Revenues</b>                                      |                     |                       |
| DOR: Contingency Fee Contracts                                    | \$ -                | \$ 787,500            |
| DOR: Outpatient and Imaging Services Surcharge                    | -                   | (574,399)             |
| OHHS: Reinststitute Hospital Licensing Fee at 5.703 Percent       | -                   | 156,071,602           |
| DHS: Work Support Strategies Grant                                | (364,341)           | (408,000)             |
| Occupational Licensing  | -                   | (365,906)             |
| Hotel Tax Reallocation and Redistribution                         | -                   | (3,776,447)           |
| <b>Total Departmental Revenues</b>                                | <b>\$ (364,341)</b> | <b>\$ 151,734,350</b> |
| <b>Other Revenue</b>  |                     |                       |
| Clean Water Finance Agency Transfer                               | \$ -                | \$ 11,000,000         |
| Narragansett Bay Commission Transfer                              | -                   | 2,800,000             |
| Resource Recovery Transfer  | -                   | 1,500,000             |
| RI Airport Corporation Transfer                                   | -                   | 430,000               |
| Rhode Island Health and Educational Building Corporation Transfer | -                   | 5,000,000             |
| Tobacco Settlement Financing                                      | -                   | 19,000,000            |
| <b>Total Other Revenues</b>                                       | <b>\$ -</b>         | <b>\$ 39,730,000</b>  |
| <b>Total General Revenues Changes</b>                             | <b>\$ (364,341)</b> | <b>\$ 216,941,107</b> |

**Taxes.** The Governor's budget includes \$25.5 million more in tax revenues for FY 2016. Of this amount, \$6.9 million is from the combined sales tax impact of three proposals relating to tourism and \$12.5 million is from two initiatives related to real property. The Budget additionally assumes a total of \$7.1 million of additional revenue from an increase in the cigarette excise tax.

## Personal Income Taxes

- **Earned Income Tax Credit.** The Governor's budget includes a revenue loss of \$3.0 million for FY 2016 from modification to the Earned Income Tax Credit for low and moderate wage earners. Effective January 1, 2016, the credit would equal 12.5 percent of the federal credit; it would increase to 15.0 percent effective January 1, 2017. The 2014 Assembly enacted changes that enhanced the value of the credit, including altering the rate to 10.0 percent of the federal credit and making it 100 percent refundable. The five year forecast assumes a loss of \$12.7 million in FY 2017; however, the impact for that fiscal year appears to be \$9.4 million. The estimated FY 2018 impact includes a loss of \$13.2 million.
- **Social Security Retirement Exemption.** The Governor's budget assumes a loss of \$3.9 million from exempting Social Security benefits single filers with federal adjusted gross incomes of \$50,000 or less and married joint and qualifying widow or widower filers with federal adjusted gross incomes of \$60,000 or less from personal income tax. Under current law, Social Security benefits are taxable at the state level if they are taxable at the federal level. The impact annualizes to a loss of \$8.1 million in FY 2017.
- **Contingency Fee Contract Services.** The Governor's budget includes an additional \$1.0 million in personal income tax revenues from the establishment of contracts between the Division of Taxation and third-party service providers for the review of tax data and collections. The Budget additionally assumes \$0.8 million in associated interest and penalties. The combined impact for this initiative is a revenue increase of \$1.8 million.

## Sales Taxes

- **Hotel Room Resale.** The Governor's budget assumes an additional \$0.8 million in sales tax revenues from subjecting the resale cost of hotel rooms and travel package bundles to the state sales tax, state hotel tax of 5.0 percent, and local hotel tax of 1.0 percent. Current statute requires resellers collect and remit taxes on the wholesale cost of rooms purchased for resale. No hotel tax revenues from this initiative are assumed in the Budget, reflective of the Governor's proposal to reallocate the state share of hotel tax revenues to the Commerce Corporation.
- **Small Bed and Breakfasts and Other Temporary and Unlicensed Lodging.** The Governor's budget includes \$0.9 million from the expansion of the definition of hotel to include the rentals of rooms at bed and breakfast inns with less than three rooms for rent or rooms in other unlicensed lodging to the state sales tax, state hotel tax of 5.0 percent, and local hotel tax of 1.0 percent. No additional hotel tax revenues are assumed, reflective of the Governor's proposal to reallocate and redistribute the state share of hotel tax revenues.
- **Vacation Homes.** The FY 2016 budget assumes \$5.4 million of additional sales tax revenues from expanding the definition of hotel to include the temporary rental of vacation homes. The Governor recommends subjecting these rentals to the state 7.0 percent sales tax and local 1.0 percent hotel taxes; but not to the state 5.0 percent hotel tax.
- **Self-Audit Program.** The Governor's budget includes \$0.5 million in additional sales tax collections from permitting the Division of Taxation to establish agreements with Rhode Island businesses to perform self-audits and pay any sales and use taxes owed for reduced interest and no penalty costs.

- **Commercial Energy Sales Tax.** The Budget includes a revenue loss of \$4.9 million from the first year of a five-year phase out of sales tax on the purchase of electricity, gas, and heating fuels by commercial or business users, effective July 1, 2015. The Governor recommends that each fiscal year, beginning with FY 2016, energy purchases are exempted from sales tax in 20.0 percent increments. The five year forecast assumes a revenue loss of \$26.2 million for FY 2020, when 100 percent of the purchases would be exempt.
- **Cigarette Tax.** The Governor's budget assumes \$0.7 million in sales tax revenues associated with proposed legislation to increase the cigarette excise tax by \$0.25 per pack, to \$3.75 per 20-pack, effective August 1, 2015. The Office of Revenue Analysis estimates a final retail price per pack of \$9.17, \$0.54 cents less than in Massachusetts, which has higher minimum markup provisions. The Budget also assumes additional tobacco tax collections of \$6.5 million, including \$5.9 million from the excise tax increase and \$0.6 million from the floor tax applied to inventory held as of August 1, 2015. The assumed total impact is an additional \$7.1 million from the excise tax increase.

### Business Taxes

- **Enterprise Zone Tax Credit.** The Budget assumes additional corporate income tax revenues of \$0.4 million from the elimination of the Enterprise Zone Tax Credit, effective July 1, 2015. Under current law, a qualified business in an enterprise zone is allowed a credit against its corporate income tax liability for wages paid to employees hired to meet the 12 month, 5.0 percent jobs growth requirement.

### Insurance Companies

- **Reduced Revenues from Decreased Medicaid Expenditures.** The Governor's budget lowers expenses in the Rite Care, Rhody Health Partners and Rhody Health Options managed care programs that reduces expenses by \$43.6 million. This includes eliminating the rate increase for the capitated payments and freezing and further reducing by five percent the rates paid to hospitals through the plans. This action results in lower revenues for the managed care plans that lowers taxes paid by \$0.9 million through the 2.0 percent assessment on the plan premiums.

### Health Care Provider Tax

- **Reduced Revenues from Decreased Medicaid Expenditures.** The Governor's budget includes the elimination of the October 1, 2015 nursing home rate increase and a three percent rate reduction lowering expenditures by \$18.6 million. The result is lower revenues for nursing homes which lowers taxes paid by \$1.0 million through the 5.5 percent assessment on a facility's gross revenues.

### Other Taxes

- **Cigarette Tax.** The Governor's budget assumes \$6.5 million in additional tobacco tax revenues associated with an increase to the cigarette excise tax by \$0.25 per 20-pack, to \$3.75 per pack, effective August 1, 2015. The Office of Revenue Analysis estimates a final retail price per pack of \$9.17, \$0.54 cents less than in Massachusetts, which has higher minimum markup provisions. Increased tobacco tax revenues include \$5.9 million in additional cigarette excise tax collections and \$0.6 million from the floor tax applied to inventory held as of August 1, 2015. The Budget also assumes additional sales tax revenues of \$0.7 million; the assumed total impact is an additional \$7.1 million from the excise tax increase.

- **State Property Tax.** The Governor's budget includes \$11.8 million in revenues from the establishment of a state tax on real properties valued at \$1.0 million or more. A tax of \$2.50 per \$1,000 of assessed value would be applied on a fiscal year basis on non-owner occupied single-family homes, condominiums with less than six units, seasonal and beach properties, dockominiums, vacant residential land, timeshare condominiums, and mobile homes.
- **Real Estate Conveyance Tax.** The Budget assumes \$0.7 million from the establishment of a tax on the sale of a controlling interest in a business entity that holds interest in real property. At the time of conveyance, the sale would be subject to a tax of \$2.50 per \$500 of the value of the property, consistent with the existing real estate conveyance tax.

**Departmental Revenues.** The Governor recommends additional revenues of \$151.7 million from departmental receipts for FY 2016. Of this amount, \$156.1 million relates to the extension of the hospital licensing fee.

- **Hotel Tax Reallocation and Redistribution.** The Governor recommends allocating \$3.8 million in hotel tax revenues from general revenues to the Rhode Island Commerce Corporation for FY 2016. The Budget assumes the modification of the existing state hotel tax revenue distribution to fund state level tourism and marketing programs through the Corporation. Shares of the 5.0 percent state hotel tax are decreased for seven of the eight tourism districts; Aquidneck Island retains its 47.0 percent share, Warwick's share is lowered 15.0 percent, and all other districts' shares are decreased to 25.0 percent.
- **OHHS: Reinstitute Hospital Licensing Fee at 5.703 Percent.** The Governor recommends Article 4 to extend the licensing fee for FY 2016 at the current rate of 5.703 percent for all hospitals except South County and Westerly, which will be assessed a fee of 3.6 percent. It assumes \$149.6 million from community hospital payments and \$6.5 million from state payments for Eleanor Slater Hospital. The licensing fee appears annually in the Appropriations Act and is not included in consensus revenue estimates, because the Revenue Estimating Conference can only estimate revenues under current law.
- **DOR: Outpatient and Imaging Services Surcharge.** The Budget includes a revenue loss of \$0.6 million from the first year of a four-year phase out of the 2.0 percent surcharge on outpatient and imaging service centers' net patient revenues. The Governor recommends a half percent incremental decrease in the surcharge each fiscal year, beginning with FY 2016. The five year forecast assumes a revenue loss of \$2.2 million for FY 2019, when 100 percent of the purchases would be exempt.
- **DOR: Contingency Fee Contract Services.** The Governor's budget includes an additional \$0.8 million in penalty and fee collections by the Division of Taxation from the establishment of contracts between the Division and third-party service providers for the review of tax data and collections. The Budget also assumes \$1.0 million in additional income tax payments. The combined impact for this initiative is a revenue increase of \$1.8 million.
- **DHS: Work Support Strategies Grant.** The Governor recommends the transfer of \$0.4 million related to the Work Support Strategies grant from general revenues to a restricted receipt account in both FY 2015 and FY 2016. The Department indicates the grant expenditures will be completed in FY 2016, but may be carried into the first quarter of FY 2017. This three-year grant for \$1.3 million from the Urban Institute, which is currently deposited as general revenues, has been used to streamline access to and delivery of the services of the four major programs that support low income families: supplemental nutrition assistance program, medical assistance, Rhode Island Works and subsidized child care.

- **Occupational Licensing.** The Budget assumes a revenue loss of \$0.4 million from repealing 32 professional license and permit requirements. Of this, 26 are administered by the Department of Health, three by the Department of Business Regulation, two by the Department of Environmental Management, and one by the Department of Elementary and Secondary Education. It eliminates the licensure requirement for line cleaners, auctioneers, athletic coaches, fur buyers, manicurist instructors, music therapists, hairdresser/cosmetologists and manicurist instructors, and several others. The proposal results in a loss of \$0.2 million in FY 2017, as several of the licenses are renewed on a biennial basis.
- **DEM: Commercial Feed Registration Fee.** The Governor proposes legislation to increase the commercial feed registration fee from \$60 to \$100 per year, per product. The \$40 increase would be deposited as restricted receipts into the Local Agriculture and Seafood Small Grants and Technical Assistance Fund, which was created by the Rhode Island Local Agriculture and Seafood Act of 2012. The Budget assumes \$0.3 million in additional revenues from the increase. The remaining \$60 would still be deposited into the General Fund.

### Other Revenue

- **Clean Water Finance Agency Transfer.** The Budget includes the transfer of \$11.0 million from the Clean Water Finance Agency to the state General Fund by June 30, 2016 in part to offset the cost of general obligation bonds that have been issued on the Agency's behalf.
- **Narragansett Bay Commission Transfer.** The Budget includes the transfer of \$2.8 million from the Narragansett Bay Commission to the state General Fund by June 30, 2016 to offset the cost of general obligation bonds that have been issued on the Commission's behalf.
- **Resource Recovery Corporation Transfer.** The Budget includes the transfer of \$1.5 million from the Resource Recovery Corporation to the state General Fund by June 30, 2016.
- **RI Health and Educational Building Corporation Transfer.** The Budget includes the transfer of \$5.0 million from the Rhode Island Health and Educational Building Corporation to the General Fund by June 30, 2016.
- **Rhode Island Airport Corporation Transfer.** The Governor proposes that the Rhode Island Airport Corporation transfer \$0.4 million to the state General Fund by June 30, 2016 to reflect advanced debt service payments for general obligation bonds that have been issued on the Corporation's behalf.
- **Tobacco Settlement Financing.** The Budget assumes \$19.0 million of additional revenues from the redistribution of proceeds from the Tobacco Settlement Financing Corporation. The 2014 Assembly authorized 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 that amount, \$5.0 million each would be deposited into the State General Fund and the Municipal Road and Bridge Revolving Fund, and the remaining proceeds, expected to be at least \$10.0 million would be deposited into the Information Technology Investment Fund. The refinancing yielded a total of \$36.3 million in revenues. The budget redirects \$19.0 million of that to general revenues.
- **DMV Fees Transfer Delay.** The Governor's FY 2016 budget assumes \$13.2 million of additional revenues by delaying 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, currently estimated at \$52.8 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 made pursuant to current law. The Governor proposes additional Rhode Island Capital Plan funding to offset the impact.

- ***License Plate Reissuance.*** The Budget assumes a revenue loss of \$2.6 million from the one year delay of the mandatory reissuance of license plates, from September 1, 2015 to September 1, 2016. The reissuance has been delayed twice previously, from September 1, 2011 to September 1, 2013 and again to September 1, 2015. The section maintains the allowance in current law that allows the new plates to be issued at the time of initial registration and upon the renewal of the registration. Combined with an associated \$2.7 million decrease of Division of Motor Vehicles expenditures related to the reissuance, the combined impact of the proposal is a \$0.1 million increase in revenues.

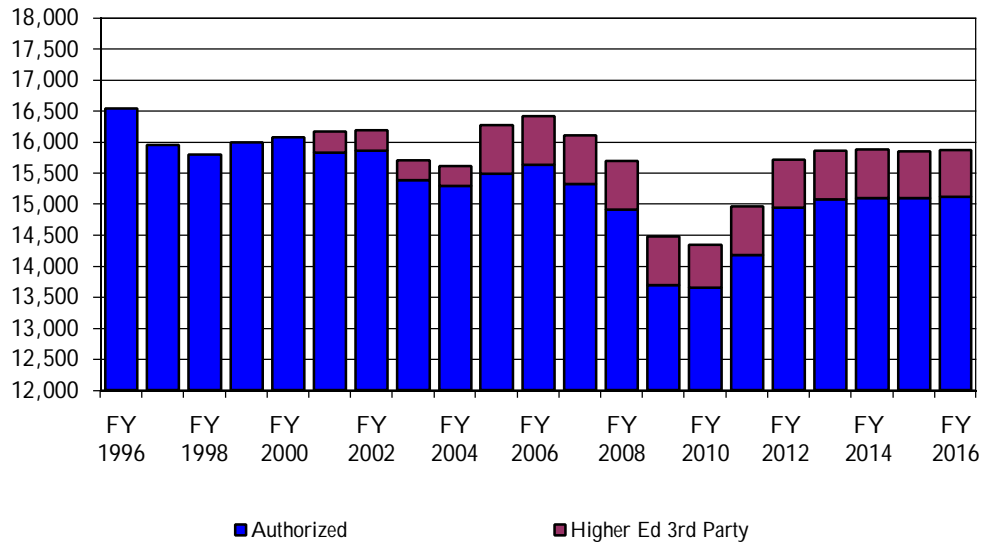
- ***Energy Efficiency Rebates.*** The FY 2015 budget includes \$1.3 million in revenues from National Grid for energy efficiency rebates as a result of capital improvements such as energy efficient boilers, lighting, motors, refrigeration, HVAC systems, and related controls on the Pastore Center. It should be noted that the Department of Administration's FY 2016 budget request indicated a total of \$1.6 million in rebates were available.

# State Government Personnel and Staffing

## Summary

The Governor recommends \$1,909.5 million for personnel expenditures and 15,119.4 full-time equivalent positions, including 745.8 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$47.4 million and 33.4 more positions than the FY 2015 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

**Full-Time Equivalent Positions**

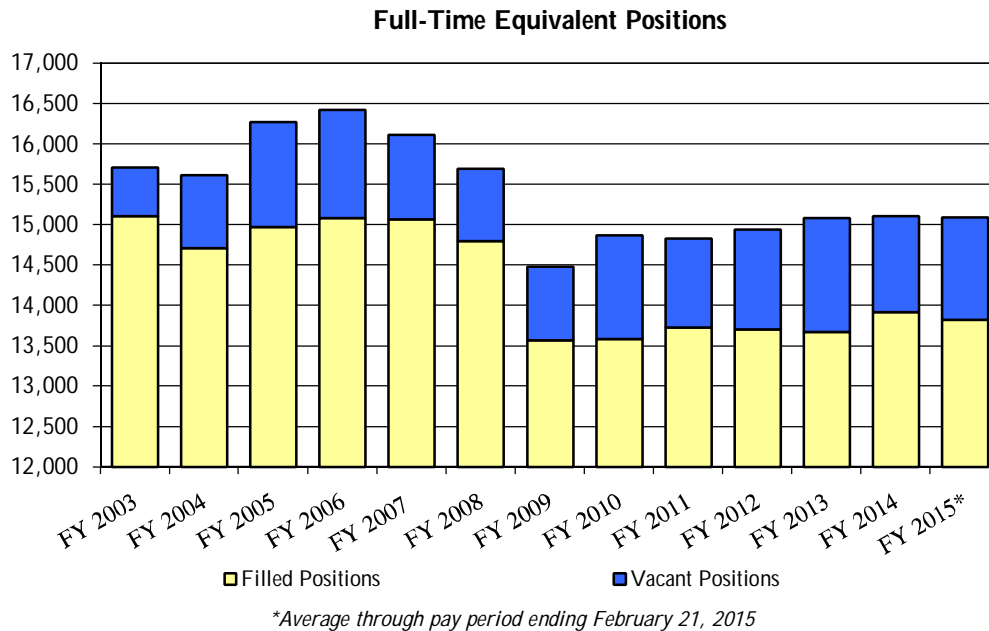


The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or individuals in training requisite to employment, such as state trooper classes. Generally, agencies do not fill all authorized positions because of various reasons, such as hiring freezes or budgeted turnover savings. Turnover is budgeting less money than needed for full staffing. Turnover savings result from the gap in time from when an employee leaves state service and a new employee is hired at a lower cost or from when a department leaves a position vacant to achieve a certain level of savings.

The chart on the next page shows the staffing levels from FY 2003 through FY 2015. Authorized levels peaked in FY 2006; however, filled positions peaked in FY 2003. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 due to a major surge of retirements. Other significant issues during that period are noted below.

- Total filled positions peaked at 15,099.0 in FY 2003. Filled positions dropped by 393.0 to 14,706.0 in FY 2004 due to a hiring freeze.
- The increase in authorized positions during FY 2005 is the result of an additional 461.2 higher education positions that are dedicated for research or supported by other third-party funds. There are consistent vacancies within this group of positions.

- Total authorized positions peaked in FY 2006 from an additional 151.9 authorized positions, primarily from a new class of correctional officers at the Department of Corrections and new nursing programs at each of the colleges. However, filled positions remained consistent with prior years.
- During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire, such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days, and establishing limited service positions. The Assembly did not concur with the proposal; however, it did adopt a reduction of vacant general revenue funded positions, eliminating 419.4 vacant positions.



- In addition to eliminating positions through the privatization of food and housekeeping services during FY 2008, the Governor proposed laying off state employees. The Assembly did not concur with the lay-offs; instead it met the proposed savings through the elimination of vacant positions, for a total reduction of 523.4 positions.
- In FY 2009, the Governor again included an initiative to privatize several state government functions to eliminate 243.0 positions. The Assembly did not concur and restored the positions.
- The decline in both authorized and filled positions in FY 2009 results from changes to retiree health benefits included in Article 4 of 2009-H 5019, Substitute A, as amended. This change caused a significant number of state employees to retire. As of December 6, 2007, there were 14,917.8 filled positions compared to December 8, 2008, when there were 13,302.1 filled positions.
- The slight increase in FY 2010 was due to the need to fill vacant positions and the addition of positions funded through the American Recovery and Reinvestment Act; however, many positions remained vacant because of the need to achieve a 6.25 percent across the board reduction.

The FY 2015 enacted budget includes authorization for 15,086.0 positions. The Governor's FY 2015 revised recommendation reflects 14.7 more positions. As of February 21, there were 13,823.9 positions filled, leaving 1,103.9 non-research vacancies. In FY 2014, the state averaged 13,908.9

filled positions reflecting an average of 1,001.8 non-research vacancies. In FY 2013, the state averaged 13,664.6 filled positions reflecting an average of 1,233.9 non-research vacancies.

### Personnel Costs

Personnel costs include both salaries and benefits and contracted services. Benefits include direct benefits to employees as well as assessed statewide employee benefits. Contracted services are services state government purchases by contract.

The Governor's personnel recommendation includes \$1,626.1 million for salaries and benefits and \$283.4 million for contracted services. These expenditures represent an increase of \$47.4 million, or 2.5 percent, from the FY 2015 enacted budget. Salaries and benefits increase by \$44.9 million, or 2.8 percent and contracted services increase by \$2.6 million, or 0.9 percent. General revenue expenses for salaries and benefits increase by 3.5 percent and contracted services decrease by 2.0 percent. The FY 2016 recommended budget includes \$22.0 million in general revenue savings from unidentified statewide personnel savings.

It should be noted that these expenditures exclude internal service funds; however, the staffing levels do include them.

| <b>FY 2016 Governor</b>            | <b>General Revenues</b> | <b>Federal Funds</b>  | <b>Restricted Receipts</b> | <b>Other Funds</b>    | <b>Total</b>           |
|------------------------------------|-------------------------|-----------------------|----------------------------|-----------------------|------------------------|
| Salaries and Wages                 | \$ 558,061,834          | \$ 180,075,123        | \$ 42,538,828              | \$ 294,290,702        | \$1,074,966,487        |
| Benefits                           | 299,299,203             | 105,550,880           | 25,536,436                 | 120,736,792           | 551,123,311            |
| <b>Total Salaries and Benefits</b> | <b>\$ 857,361,037</b>   | <b>\$ 285,626,003</b> | <b>\$ 68,075,264</b>       | <b>\$ 415,027,494</b> | <b>\$1,626,089,798</b> |
| Contracted Services                | 50,663,085              | 172,531,384           | 38,724,267                 | 21,512,679            | 283,431,415            |
| <b>Total Personnel</b>             | <b>\$ 908,024,122</b>   | <b>\$ 458,157,387</b> | <b>\$ 106,799,531</b>      | <b>\$ 436,540,173</b> | <b>\$1,909,521,213</b> |

Internal service funds, often called rotary accounts, are established to finance and account for the operations of certain overhead type programs that provide services to other state agencies on a charge for services basis. The expenditures appear as state operations costs in the agencies being charged, and are not included in the statewide personnel totals to prevent double counting. The largest ones were converted to direct appropriations by the 2006 Assembly in the FY 2007 enacted budget. The 2009 Assembly included the Governor's proposal to convert the central laundry and pharmacy internal service funds into direct appropriations in FY 2010.

There are three divisions of state service: classified, unclassified, and non-classified. Classified service includes competitive and non-competitive positions. Competitive positions require employees to take civil service examinations, as opposed to non-competitive positions which include positions that require licenses, certificates, or registrations. Positions may also be unclassified or non-classified. Positions in the unclassified service are established by law and are subject to compliance with standards of the federal government and regulations set forth by the state's Personnel Administrator. Positions in this category generally include the employees of elected officials, courts, boards and commissions, both houses of the general assembly, department directors, and various positions of a policy making character. All appointments are made by the appointing authorities or the Governor in accordance with the provisions of the laws governing such appointments and the personnel rules adopted for the unclassified service. Positions within the non-classified service are covered under contract terms for the Board of Education and include senior administrative staff, as well as faculty.

Employee status refers to an employee's protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least

protection. All employees that were hired prior to August 7, 1996, will have statutory status when he or she reaches 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganizations or layoffs. If a state employee is also a veteran, statutory status will be acquired after 15 years of service. Currently there are 3,314 employees with statutory status, including 170 employees who were eligible through the veteran provision.

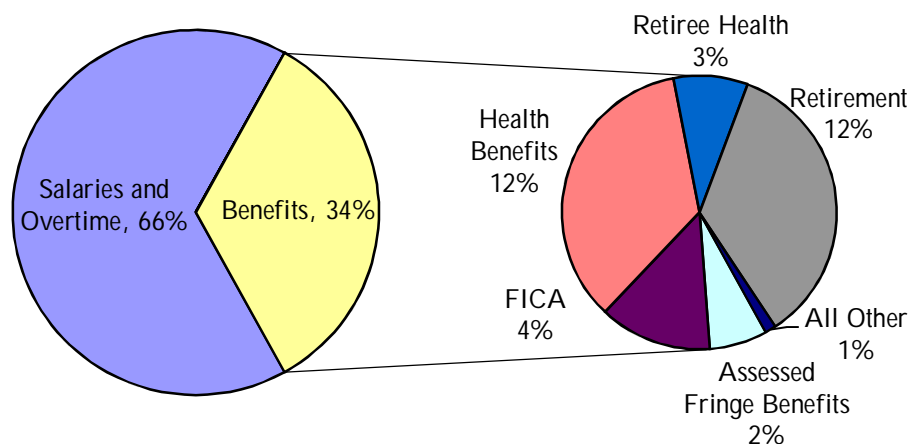
As part of his FY 2012 revised budget, the Governor recommended \$300,000 to conduct an analysis of the state's personnel system and to recommend alternatives to the current system. The completion was delayed and the Assembly shifted the funds to the FY 2013 budget.

The study was completed in January 2013 and found that the current personnel structure, organization and staffing of the Division of Human Resources is not sufficient to support the state's need. Additionally, 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.

A total of 16 actions were recommended, including: implementing an online application system, eliminating the public hearing process when making changes to classification structure, and hiring a new chief of human resources to be dedicated to establishing strategic direction and developing policies. The 2013 Assembly provided funding for this position, which was filled in December 2013. The FY 2015 revised and the FY 2016 recommended budgets include \$0.5 million each for a classification and compensation study.

Salaries and benefits make up 85.2 percent of total personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries, including overtime, and benefits.

**FY 2016 Recommended Salaries and Benefits**



The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the graphic is described in further detail in the paragraphs that follow.

**Salaries.** Direct salaries refer to the wages paid to state employees. This amount may increase due to many factors. For many state employees, pay scales are determined by position grade and classification. An employee will have a base salary, and there will be increases along a five step scale annually after the employee's first six months. Prior to July 1, 2011, after an employee had been in state service for a specified number of years, he or she became eligible for longevity increases. These

increases were applied to the base salary. This is authorized by collective bargaining agreements for union employees, with different increases for education agencies contained in statute; it was personnel policy for non-union employees. The 2011 Assembly froze longevity increases for all employees effective July 1, 2011, or upon expiration of all current contracts when applicable. The Governor's FY 2016 recommended budget includes changes to longevity that are described later in the report. The following table shows the years that an employee was eligible for these increases.

| <b>Longevity Increases</b> |                         |                   |
|----------------------------|-------------------------|-------------------|
| <b>Years of Service</b>    | <b>Education Boards</b> | <b>All Others</b> |
| 5                          | -                       | 5.0%              |
| 11                         | 5.0%                    | 10.0%             |
| 15                         | -                       | 15.0%             |
| 20                         | 10.0%                   | 17.5%             |
| 25                         | -                       | 20.0%             |

Collective bargaining agreements also determine if an employee will receive a cost-of-living adjustment. This adjustment differs from a longevity increase because it applies to all employees in that pay grade. For example if all state employees receive a 3.0 percent cost-of-living increase on July 1, then an employee with a pay grade ranging from \$50,000 to \$59,000 will now be in a pay grade of \$51,500 to \$60,770.

Most state employee contracts expired on June 30, 2013. 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, 2016.

It is important to note that several contracts remain unsettled, including those covering members of the Rhode Island Brotherhood of Correctional Officers and State Police, as well as some related to higher education employees as of the Governor's FY 2016 budget submission. The current contract for the State Troopers Association covered the period of May 1, 2010 through April 30, 2013, and is subject to a wage re-opener for the last contract year. The State Troopers Association re-opened the contract for wage negotiations and is currently in arbitration.

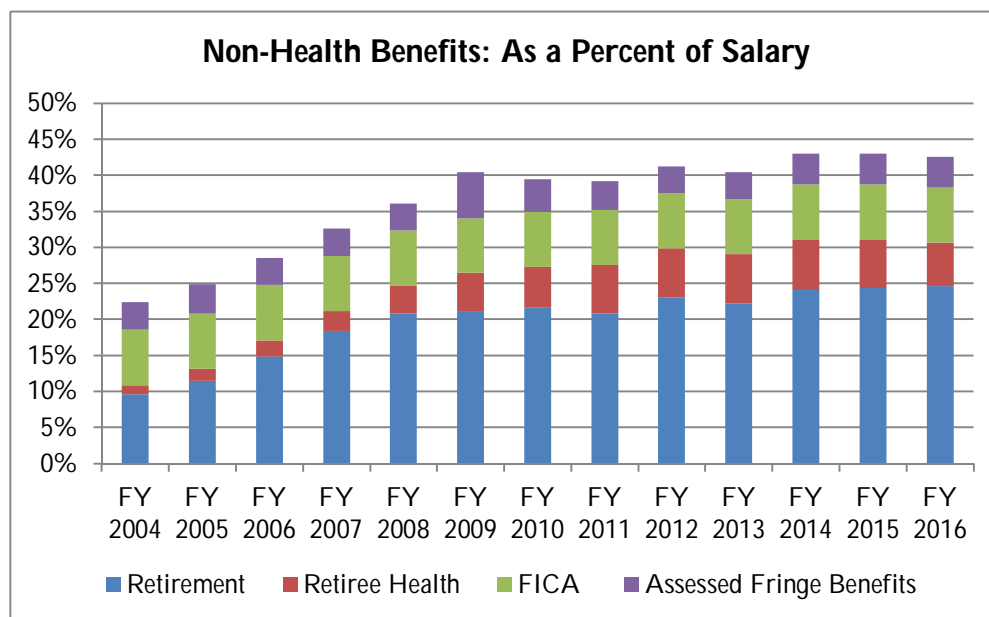
The following table identifies the recent cost-of-living adjustments and any other notable adjustments to employee salaries.

| <b>Cost-of-Living Adjustments</b> |                 |                                |
|-----------------------------------|-----------------|--------------------------------|
| <b>Fiscal Year</b>                | <b>Increase</b> | <b>Notable Adjustments</b>     |
| 2005                              | 1.5%            |                                |
| 2006                              | 2.5%            |                                |
| 2007                              | 4.0%            |                                |
| 2008                              | 3.0%            | 6 furlough days                |
| 2009                              | -               |                                |
| 2010                              | 2.5%            | 8 furlough days                |
| 2011                              | 3.0%            | 6 month delay, 4 furlough days |
| 2012                              | 3.0%            |                                |
| 2013                              | -               |                                |
| 2014                              | 2.0%            | April 6, 2014                  |
| 2015                              | 2.0%            | October 5, 2014                |
| 2016                              | 2.0%            | October 4, 2015                |

**Overtime.** Overtime expenses make up 3.4 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, and Human Services.

| <b>Overtime - FY 2016 Governor</b> |             |
|------------------------------------|-------------|
| Corrections                        | 35.3%       |
| BHDDH                              | 19.2%       |
| Human Services                     | 9.2%        |
| Higher Education                   | 8.6%        |
| Public Safety                      | 7.8%        |
| Children, Youth and Families       | 6.9%        |
| Transportation                     | 6.7%        |
| All Others                         | 6.3%        |
| <b>Total</b>                       | <b>100%</b> |

**Benefits.** Benefits include direct benefits to employees such as health, workers' compensation and unemployment as well as unfunded liabilities for retirement and retiree health. With the exception of health benefits, these are calculated as a percentage of salary and are approximately one-third of the total cost of a position. The table below shows non-health benefits as a percent of salary from FY 2004 through FY 2016. It is important to note that while FICA is part of the cost of a position, it is a federal requirement which the state has no control over. Each benefit is described in the paragraphs that follow.



**Retirement.** Participation in Rhode Island's hybrid defined benefit/defined contribution plan is mandatory for most state employees, except for certain higher education employees who participate in a defined contribution plan. The 2011 Assembly adopted changes including participation in a new defined contribution plan for all employees, except judges, state police and correctional officers. Under the new plan, current employees not yet eligible to retire have an individualized retirement age based on their years of service but they must be at least 59 years old to retire.

New employees must work until their social security normal retirement age or 67, whichever is lower. The salary basis is the five highest consecutive years. Cost-of-living adjustments are only granted when

the pension systems' aggregate funded ratio exceeds 80.0 percent; it is equal to the difference between the five-year smoothed investment return and 5.5 percent, but no more than 4.0 percent or less than zero. It is only applied to the member's first \$25,000 of pension income, indexed to grow at the same rate as the cost-of-living adjustment. There have been many changes to the retirement system over the past few years. These changes are discussed later in the report.

**Retiree Health.** The state provides health coverage to individuals who are retired from state employment, who have at least 20 years of state service and are at least age 59. Eligible retirees will pay a 20.0 percent cost share on the actual cost of the plan. The Board has a separate plan for certain higher education employees. These benefits are lower than previously provided and are discussed later in the report.

**FICA.** The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This applies to all employee groups except State Police. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2014, the estimated salary limit is \$115,500. There is no salary limit for the Medicare portion.

The total rate is 7.65 percent, including 6.20 percent for the Social Security portion and 1.45 percent for the Medicare portion.

**Assessed Fringe.** The assessed fringe benefit internal service fund was established in August 1999 to comply with federal regulations and to eliminate the fluctuations in agency budgets that result from workers' compensation claims, unemployment claims, and unused leave. A biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds. This fund allows the costs to be spread out over all fund sources, as opposed to only general revenues. The rate for most employees is 3.75 percent for FY 2014; however, the rate for Public Safety and Workers' Compensation Investigations Unit personnel is 1.75 percent because these employees do not receive worker's compensation; they receive injured on duty benefits. The rate for higher education faculty is 3.31 percent because they do not receive severance payments.

Effective on October 27, 2015, the Budget Office revised the enacted assessed fringe benefit rates from 4.25 percent to 4.30 percent for most employees and maintained the 3.77 percent for higher education faculty rate.

**Health Benefits.** All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through United HealthCare and Delta Dental. During FY 2005, employees began contributing to the cost of this health care. Some employees paid a percentage of salary, depending on salary range, and some employees paid 5.0 percent of the cost of the health plans. Currently, an employee's contribution depends on his or her salary and the type of plan chosen.

The following table shows the cost of health benefits and the state employee co-shares for FY 2015 for both individual and family plans.



| FY 2015 Revised                   | Below \$49,670 |           | \$49,670 - \$99,339 |           | Over \$99,339 |           |
|-----------------------------------|----------------|-----------|---------------------|-----------|---------------|-----------|
|                                   | Individual     | Family    | Individual          | Family    | Individual    | Family    |
| Total Cost of Benefits            | \$ 7,579       | \$ 21,240 | \$ 7,579            | \$ 21,240 | \$ 7,579      | \$ 21,240 |
| % of Premium: State               | 80.0%          | 85.0%     | 80.0%               | 80.0%     | 75.0%         | 75.0%     |
| Annual Cost to State per Employee | \$ 6,063       | \$ 18,054 | \$ 6,063            | \$ 16,992 | \$ 5,684      | \$ 15,930 |
| % of Premium: Employee            | 20.0%          | 15.0%     | 20.0%               | 20.0%     | 25.0%         | 25.0%     |
| Annual Cost to Employee           | \$ 1,516       | \$ 3,186  | \$ 1,516            | \$ 4,248  | \$ 1,895      | \$ 5,310  |

*Co-share contribution salary ranges went up 2.0%, effective October 5, 2014*

For budget planning purposes, a weighted average is used to calculate the cost of medical benefits for vacant positions. The following table shows the weighted average per benefit type.

| Weighted Average | FY 2015 Enacted | FY 2015 Rev. Req. | FY 2015 Revised | FY 2016 Request | FY 2016 Governor |
|------------------|-----------------|-------------------|-----------------|-----------------|------------------|
| Medical          | \$15,985        | \$ 15,985         | \$15,985        | \$17,105        | \$ 17,105        |
| Dental           | 907             | 894               | 894             | 920             | 920              |
| Vision           | 126             | 126               | 126             | 130             | 130              |
| <b>Total</b>     | <b>\$17,018</b> | <b>\$ 17,005</b>  | <b>\$17,005</b> | <b>\$18,155</b> | <b>\$ 18,155</b> |

As shown in the previous table, the FY 2015 revised instructions included a planning value of \$17,005. The FY 2016 budget assumes medical costs of \$18,155, \$1,150 or 6.8 percent more than FY 2015.

In April 2014, Council 94 agreed to a new four-year contract effective July 1, 2013 through June 30, 2017. Among the main provisions of the new contract are increased co-pays for office visits and prescription drugs, deductibles of \$250/\$500 for individuals/families effective January 1, 2015.

As shown in the table above, the FY 2016 budget assumes a planning value of \$18,155, 6.8 percent from the FY 2015 revised value.

Beginning in June 1997, before employees were contributing to the cost of health benefits, the state began offering employees the option of choosing a medical benefit waiver as opposed to enrolling in a state health plan. The waiver had been \$2,002 through FY 2011; however, it was reduced to \$1,501 in FY 2012. The Budget Office planning values for FY 2012 included a waiver of \$1,001; however, the budget restored 50.0 percent of the funding because the Budget Office determined that the FY 2012 payment is based on one half of the \$2,002 waiver and one half of the \$1,001 waiver. The Budget Office planning values for FY 2015 and FY 2016 include a waiver of \$1,001. It should be noted that new contracts eliminate the waiver for two state employed spouses who are hired on or after June 29, 2014.

**Total Costs.** The true cost examples for two employees who have salaries of \$50,000 and \$100,000, respectively, and a family health plan in FY 2016 is displayed in the following table.

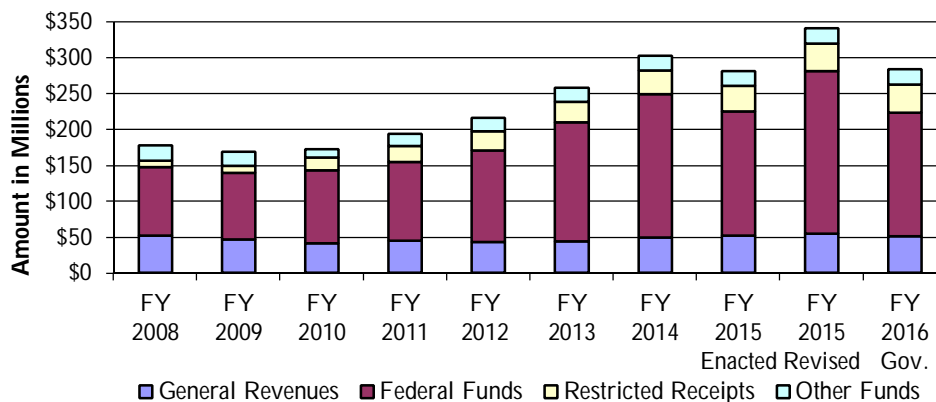
| Cost of a Position - FY 2016 Recommended |                  |             |                   |             |
|--|------------------|-------------|-------------------|-------------|
|  | Expense          | % of Salary | Expense           | % of Salary |
| Salary                                   | \$ 50,000        |             | \$ 100,000        |             |
| FICA                                     | 3,825            | 7.65%       | 7,650             | 7.65%       |
| Assessed Fringe                          | 2,150            | 4.30%       | 4,300             | 4.30%       |
| Retiree Health                           | 3,000            | 6.00%       | 6,000             | 6.00%       |
| Retirement                               | 12,320           | 24.64%      | 24,640            | 24.64%      |
| Subtotal                                 | \$ 21,295        | 42.59%      | \$ 42,590         | 42.59%      |
| Health Benefits                          | 18,155           | Family Plan | 18,155            | Family Plan |
| Total Co-share                           | (3,631)          |             | (4,539)           |             |
| Subtotal Benefits                        | \$ 35,819        | 71.6%       | \$ 56,206         | 56.2%       |
| <b>Total Cost</b>                        | <b>\$ 85,819</b> |             | <b>\$ 156,206</b> |             |

**Contracted Services.** Contracted services make up the remaining 14.8 percent of personnel costs. The FY 2016 recommended budget includes \$283.4 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services. By fund source, 60.9 percent of the expenses are supported by federal grants and 17.9 percent are funded from general revenues. The Office of Health and Human Services and the Department of Elementary and Secondary Education account for more than a third of these expenses from all sources.

The following chart shows the costs of contracted services from FY 2008 through FY 2016. The total cost remained relatively consistent from FY 2008 through FY 2011; however, there is a decline in the amount of general revenues spent over that time. The significant increase in FY 2012 and FY 2013 are mostly as a result of Race to the Top stimulus funds in the Department of Elementary and Secondary Education. The Department was awarded \$75.0 million to spend over four years. The FY 2013 and FY 2014 budgets also include over \$50 million from federal funds for the implementation of the Affordable Care Act.

The FY 2015 revised budget includes \$59.6 million more for contracted services, of which \$31.4 million is for HealthSource RI; a majority of which is for the development of the web-based exchange.

**Contracted Services, FY 2008 to FY 2016**



Over the past few fiscal years, the Assembly required state agencies to be held more accountable for contracted services they purchase. Governor Chafee's FY 2015 budget proposed legislation to repeal

and consolidate most of these requirements. The paragraphs that follow identify these reporting requirements, his proposed changes and the Assembly's action.

RIGL 42-90-1. This statute, first adopted in Chapter 161 of the Public Laws of 1985, requires all departments, commissions, boards, councils and other agencies to submit to the Secretary of State the name of any person who performed legal, medical, accounting, engineering or any other professional services, and the amount of the compensation received by the consultant during the previous quarter. It further requires the Secretary of State to compile, publish and make a report available to the public.

The 2006 Assembly amended this legislation in 2006-H 6779, Substitute A, to establish a \$0.1 million threshold for which services obtained are substantially similar to work performed by regular employees of the department, commission, board, council or agency. The legislation further required state agencies to list all privatization contracts as part of the budget requests, which must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate. It appears that currently only a few agencies are complying with this requirement. The Budget Office indicated that it is in the process of working with those agencies that are in noncompliance to provide this information.

The 2007 Assembly adopted legislation in Public Law 2007, Chapter 73 requiring an extensive cost comparison analysis as well as an appeals process prior to privatization of any state facility, function or property. It required that bids for such services substantially beat the current in-house costs and meet or exceed current service quality and performance. The comparisons must consider monitoring and conversion costs. The 2008 Assembly further amended the legislation by modifying the requirements.

Governor Chafee included legislation in Article 17 of his FY 2015 budget that increases the threshold from \$100,000 to \$150,000 and required that the reporting be annually submitted to the Budget Office electronically. The legislation requires that the Budget Office electronically post all contracts and reports online using the state's transparency portal or an equivalent website no later than December 1 of each year. The Assembly concurred and included the legislation in Section 4 of Article 9 of 2014-H 7133, Substitute A, as amended.

RIGL 37-2.3-1. The 2006 Assembly adopted legislation requiring agencies to list all privatization contracts as part of the budget request when obtaining services that are substantially similar to work performed by regular employees of the department, commission, board, council or agency starting in FY 2009. The list must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate.

Governor Chafee submitted legislation to alter the requirements so that agencies provide actual information for the prior fiscal year and projected costs for the current and subsequent fiscal years. The listings will be published annually online using the state's transparency portal or an equivalent website no later than December 1 of each year. Subsequently, the Governor requested an amendment to restore language that had previously removed subcontractor from the definition of privatization contractor and it clarifies what agencies must include in reports for prior, current and upcoming fiscal years and positions must be reflected as full-time equivalent positions. The Assembly concurred.

RIGL 42-149-1. This statute adopted in Public Law 2007, Chapter 525 requires all state departments to submit quarterly reports of all non-state employee expenditures for legal services, financial services, temporary works and other non-state employee personnel costs. The report must contain: efforts made

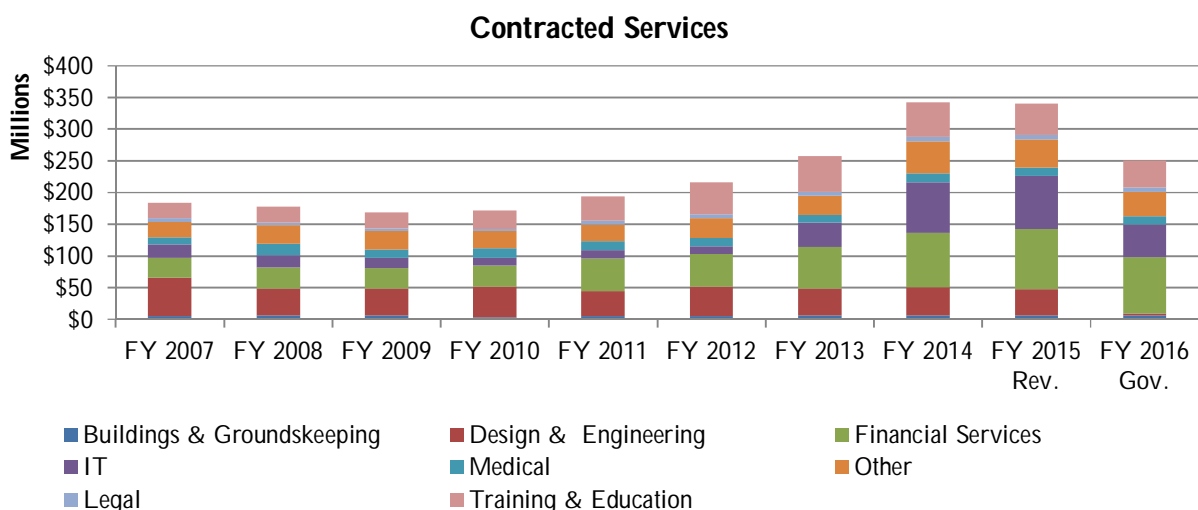
to identify qualified individuals or services within state government; factors used in choosing a non-state employee or firm; results of requests for proposals for services or bids for services; and the actual cost and the budgeted cost for the expenditure.

Governor Chafee included legislation in Article 17 of 2014-H 7133 to repeal this, in conjunction with modifying a similar requirement. The Assembly concurred.

*RIGL 42-149-3.1.* This legislation, adopted in Public Law 2011, Chapter 409 requires an assessment of 5.5 percent on contractual costs to be paid to the retirement system on a quarterly basis when a department, commission, board, council, agency or a public corporation agrees to obtain contractual services that are substantially similar to and in lieu of services provided by regular employees of the department, commission, board, council, agency or public corporation. During the FY 2013 budget process, the administration indicated that it developed a mechanism within the state’s accounting system to calculate this charge and \$0.4 million was collected in FY 2013 and \$0.1 million was collected in the first quarter of FY 2014.

Governor Chafee included legislation in Article 17 of 2014-H 7133 to repeal the 5.5 percent assessment. The Assembly did not concur.

*P.L. 2007, Chapter 073.* The 2007 Assembly adopted legislation to correct a situation concerning contract employees that were doing the same work as state employees, under state employee supervisors. Departments and agencies would be allowed to convert those positions to state employee positions within available funding. The law also required that an agency or department may not employ contracted employees or employee services where the contracted employees would work under state employee supervisors after October 1, 2007, without determination of need by the Director of Administration acting upon the positive recommendations of the Budget Officer and the Personnel Administrator and 15 days after a public hearing. The FY 2014 enacted budget and six previous budgets included this language. The FY 2015 enacted budget did not include this language and the Governor’s FY 2016 budget also excludes the language.



The table above shows the types of services provided by outside contractors from FY 2008 to FY 2016. The majority of the expenditures are spent on design and engineering services, training and educational, and management and consultant services. The smallest area of spending is legal services and buildings and grounds keeping services.

## FY 2016 Proposed Personnel Initiatives

The Governor's recommended budget includes \$22.0 million in general revenue savings from unidentified statewide personnel savings. The Governor plans 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. These are described in the paragraphs that follow.

- **Classification Issues.** The Governor proposes legislation to allow the director of the Department of Administration to deem non-union senior agency level positions as unclassified, as positions are vacated and created. The director of the Department of Administration would be allowed to set the compensation for those positions. She also proposes converting the classified positions assigned to higher education to non-classified positions and removes them from the merit system on a prospective basis.

The Budgets include a total of \$1.0 million from general revenues, \$0.5 million in each year for a classification and compensation study. This is to continue the work begun with a study and review of the personnel system completed in January 2013 that found the current structure, organization and staff of the human resources division is not sufficient, the recruiting process is cumbersome and slow, the job classification structures do not reflect qualifications to deliver services and career earnings potential for state employees is lower than neighboring states.

- **Active and Retiree Health Insurance.** The Governor proposes altering the requirements for what benefits shall be included in early retiree health plans. The Governor also proposes removing the requirement that non-union employees receive health benefits that are substantially similar to those received by union employees under collective bargaining agreements. These changes would allow the state to offer a different benefit program to non-union employees, pre-65 retirees and retirees who receive disability pensions and have more flexibility on plan selection.

- **Longevity.** The Governor proposes to freeze longevity payments at the amount earned by an employee as of the last pay period in June 2015, or the last pay period prior to the expiration of applicable collective bargaining agreements, whichever occurs later. It further requires that longevity amount not be included as part of an employee's base rate salary, which means longevity will not grow with other raises. Since FY 2012 the rate has been frozen.

- **Administrative Changes.** The Governor's budget proposes a number of administrative changes related to personnel in Article 22. This includes a proposal to repeal the requirement that the Department of Administration seek the General Assembly's approval in determining salaries for cabinet directors. Director's salaries would solely be determined by the director of the Department of Administration. Current law requires that the Department of Administration refer proposed salaries of directors to the General Assembly by the last day in April, which will take effect in 30 days unless it is rejected by a formal action of the House and Senate, within the time frame.

The Governor proposes legislation to allow the Personnel Appeal Board to reverse an action of the personnel administrator only if the Board were to find that an action been arbitrary, capricious, or contrary to rule or law. She also proposes to extend the probationary period for all positions from 6 months to 12 months.

## Recent Compensation and Benefit Revisions

Recent budgets have included initiatives affecting personnel costs including savings from reducing retirement benefits, compensation and implementing pay reductions for state employees. These are described in the paragraphs that follow, along with the Assembly's action on those items.

- **Retirement Benefits.** The 2009 Assembly adopted pension changes that apply to all state employees, including judges and teachers eligible to retire on or after October 1, 2009 and were not eligible before passage of the legislation. The 2009 changes include establishing a minimum retirement age of 62 with a proportional application of that minimum age to current members based on their current service as of October 1, 2009. Changes also include freezing service credits for those in Plan A, and shifting all future accrual to the lower accruals of Plan B. The cost-of-living adjustments were based on the Plan B model of the lesser of inflation or 3.0 percent on the third anniversary, and the salary basis for benefits is the five consecutive highest years, increased from three.

The 2010 Assembly enacted legislation to further limit the cost-of-living adjustments to the first \$35,000 of retirement allowance beginning on the third anniversary of the date of retirement or when the member reaches age 65, whichever is later, for state employees, teachers, and judges. The Governor had proposed to amend the retirement statutes to eliminate the cost-of-living adjustments for state employees, teachers, judges and state police who were not eligible to retire before passage of the proposal. He also proposed adding language to subject any further cost-of-living adjustments to annual legislative action.

As part of a special session, the 2011 Assembly enacted legislation that suspended new cost-of-living adjustments to retirees' benefits until the system is better funded but provided for an intermittent cost-of-living adjustment every five years, if the retirement fund's investment returns reach certain levels, until the system in the aggregate is 80.0 percent funded. It moved all but public safety employees into a hybrid pension plan that includes a defined contribution plan. It increased the minimum retirement age for most employees not already eligible to retire and changed the benefit accruals to 1.0 percent per year of service beginning July 1, 2012. It reduced the vesting requirement from ten years to five years and preserved accrued benefits earned through June 30, 2012. It increased the minimum retirement age for teachers and state employees to Social Security Normal Retirement Age, not to exceed 67, applied proportionally to employees based on current years of service, but no less than 59.

Public labor unions challenged the constitutionality of the law subsequent to its enactment. To avoid what could have been a lengthy and costly trial, state and labor unions were ordered into federal mediation. In February 2014, a proposed settlement was announced, which maintained most of the pension changes; however, the retirement age was reduced from 67 to 65 and allowed employees who have worked at least 20 years to keep their defined-benefit pensions. Retirees would receive a one-time 2.0 percent cost-of living increase upon the enactment of the agreement and intermittent cost-of-living increases would be given every four years instead of every five years. Additionally, the settlement needed the approval of retirees, state employees, as well as the General Assembly. If more than half of any one group were to vote against the settlement, the litigation would continue. Though most employees and retirees voted in support of the settlement, a majority of police officers voted against it; thereby rejecting the settlement in whole. The trial was originally scheduled for September 2014, and later rescheduled for April 2015.

In March 2015, a proposed settlement was announced, although no official details or estimate of cost has been provided, due to a court imposed gag order. As of this writing, employee and retiree groups

are voting on whether to accept the new proposal or not. As with the previous proposal, Assembly action would be required.

- **Retiree Health Benefits.** The 2008 Assembly enacted legislation to change its provision of retiree health benefits from a pay-as-you-go system along with significant benefit reductions to future retirees effective October 1, 2008. Based on a recommendation in the Governor's FY 2009 revised budget, the 2009 Assembly enacted legislation to delay the move to a trust fund for two years. The trust fund was set up in FY 2011 and the state is now funding on an actuarial basis.

The 2012 Assembly adopted legislation establishing a Medicare exchange for eligible retirees that offers a wider array of health benefit choices at a lower cost through competition. The state sets up a Health Reimbursement Arrangement (HRA) for each retiree and deposits the state subsidy into the account each month. It is the same percent subsidy that the retiree previously received. The maximum state contribution is set at equal to the lowest cost plan, adjusted for age that is comparable to the highest former plan. A retiree can choose a lower cost plan and use the balance of funds for any approved expense including: purchasing a plan for a spouse, dental or vision coverage, and payment of Medicare Part B premiums and Part D coverage. Governor Raimondo has proposed changes to retiree health described earlier in this report.

It should be noted, the federal "Cadillac" tax goes into effect in 2018 for plans deemed high cost. The tax is 40.0 percent of the cost above federally established thresholds. While final regulations have not been issued, it is widely assumed that the threshold will be \$10,200 for an individual plan and \$27,500 for a family plan. The current pre-65 rate plan costs \$11,300 for an individual plan and \$31,500 for a family plan.

- **Pay Reductions.** The Budget enacted by the 2010 Assembly included two initiatives negotiated with employee unions to generate personnel savings. The first was to implement eight pay reduction days in FY 2010 and four pay reduction days in FY 2011. The Department of Administration entered into negotiations with collective bargaining units in the summer of 2009 to reach an agreement to achieve savings while avoiding layoffs. For each pay reduction day, an employee will accrue one and one quarter additional days of paid leave, for a maximum of ten days in FY 2010 and five days in FY 2011. The employee may request to discharge this leave day during any pay period following the period in which it was earned, or the employee may elect to receive a cash payment upon termination of state employment.

The second savings initiative was to delay the 3.0 percent cost-of-living adjustment from July 1, 2010 to January 2, 2011. Together these initiatives were intended to save approximately \$29.5 million from all sources, including \$17.5 million from general revenues in FY 2011. In FY 2010, the initiatives accounted for savings of \$26.8 million from all sources, including \$15.0 million from general revenues. These savings ended for FY 2012, and the contract called for a 3.0 percent increase effective July 1, 2011.

The agreement with the collective bargaining units also gave agency directors the right to transfer employees between programs in order to transfer, reorganize, eliminate, or consolidate functions, programs, units, divisions, and departments within the Executive Branch, as long as the collective bargaining units are notified within 15 days and the transfers are based on seniority. This authority ended on June 30, 2011.

- **Longevity.** The 2011 Assembly included legislation that ended new longevity payments for all state employees effective July 1, 2011, or upon the expiration of any current collectively bargained contract.

Employees continue to receive the same longevity percentage they have already earned; however, no new longevity will be granted. Provisions for these payments are generally a matter of collective bargaining agreements for union employees or personnel policy for non-union staff. Non-classified employees of the former Board of Governors, Board of Regents and Public Telecommunications Authority received longevity payments of 5 percent after 10 years and 10 percent after 20 years pursuant to three different sections of the General Laws. The out-year estimate for FY 2013 included savings of \$4.0 million from this action. Governor Raimondo has proposed changes to longevity described earlier in this report.

Changes for each agency are summarized in the paragraphs at the end of this report and explained in further detail in the individual agency analyses contained in the FY 2015 revised and FY 2016 sections of this publication.

### Distribution of Positions

The number of full-time equivalent positions authorized for each agency and department is contained in Article 1 of the annual appropriations act. The departments and agencies may not exceed the number of full-time equivalent positions authorized in any pay period. Full-time equivalent positions do not include seasonal or intermittent positions whose scheduled periods of employment do not exceed 26 consecutive weeks or whose scheduled hours do not exceed 925, excluding overtime, in a one-year period. Nor do they include individuals engaged in training, the completion of which is a prerequisite of employment.

| <b>FY 2016 Changes to Enacted FTE</b> | <b>Gen. Govt.</b> | <b>Human Services</b> | <b>Education</b> | <b>Public Safety</b> | <b>Natural Res.</b> | <b>Transp.</b> | <b>Total</b>    |
|---------------------------------------|-------------------|-----------------------|------------------|----------------------|---------------------|----------------|-----------------|
| <i>FY 2015 Enacted</i>                | 2,298.7           | 3,744.0               | 4,641.1          | 3,221.6              | 428.0               | 752.6          | <b>15,086.0</b> |
| Program Changes                       | 8.6               | (4.4)                 | (8.5)            | -                    | -                   | -              | (4.3)           |
| Federally Funded/Time Limited         | 3.0               | 4.0                   | -                | 7.0                  | -                   | -              | 14.0            |
| New Positions                         | 21.5              | -                     | 2.2              | -                    | -                   | -              | 23.7            |
| <i>Total Change to Enacted</i>        | <i>33.1</i>       | <i>(0.4)</i>          | <i>(6.3)</i>     | <i>7.0</i>           | <i>-</i>            | <i>-</i>       | <i>33.4</i>     |
| <b>FY 2016 Recommended</b>            | <b>2,331.8</b>    | <b>3,743.6</b>        | <b>4,634.8</b>   | <b>3,228.6</b>       | <b>428.0</b>        | <b>752.6</b>   | <b>15,119.4</b> |

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2015 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 55.5 percent of all positions.

The Budget includes 2,331.8 full-time equivalent positions for general government agencies, 15.4 percent of the distributed positions. This is 33.1 positions more than the authorized level, to primarily reflect added positions for the Executive Office of Commerce and the Departments of Business Regulation and Revenue.

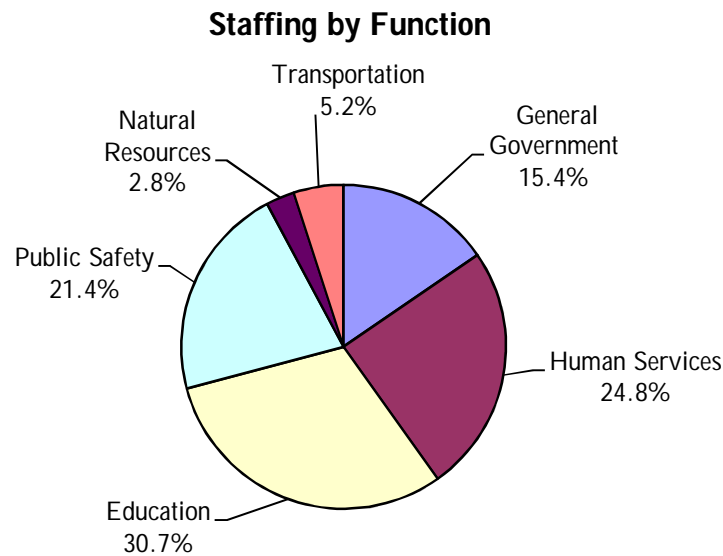
The Budget provides 3,743.6 full-time equivalent positions for human services, or 24.8 percent of all distributed positions. This is 0.4 positions less than enacted.

The Budget includes 4,634.8 full-time equivalent positions for education, 30.7 percent of all distributed positions. This is 6.3 less positions than the FY 2015 enacted budget.

There are 3,228.6 full-time equivalent positions for public safety agencies, 21.4 percent of all distributed positions. This is 7.0 positions more than the FY 2015 authorized level.



The Budget provides 428.0 full-time equivalent positions for natural resources agencies, which is consistent with the FY 2015 authorized level. The Budget provides the authorized level of 752.6 full-time equivalent positions for transportation.



### Program Changes to FY 2015 Enacted Staffing Levels

**Administration.** The Governor recommends the authorized level of 710.7 positions. However, it adds one new position in Central Management, to coordinate all public information requests in the Director's Office; 7.0 positions for HealthSource RI, 6.0 of whom were previously in the Office of the Governor; and 1.0 new architect position for the review of I-195 Redevelopment projects. This also 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. It also reflects the transfer of 13.6 positions to the Executive Office of Commerce and one to the Department of Business Regulation.

**Business Regulation.** The Governor recommends staffing of 98.0 positions for the Department of Business Regulation in FY 2015. This is 4.0 more than enacted, to reflect positions added to administer two federal grant programs: Rate Review Cycle III and the State Innovations Model Initiative. The Governor includes 99.0 positions for FY 2016, 1.0 more than the revised budget to reflect the transfer of the Ombudsman position from the Office of Management and Budget in the Department of Administration.

**Executive Office of Commerce.** The budget includes 18.6 positions for the Executive Office of Commerce. This reflects the transfer of 13.6 positions from the Department of Administration for the Rhode Island Film and Television Office and the Office of House and Community Development.

**Labor and Training.** The Governor recommends the enacted level of 410.0 full-time positions for both FY 2015 and FY 2016. This includes shifting positions among programs, including 3.0 positions from Workers' Compensation to administer the new temporary caregiver insurance program, 3.0 positions from the Back to Work program, which ended in FY 2015, and 2.6 other workforce development positions to income support and shifts 0.5 positions to central management.

**Revenue.** The Governor recommends 514.5 positions for FY 2016, 9.5 more than enacted. The recommendation includes 6.5 full-time equivalent positions to allow the Division of Motor Vehicles to fill

customer service staffing needs with part-time customer service representatives. She also recommends 3.0 new positions associated with two Division of Taxation revenue initiatives, including 2.0 positions to support contingency fee contracts and 1.0 position to administer a new managed audit program.

**Office of the Governor.** The Governor includes the authorized staffing of 45.0 positions for the Office in both years, though the FY 2016 budget reflects the transfer of 5.0 filled positions for HealthSource RI to the Department of Administration.

**Office of Health and Human Services.** The Governor adds 16.7 positions for the transfer of the four advocate agencies into the new Division of Advocacy and a position for a newly awarded federal grant. The agencies included in the new division are: the Office of the Child advocate, Office of the Mental Health Advocate, Governor's Commission on Disabilities, and the Commission for the Deaf and Hard of Hearing.

**Health.** The revised budget includes the authorized staffing of 491.3 positions. The Governor recommends 488.6 positions for FY 2016, 2.7 fewer than enacted. This reflects the elimination of 3.0 positions, two of which support the non-prescribing boards. The recommendation adds 0.3 to upgrade an existing vacant 0.7 position.

**Children, Youth and Families.** The Governor recommends 672.5 positions for FY 2015 and FY 2016, 2.0 more than enacted. This reflects 2.0 new positions funded through a federal foster care grant. The Governor also eliminates 7.0 juvenile program worker positions at the Rhode Island Training School and creates 7.0 new positions within the central management program. She funds the new central management positions in FY 2015, but not in FY 2016.

**Human Services.** The Governor includes the authorized level of 959.1 positions for FY 2015 and FY 2016. She adds 8.0 positions for the Office of Rehabilitation Services, 2.0 positions each for child care, child support enforcement, and central management and shifts eligibility technicians from cash assistance to Medicaid determinations based on increased activity. She also eliminates 10.0 positions for the Unified Health Infrastructure Project, 1.0 Race to the Top position, 2.0 positions for the low income home energy assistance program, and 36.5 unidentified positions, in order to maintain the enacted position authorization.

**Behavioral Healthcare, Developmental Disabilities and Hospitals.** The Governor recommends one position for a newly awarded federal grant in FY 2016 and the elimination of one vacant administrator position in the Division of Behavioral Healthcare for staffing authorizations of 1,420.4 in FY 2015 and 1,421.4 in FY 2016.

**Office of the Child Advocate.** The Governor transfers the Office's 6.0 positions into the new Division of Advocacy within the Office of Health and Human Services.

**Commission on the Deaf and Hard of Hearing.** The Governor transfers the Commission's 3.0 positions into the new Division of Advocacy within the Office of Health and Human Services.

**Commission on Disabilities.** The Governor transfers the Commission's 4.0 positions into the new Division of Advocacy within the Office of Health and Human Services.

**Office of the Mental Health Advocate.** The Governor transfers the Office's 3.7 positions into the new Division of Advocacy within the Office of Health and Human Services.

**Elementary and Secondary Education.** The Governor recommends 339.4 positions in FY 2016, 1.5 fewer positions than enacted to reflect the expiration of the Race to the Top grant and other adjustments. The enacted budget includes 5.5 full-time equivalent positions funded through the federal Race to the Top grant; she eliminates 2.5 positions and funds 3.0 positions from general revenues. She recommends 1.0 new position to administer the new School Building Authority Capital Fund and shifts 0.4 positions from administration to the E-rate program.

**Public Higher Education.** The Governor's revised recommendation includes 4,249.2 positions, 2.2 more than enacted for the Office of Postsecondary Commissioner based on a request from the new Commissioner of Postsecondary Education. Her FY 2016 recommendation includes 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 into the Office of Postsecondary Commissioner. It also converts 5.0 third party funded research positions to non-research positions at the Community College.

**Rhode Island Higher Education Assistance Authority.** The Governor's budget includes the transfer of 15.0 of the authorized 22.0 full-time positions from the Rhode Island Higher Education Assistance Authority to the Office of Postsecondary Commissioner and abolishment of the Authority.

**Military Staff.** The Governor recommends staffing of 92.0 positions for the Military Staff in FY 2016. This is 7.0 more than enacted for federally funded maintenance positions at National Guard facilities.

## Medicaid

Medicaid is a health insurance program jointly funded by the federal government and the states to provide services to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. The federal government’s share of expenditures for most Medicaid services is called the federal medical assistance percentage (FMAP). The remainder is referred to as the nonfederal or state share. With passage of the Patient Protection and Affordable Care Act of 2010, states now have the option of expanding coverage to include childless adults with the federal government paying all program costs for the first three years and eventually paying 90 percent of the total cost.

Rhode Island provides medical assistance, residential care, community based services and case management activities to individuals who meet the eligibility criteria established for the various assistance programs operated by the Executive Office of Health and Human Services and the four departments under its umbrella: the Departments of Human Services; Behavioral Healthcare, Developmental Disabilities and Hospitals; Children, Youth, and Families; and Health. The following table shows Medicaid spending by department, including administrative and direct benefits costs, and by percent of the total Medicaid budget.

| <b>FY 2016 Recommended</b>   | <b>General Revenues</b> | <b>All Funds</b>        | <b>% of Medicaid</b> |
|------------------------------|-------------------------|-------------------------|----------------------|
| OHHS                         | \$ 879,491,165          | \$ 1,848,210,305        | 81.9%                |
| BHDDH                        | 165,648,661             | 330,037,598             | 14.6%                |
| Children, Youth and Families | 23,369,069              | 46,821,708              | 2.1%                 |
| Human Services               | 12,904,903              | 29,220,461              | 1.3%                 |
| Health                       | 850,957                 | 2,140,716               | 0.1%                 |
| <b>Total</b>                 | <b>\$ 1,082,264,755</b> | <b>\$ 2,256,430,788</b> | <b>100%</b>          |

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

This work group is made up of 27 members from across health care, business, state government and community and nonprofit organizations. The Rhode Island Executive Office of Health and Human Services provides staff support to the Working Group. There are four working group meetings: March 2<sup>nd</sup>, April 6<sup>th</sup>, April 22<sup>nd</sup> and April 30<sup>th</sup>. There are also four town hall meetings: March 16<sup>th</sup>, March 18<sup>th</sup>, March 23<sup>rd</sup> and April 1<sup>st</sup>. Information on all workgroup activities is available at: <http://reinventingmedicaid.ri.gov/>

The working group will issue a report on or before April 30, 2015, that will include specific quality improvement and cost savings measures for redesigning Medicaid to meet the specific system transformation goals and reduce Medicaid spending. She reduces Medicaid spending by \$92.6 million, of which \$46.0 million is general revenues, across the health and human services agencies based on the work of the group.

Savings are included in the Office of Health and Human Services and the departments of Behavioral Healthcare, Developmental Disabilities and Hospitals; Children, Youth and Families; and Human Services and grouped into general themes. This includes \$30.2 million for value based payments to hospitals, \$30.2 million to address services provided to high cost populations, \$16.1 million to modify

arrangements with the managed care plans, \$6.0 million for better care for individuals with behavioral health issues, \$6.0 million for value based payments in long term care and \$4.0 million for improved oversight and efficiency.

| Governor's Recommended Budget<br><i>Medicaid Themes</i>           | Completed        |                  | Task Force       |                  |
|---|------------------|------------------|------------------|------------------|
|   | <i>Gen. Rev.</i> | <i>All Funds</i> | <i>Gen. Rev.</i> | <i>All Funds</i> |
| Efficiencies/Program Oversight                                    | \$ (9.5)         | \$ (19.2)        | \$ (8.0)         | \$ (16.1)        |
| Program Administration  | -                | -                | (1.5)            | (3.0)            |
| Transition Long Term Care Supports to Value Based Purchasing      | (8.9)            | (17.9)           | -                | -                |
| Transition Hospital Support to Value Based                        | (27.9)           | (55.2)           | (15.0)           | (30.2)           |
| Addressing High Utilizers   | -                | -                | (18.5)           | (37.2)           |
| Coordinated Care for Individuals with Behavioral Healthcare Needs | -                | -                | (3.0)            | (6.0)            |
| <b>Total</b>  | <b>\$ (46.4)</b> | <b>\$ (92.3)</b> | <b>\$ (46.0)</b> | <b>\$ (92.6)</b> |

*Values in millions*

The savings by issue theme is listed in the above table. The Governor includes \$92.3 million in savings in her recommended budget, including \$46.4 million from general revenues in the health and human service agencies and \$92.6 million, including \$46.0 million tied to the task force.

The table below shows each proposal included in the Governor's budget not tied to the task force grouped by theme.

| Themes  | Governor's Recommended Budget                     | Completed        |                  |
|---|---|------------------|------------------|
|   | <i>Proposals</i>                                  | <i>Gen. Rev.</i> | <i>All Funds</i> |
| Efficiencies/Program Oversight                        | Electronic Visit Verification                     | \$ (2.9)         | \$ (5.9)         |
|   | Residency Oversight                               | (0.3)            | (0.6)            |
|   | Predictive Modeling                               | (1.0)            | (2.0)            |
|   | Children with Special Health Care Needs           | (1.0)            | (2.0)            |
|   | Managed Care Rates                                | (2.7)            | (5.4)            |
|   | Personal Choice Program                           | (0.2)            | (0.4)            |
|   | Federally Qualified Health Centers -Medicaid rate | (0.4)            | (0.8)            |
|   | Enhanced Medicare                                 | (1.0)            | (2.0)            |
| Transition LTC supports to value based purchasing     | Eliminate Rate Increase                           | (8.9)            | (17.9)           |
|   | 3% Rate Reduction                                 |                  |                  |
| Transition hospital support to value based purchasing | Eliminate Upper Payment Limit Reimbursements      | (11.2)           | (22.6)           |
|   | Rate Freeze & 5% reduction                        | (15.7)           | (31.6)           |
|   | Eliminate Graduate Medical Education Payment      | (1.0)            | (1.0)            |
| <b>Total</b>  |   | <b>\$ (46.4)</b> | <b>\$ (92.3)</b> |

*Values in millions*

The next table shows savings that is attributable to the Medicaid task force by theme. This is subject to change when the report is submitted and the Governor makes further refinements.

| Themes  | Governor's Recommended Budget                                      | Task Force       |                  |
|---|--|------------------|------------------|
|   | Item   | Gen. Rev.        | All Funds        |
| Efficiencies/Program Oversight                        | Administrative Rate to Managed Care Plans - Value Based Purchasing | \$ (8.0)         | \$ (16.1)        |
|   | Selective Contracting  |                  |                  |
|   | Risk Share   |                  |                  |
| Program Administration                                | Eligibility Verification and controls                              | (1.5)            | (3.0)            |
|   | Enhanced Death Verification  |                  |                  |
|   | Consistent Payment Rates   |                  |                  |
|   | Connect Care Choice redesign                                       |                  |                  |
| Transition hospital support to value based purchasing | Neo-Natal Services & Child Birth Bundle rate                       | (15.0)           | (30.2)           |
|   | Institute Readmission Policy to Align with Medicare                |                  |                  |
|   | Delivery System Reform Incentive Program (DSRIP)                   |                  |                  |
| High Utilizers  | Pilot Accountable Care Organizations (ACO)                         | (15.0)           | (30.2)           |
|   | Community Health Teams   |                  |                  |
|   | Housing Support  |                  |                  |
|   | Appropriate setting for Institutionalized Individuals              |                  |                  |
| Coordinated Care for Individuals with BH Needs        | Community Mental Health Centers and Inpatient Hospital Services    | (3.0)            | (6.0)            |
| <b>Total</b>  |  | <b>\$ (46.0)</b> | <b>\$ (92.6)</b> |

*Values in millions*

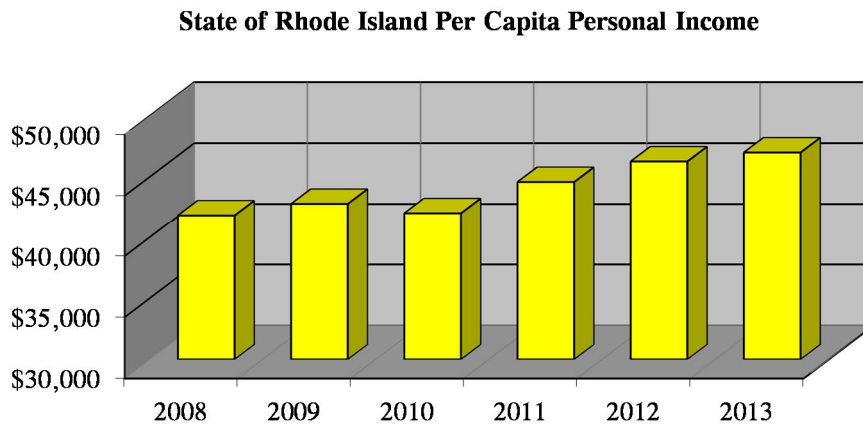
**Medicaid Rate.** The federal medical assistance percentage (FMAP), also known as the federal Medicaid matching rate, is a calculation with significant impact on state health and human services spending. Each state has a Medicaid rate. The formula that determines an individual state's Medicaid rate is based on that state's three-year average per capita income relative to national per capita income and represents the portion of medical services delivered under the Medicaid program the federal government will contribute. States with a higher per capita income level are reimbursed a smaller share of their costs. By law, the Medicaid rate cannot be lower than 50 percent or higher than 83 percent. It is important to note that the federal contribution to any state's administrative costs for Medicaid services is set at 50.0 percent.

The American Recovery and Reinvestment Act of 2009, also known as the federal stimulus package, provided for temporary increases in the Medicaid rates to provide fiscal relief to states. The rate was originally set to expire January 1, 2011; however, the federal government extended it until June 30, 2011. The enhanced rate took effect October 1, 2008 and the state saved approximately \$517.9 million over ten fiscal quarters: \$149.6 million in FY 2009, \$203.1 million in FY 2010, and \$165.2 million in FY 2011.

The following table includes the Rhode Island Medicaid rates used from FY 2008 through the projected FY 2016 rate. Since the Medicaid rate is published for the federal fiscal year which starts on October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island's FY 2016 projected rate is based on one quarter of the federal fiscal year 2015 rate and three quarters of the federal fiscal year 2016 rate resulting in a slightly different rate. The Medicaid rates are shown in the following table.

| Medicaid Rates    | FFY    | SFY    |
|-------------------|--------|--------|
| FY 2016 Projected | 50.42% | 50.32% |
| FY 2015           | 50.00% | 50.03% |
| FY 2014           | 50.11% | 50.40% |
| FY 2013           | 51.26% | 51.48% |
| FY 2012           | 52.12% | 52.33% |
| FY 2011           | 61.39% | 62.26% |
| FY 2010           | 63.93% | 63.92% |
| FY 2009           | 63.89% | 61.04% |
| FY 2008           | 52.51% | 52.59% |

The following chart shows the state's per capita income during five calendar years. The FY 2016 rate is based on 2011 through 2013 data.

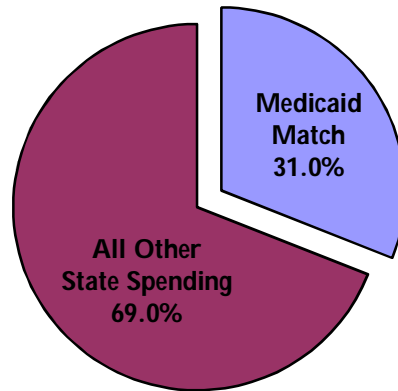


The per capita income data is released by the federal Bureau of Economic Analysis and is used by the federal government to calculate each state's reimbursement rate for Medicaid. It should be noted that per capita income is affected by income and population. As reported by Federal Funds Information for States, some states, such as Pennsylvania, Rhode Island and West Virginia, had personal income growth below the national average in 2011. However, low or negative population growth, as in Rhode Island, resulted in higher per capita growth rates.

**Medicaid – CHIP Enhanced Rate.** The federal medical assistance percentage rate not only determines the state and federal share of Medicaid, the state's largest health and human services program, but also applies to adoption assistance, foster care, and child care. The Medicaid rate is the basis for calculating the enhanced federal medical assistance percentage rate, the federal matching rate for the Children's Health Insurance Program (CHIP). The enhanced Medicaid rate is 30.0 percent higher than the federal medical assistance percentage rate. As a state's Medicaid rate may increase or decrease depending on the adjustment to a state's per capita income, so does the enhanced Medicaid rate.

**Medicaid as a Percent of the State Budget.** Programs supported by Medicaid are 25.9 percent of total spending in the Governor's recommended budget and 31.0 percent of spending from general revenues.

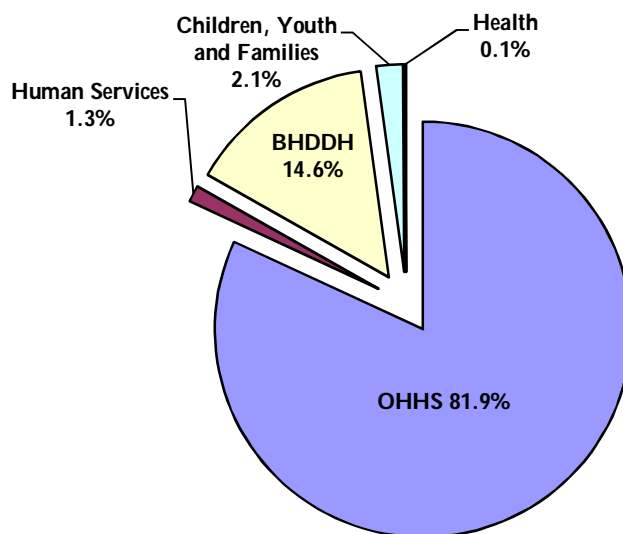
**FY 2016 Recommended Medicaid as Percent of General Revenue Spending**



The programs and recipients receiving Medicaid funded services are discussed separately in the pages that follow, including the state’s mandated coverage for these populations, the number of individuals receiving services and the cost, as well as other optional services that the state provides through the health and human service agencies.

The following chart shows the percent of Medicaid spending by department. The 2012 Assembly concurred with the Governor’s FY 2013 budget recommendation to shift Medicaid benefits to the Office of Health and Human Services from the Department of Human Services. The 2014 Assembly transferred Medicaid funded behavioral health services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Office of Health and Human Services. The Office’s budget also includes medical benefit expenses for children and youth in the care of the Department of Children, Youth and Families.

**FY 2016 Recommended Medicaid Spending by Department**



**The Patient Protection and Affordable Care Act of 2010.** On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act of 2010, commonly referred to as the Affordable Care Act, which provides for national health care reform. The following week, he signed a package of



amendments to the Act, called the Health Care and Education Reconciliation Act of 2010, though when referring to health care reform legislation, the Affordable Care Act (ACA) is the referenced Act, and the amendments are considered included.

The Act requires most citizens and legal residents to have health insurance by January 1, 2014, or pay a tax penalty, and expands Medicaid coverage to individuals and families up to 138 percent of the federal poverty level; the threshold is 133 percent, but the Act includes a 5 percent disregard, essentially making the Medicaid eligibility threshold 138 percent. It also provides for premium credits and cost-sharing subsidies for individuals and families between 139 percent and 400 percent of poverty. The Act requires most employers to offer medical coverage, includes small business tax credits for employers with no more than 25 employees and provides for a temporary reinsurance program for employers providing health insurance coverage to individuals over 55 years of age, but not eligible for Medicare.

The Affordable Care Act allows young adults to remain on their parents' or guardian's health plan until age 26; this provision became effective September 23, 2010. Issued regulations state that young adults are eligible for this coverage regardless of any of the following factors: financial dependency, residency with parent, student status, employment or marital status. The law does not require that a plan or issuer offer dependent coverage, but that if coverage is offered, it must be extended to young adults up to age 26. Rhode Island currently requires insurance plans that cover dependent children to cover unmarried dependent children until age 19, or until age 25 if a student, and if the dependent child is mentally or physically impaired, the plan must continue their coverage after the specified age.

Expanding Medicaid Program. Title II of the Act expands eligibility for Medicaid to lower income persons and assumes federal responsibility for much of the cost of this expansion. Beginning on January 1, 2014, all children, parents and adults without dependent children who are not entitled to Medicare and who have family incomes up to 138 percent of poverty will become eligible for Medicaid. The 2013 Assembly expanded coverage to this population.

Between 2014 and 2016, the federal government will pay 100 percent of the cost of covering newly-eligible individuals. The benefits are 100 percent federally funded until January 2017, at which time the Medicaid rate will decrease to 95 percent in 2017, 94 percent in 2018, 93 percent in 2019 and 90 percent on January 1, 2020 for all subsequent years, requiring a 10 percent state match. Rhode Island will receive federal funds according to this schedule.

States are required to maintain the same income eligibility levels through December 31, 2013 for all adults, and this requirement is extended through September 30, 2019 for children currently in Medicaid. For Rhode Island, this requirement applies to RIte Care eligibility for parents who are at or below 175 percent of poverty and children who are at or below 250 percent. The 2013 Assembly lowered the parent's threshold to 133 percent of poverty and included funding to assist in the transition to coverage through the health benefits exchange.

Similar to provisions in the American Recovery and Reinvestment Act, states cannot take actions to lower enrollment or make eligibility stricter. States can reduce provider fees, but must prove that the cuts will not make it harder for Medicaid patients to get needed care, and states may eliminate optional benefits.

**Medicaid – Expansion Population Rate.** As noted, the federal government will pay 100 percent of the cost for states to provide benefits to adults age 19 to 64, without dependent children, with incomes at or below 138 percent of poverty January 1, 2014 until January 1, 2017 with the rate incrementally decreasing to 90 percent in January 2020 requiring a 10 percent state match. The Governor's FY 2016

recommended budget includes \$547.1 million from federal funds for this expanded benefit. Her out-year estimates include: \$14.1 million in FY 2017; \$31.9 million in FY 2018; \$39.1 million in FY 2019 and \$53.2 million in FY 2020.

HealthSource RI. In September 2011, the Governor issued an executive order to establish the Rhode Island Health Benefits Exchange, renamed HealthSource RI, the marketplace for purchasing health insurance, known as the exchange.

HealthSource RI, in addition to offering in-person assistance from professional health benefits navigators, also offers online tools to assist Rhode Island residents and small businesses with shopping for and purchasing health insurance. All plans offered through HealthSource RI meet minimum coverage requirements set by the federal government, including essential health benefits such as preventive care and annual physicals, doctor sick visits, hospitalizations, maternity care, emergency room visits, and prescription coverage.

Tools offered through HealthSource RI can be used by those who do not have coverage either through an individual plan or through an employer plan, are under-insured by their individual or employer plan, and those who are comparison shopping between their current plan and plans offered through the exchange. Small employers with fewer than 50 full-time employees may also use HealthSource RI to offer coverage options to their employees.

HealthSource RI began accepting applications on October 1, 2013; coverage from applications approved from that date through December 31, 2013 went into effect January 1, 2014.

Health plans offered through the marketplace are categorized into tiers based on the level of benefits and cost sharing requirements. Individuals in households with income below 400 percent of poverty who are not Medicaid eligible will receive federal subsidies to reduce the cost of commercial health plans purchased through the Exchange.

The 2013 Assembly lowered the state's threshold criteria for Rite Care parents to 133 percent of poverty and created a premium assistance program to aid in the transition to coverage through the exchange with the state paying 50 percent of the cost of commercial coverage, after subtracting what the parents are currently paying for Rite Care coverage and any federal tax credits or subsidies that are available.

Unified Health Infrastructure Project. The state has received approval from the Centers for Medicare and Medicaid Services to implement a nine-year, \$209.4 million project that includes \$162.6 million from federal funds including Medicaid, matched by \$51.9 million from general revenues. The project is a joint venture among the Office of Health and Human Services, Department of Human Services, and HealthSource RI. The project will replace the state's existing eligibility system with a new integrated one that will eventually determine eligibility for all health and human services programs, including new health care reform subsidies, through a single application.

**Rhode Island Consumer Choice Global Compact Waiver.** The Rhode Island Global Consumer Choice Compact Waiver, or Medicaid Global Waiver, was approved by the Centers for Medicare & Medicaid Services on January 16, 2009. The Global Waiver establishes a new federal-state agreement that provides Rhode Island with the flexibility to provide services in the least restrictive, most cost effective way to meet the needs of its citizens. The waiver was effective from January 16, 2009 through December 31, 2013, at which time the state could reapply for the global waiver. The state

applied for and received an extension that is in effect until December 31, 2018; the 1115 Research and Demonstration Waiver.

Programs under the waiver include RItE Care, Rhody Health Partners, Rhody Health Options, Connect Care Choice, home and community based services to elderly residents, residential and community support programs to adults with behavioral health and developmental disabilities, and breast and cervical cancer treatments. It also allowed the state to leverage Medicaid for services that were previously state-only in the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities and Hospitals, and Children, Youth and Families.

**Medicaid Expenses - State/National Comparison.** The following table compares national and state 2013 Medicaid spending using the Centers for Medicare and Medicaid Services 2012 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.

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 Office of Health and Human Services and the Department of Human Services’ Division of Elderly Affairs.

| Medicaid Expenses | Enrollees    |                     | Percent of Enrollees |             | Expenses (in millions) |                  | Percent of Expenses |             | Cost Per Enrollee |                 |
|-------------------|--------------|---------------------|----------------------|-------------|------------------------|------------------|---------------------|-------------|-------------------|-----------------|
|                   | US*          | RI                  | US                   | RI          | US                     | RI               | US                  | RI          | US                | RI              |
| Population        | 28.3         | 86,923              | 49.0%                | 45.0%       | \$ 76,300              | \$ 262.8         | 20.0%               | 14.7%       | \$ 2,700          | \$ 3,023        |
| Children          | 14.6         | 45,588              | 25.0%                | 23.6%       | 60,000                 | 210.7            | 16.0%               | 11.8%       | 4,101             | 4,622           |
| Adults            | 9.7          | 42,717              | 17.0%                | 22.1%       | 166,800                | 832.6            | 44.0%               | 46.7%       | 17,255            | 19,491          |
| Blind/Disabled    | 5.1          | 17,802              | 9.0%                 | 9.2%        | 79,000                 | 476.4            | 21.0%               | 26.7%       | 15,688            | 26,761          |
| Aged              | <b>Total</b> | <b>57.7 193,030</b> | <b>100%</b>          | <b>100%</b> | <b>\$382,800</b>       | <b>\$1,782.5</b> | <b>100%</b>         | <b>100%</b> | <b>\$ 6,641</b>   | <b>\$ 9,235</b> |

*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 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’ report them in the children population.

## 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%      | 125%     | 150%     | 175%     | 180%     | 185%     | 200%     | 225%      | 250%     |
| 1   | \$ 11,770 | \$14,713 | \$17,655 | \$20,598 | \$21,186 | \$21,775 | \$23,540 | \$ 26,483 | \$29,425 |
| 2   | 15,930    | 19,913   | 23,895   | 27,878   | 28,674   | 29,471   | 31,860   | 35,843    | 39,825   |
| 3   | 20,090    | 25,113   | 30,135   | 35,158   | 36,162   | 37,167   | 40,180   | 45,203    | 50,225   |
| 4   | 24,250    | 30,313   | 36,375   | 42,438   | 43,650   | 44,863   | 48,500   | 54,563    | 60,625   |
| 5   | 28,410    | 35,513   | 42,615   | 49,718   | 51,138   | 52,559   | 56,820   | 63,923    | 71,025   |
| 6   | 32,570    | 40,713   | 48,855   | 56,998   | 58,626   | 60,255   | 65,140   | 73,283    | 81,425   |
| 7   | 36,730    | 45,913   | 55,095   | 64,278   | 66,114   | 67,951   | 73,460   | 82,643    | 91,825   |
| 8   | 40,890    | 51,113   | 61,335   | 71,558   | 73,602   | 75,647   | 81,780   | 92,003    | 102,225  |

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

The poverty guidelines (also referred to as the federal poverty level) are based on the calculations made for the poverty threshold used by United States Census Bureau mainly for statistical purposes, for instance, preparing the estimates of the number of Americans in poverty for each year's report.

They are issued each year, generally in the winter, in the Federal Register by the United States Department of Health and Human Services. The guidelines are thresholds used to determine financial eligibility for certain federal programs. They are adjusted for families of different sizes.

Both the thresholds and the guidelines are updated annually for price changes using the Consumer Price Index for All Urban Consumers (CPI-U). The poverty guidelines are sometimes loosely referred to as the "federal poverty level" or "poverty line."

## Medicaid Recipients

**Citizenship Requirements.** To be eligible to receive Medicaid funded services, an individual must generally either be a citizen or legal resident for at least five years. Individuals must also be a resident of the state in which they are applying for benefits.

**Pregnant Women.** Medical services are provided to pregnant women whose annual income is at or below 250 percent of the poverty level. States are mandated to provide services to women at or below 133 percent of poverty.

**Children and Parents.** Medical services are provided to children whose family income is at or below 250 percent of poverty and parents if the income is at or below 133 percent of poverty through the RItE Care and RItE Share programs. Medical services are also provided to children who are placed in foster care or an adoptive placement through the Department of Children, Youth, and Families.

**Children with Special Health Care Needs.** Medical services are provided to children with special health care needs including children in Department of Children, Youth, and Families' care who are in foster care and adoptive placement.

The following table shows the populations to which a state must provide medical benefits and the eligibility criteria established in Rhode Island. Each is discussed separately in the following pages.

| Populations   |   |
|---|---|
| Mandatory   | Optional  |
| Low income Medicare beneficiaries up to 135% of poverty   | Low income elderly or adults with disabilities and individuals eligible for home & community care waiver services |
| Children up to age 1 at or below 185% of poverty; Parents and children age 1 to 19 at or below 133 % of poverty | Children to 250% of poverty   |
| Supplemental Security Income or Social Security Disability Insurance recipients                                 | Non-disabled adults, without dependent children, ages 19 through 64 with income at or below 138% of poverty       |
|   | Individuals who are medically needy   |
|   | Women eligible for breast and cervical cancer treatment services  |
| Children in adoption assistance or who live in foster care under a Title IV-E program                           | Children under 18 who would otherwise need institutional care   |

**Low Income Elderly.** Individuals age 65 and older are eligible for medical benefits based on income and resources. They are eligible for community and/or long term care services if they meet income guidelines and the level of care requirements for the state’s programs.

**Medicaid Eligible Disabled Non-Elderly Adults.** The state provides medical and cash assistance benefits to an adult, under the age of 65, if that individual meets the Social Security Administration definition of disabled. A person is considered disabled if they have a physical or mental disability, expected to last longer than six months and result in their death.

There are two programs that provide a monthly cash assistance benefit to a disabled individual: Social Security Disability Insurance (SSDI) and/or Supplemental Security Income (SSI).

If an individual is determined to be disabled and has a work history of 40 quarters, he or she may first be eligible for Social Security Disability Insurance, which is not considered to be a public assistance program. This is a federal program where the individual receives a monthly payment.

The second program available to a disabled individual is the Supplemental Security Income program. This is also a federal public assistance program for individuals with limited income and resources. Individuals may be eligible for both the Social Security Disability Insurance program and the Supplemental Security Income program if they meet the income eligibility requirements. States have the option of providing a state payment in addition to the federal payment. Rhode Island began to make this supplemental payment in 1987.

**Non-disabled Adults without Dependent Children.** The 2013 Assembly expanded Medicaid coverage to non-disabled adults, without dependent children, between the ages of 19 and 64 at or below 138 percent of federal poverty, consistent with the changes under the Affordable Care Act.

**Breast and Cervical Cancer Treatment.** The state provides breast and cervical cancer treatment services through the Medicaid global waiver. A woman must first be screened through the Department of Health’s women’s cancer screening program before she can receive Medicaid covered treatment services and be at or below 250 percent of poverty.

## Medicaid - Benefits

States must provide mandatory benefits to certain populations. States can also choose to cover additional populations and provide additional benefits beyond what is mandated by the federal government. If a state chooses to extend coverage to additional populations, it must provide the same mandatory services it gives to its mandatory populations.

The Office of Health and Human Services' FY 2012 Annual Medicaid report includes a breakdown by cost by mandatory and optional populations and mandatory and optional services. The state spent \$1,811.0 million from federal and state funds on Medicaid services in FY 2012. Of this total \$652.0 million, or 36.0 percent, was spent on mandatory services for mandatory populations.

| <b>Mandatory Populations*</b>           |                 |                   |
|---|-----------------|-------------------|
| Mandatory                               | Gen. Rev.       | All Funds         |
| Mandatory Services                      | \$ 235.2        | \$ 652.0          |
| Optional Services                       | 106.4           | 295.0             |
| <i>Subtotal - Mandatory Populations</i> | <i>\$ 341.7</i> | <i>\$ 947.0</i>   |
| <b>Optional Populations*</b>            |                 |                   |
| Mandatory Services                      | \$ 223.0        | \$ 618.0          |
| Optional Services                       | 88.8            | 246.0             |
| <i>Subtotal - Optional Populations</i>  | <i>\$ 311.7</i> | <i>\$ 864.0</i>   |
| <b>Total Expenses</b>                   | <b>\$ 653.4</b> | <b>\$ 1,811.0</b> |
| <i>* In millions</i>                    |                 |                   |

The following includes Medicaid spending by population and cost per person according to the Office of Health and Human Services' FY 2012 Annual Medicaid report.

| Populations          | Persons | Costs*   | Annual Cost/Person |
|----------------------|---------|----------|--------------------|
| Children/Parents     | 132,511 | \$ 474.0 | \$ 3,576           |
| Elderly              | 17,802  | 476.0    | 26,760             |
| Disabled - Children  | 12,190  | 170.0    | 13,968             |
| Disabled - Adults    | 30,527  | 662.0    | 21,696             |
| <i>* In millions</i> |         |          |                    |

The following table shows both the mandatory and optional benefits provided through the state's Medicaid program for acute care services. Acute care services are direct medical benefits provided to eligible individuals including doctor visits, hospital services, rehabilitation, and prescription coverage.

| <b>Acute Care Benefits</b>   |  |
|--|--|
| Mandatory  | Optional   |
| Physician services   | Prescriptions  |
| Lab & X-ray  | Rehabilitation & other therapies                               |
| In/outpatient hospital services                                      | Clinic Services  |
| Early, Periodic, Screening Diagnostic and Treatment (EPSDT) Services | Dental, dentures, prosthetic devices & eyeglasses              |
| Family planning services and supplies                                | Case management  |
| Federally qualified health centers and rural health clinic services  | Durable medical equipment                                      |
| Nurse midwife as state law permits                                   | Tuberculosis related services                                  |
| Certified pediatric & family nurse practitioner services             | Medical remedial care provided by other licensed professionals |

In addition, the next table includes both the mandatory and optional benefits provided through the state's Medicaid program for long term care and home and community care services.

| <b>Long Term Care Benefits</b>   |  |
|--|--|
| <b>Mandatory</b>   | <b>Optional</b>  |
| <b>Institutional</b>   |  |
| Nursing facility services for those 21 or older needing that level of care | Intermediate Care Facility for the Developmentally Disabled    |
|  | Individuals 65 or older in an institute of mental disease      |
|  | Inpatient psychiatric hospital service for those under 21      |
| <b>Home and Community Care Services</b>                                    |  |
| Home health care services for those entitled to nursing home care          | Home & community based care/other home health care             |
|  | Targeted case management                                       |
|  | Hospice/Personal care  |
|  | Respiratory care services for ventilator dependent individuals |
|  | PACE Program   |

### **Medicaid Programs**

The state provides medical benefits, residential and home and community based services to qualified individuals. The following sections describe the programs provided.

#### **Medical Benefits**

**Rite Care/Rite Share.** The state provides medical benefits to children and their parents who meet the eligibility criteria for the Rite Care program. The federal government mandates that states provide Medicaid benefits to children up to age 19 whose family income is at or below 133 percent of poverty, children in foster care and adoptive assistance, and parents whose income is at or below 50 percent of the poverty level.

The federal government allows states to provide medical benefits to individuals beyond the populations it mandates and that coverage is provided through Medicaid waivers. Rhode Island chooses to provide benefits to children whose family income is at or below 250 percent of poverty (for example, a family of four with an income that does not exceed \$60,625) and to parents if the family income is at or below 133 percent of poverty (for that same family of four, an income that is not above \$31,322). If a family's income is at or below 200 percent of poverty, the child (or children) would receive Rite Care benefits, but the parent (or parents) would not because the annual income is too high. The Centers for Medicare and Medicaid Services issued a ruling that requires states to use the new methodology mandated under the Affordable Care Act for verifying income that uses a family's modified adjusted gross income (MAGI) instead of family income with certain disregards.

Under the MAGI conversion, states have a higher income threshold for certain populations because the disregards are adjusted using the new calculation with the intent to not make any person ineligible for benefits because of the conversion. For Rhode Island this conversion changes the income threshold for children, increasing it from 250 percent with the disregards to 261 percent. Rhode Island lowered the

income threshold for parents to the mandatory level of 133 percent which is not impacted by the MAGI conversion.

RItE Share recipients are eligible for RItE Care but have access to employer sponsored insurance for which the state pays monthly cost sharing requirements and deductibles.

**RItE Share Cost Sharing Requirement.** RItE Share recipients with annual incomes above 150 percent of the federal poverty level pay a monthly cost sharing requirement that is no more than five percent of their annual income. The following chart shows the three separate payments based on a family's annual income, approximately three percent.

| <b>RItE Share Co-Pays</b> |                         |
|---------------------------|-------------------------|
| <b>Poverty Level</b>      | <b>Current Payments</b> |
| 150% up to 185%           | \$61                    |
| 185% up to 200%           | \$77                    |
| 200% up to 250%           | \$92                    |

The 2013 Assembly eliminated the monthly cost sharing requirement for families receiving coverage through RItE Care so that a family receiving coverage through the exchange will not have two monthly premiums: one for the child(ren) in RItE Care and the monthly cost for commercial health coverage.

**Extended Family Planning.** The state provides extended family planning services to post-partum women with an income at or below 250 percent of poverty, for up to 24 months if the mother loses RItE Care coverage 60 days after having a child.

**Foster Care.** The state provides RItE Care benefits to a child in a foster care placement. The state does not provide benefits to the biological parent or the foster parent.

**Adoptive Assistance.** The state provides RItE Care benefits to a child in adoptive assistance.

**Children with Special Health Care Needs - Katie Beckett Option.** The state chooses to provide home care and other services to children under the age of 18 who would require an institutional level of care. The income eligibility is based on the child's income and not the family's income. States can also choose to provide this service as a waiver, which would include a limited number of placements, or as an option under the Medicaid state plan, which is not limited. Rhode Island provides the services under the state plan option allowing for an unlimited number of program participants.

**Early Intervention.** The state provides services to children from birth to age three who have presented with a disability through the early intervention program. The services include physical, speech and occupational therapies.

**Rhody Health Partners Managed Care.** For adults who are disabled but not receiving Medicare, the state provides medical benefits through the Rhody Health managed care system through either Neighborhood Health Plan of Rhode Island or UnitedHealthcare.

**Rhody Health Options.** For adults who are eligible for both Medicare and Medicaid the state entered into a contract with Neighborhood Health Plan of Rhode Island to manage the acute care and long term care services for these individuals.



**Fee-for-Service System.** Individuals who are eligible for both Medicare and Medicaid, known as dual eligibles, receive medical benefits through the traditional fee-for-service system.

### **Long Term Care Residential and Community Care Services**

**Nursing Homes.** The state reimburses 84 nursing homes that provide long term residential care to elderly and disabled individuals who require a nursing home level of care.

**Hospice Services.** Hospice services are provided to the terminally ill if there is a medical prognosis that life expectancy is six months or less. Services are provided in either the home setting or a nursing home or other institutional setting.

**Assisted Living Facilities.** The state provides eligible residents access to assisted living facilities, a less expensive alternative to residing in a nursing home. Individuals can access this option, available through the Medicaid Global Waiver.

**Home and Community Care Services.** Through the Medicaid Global Waiver, the state provides home care and community care services to allow individuals to remain in their home instead of moving into a nursing home.

**Eleanor Slater Hospital.** The Eleanor Slater Hospital is the state's only public hospital and provides long-term care services with the support of acute medical services. It is a 495 bed facility licensed by the Department of Health, accredited by the Joint Commission on the Accreditation of Healthcare Organizations, and certified by the Centers for Medicare and Medicaid Services. It is a two-campus hospital consisting of the main Pastore campus in Cranston and the Zambarano unit in Burrillville. The state provides long term services to individuals with disabilities, court ordered psychiatric patients, and those with behavioral health issues.

### **Residential Services/Other Programs**

**Adults with Developmental Disabilities.** States are mandated to provide Medicaid funded medical benefits to developmentally disabled adults who require a nursing home level of care and to those who are supplemental security income recipients. The state continues to maintain four Intermediate Care Facilities for the Developmentally Disabled (ICF/DD) through the Eleanor Slater Hospital System, with the Tavares Pediatric facility as the state's fifth intermediate care facility.

Services provided under the Global Waiver are optional services with mandated medical benefits being paid for through the Office of Health and Human Services' budget. The federal regulations governing the waiver mandate that in order to receive services a person must meet three eligibility criteria: diagnostic, functional and financial.

For an individual to meet the *diagnostic* criteria, he or she must have mental retardation, defined as an intelligence quotient that is 70 or less, or another type of developmental disability. States have the ability to define developmental disabilities differently using a more expansive definition and consequently serve different populations. Rhode Island uses the expanded developmental disability definition.

Section 40.1-21-4.3 of the Rhode Island General Laws defines a developmentally disabled adult as someone who is 18 years of age or older, not under the jurisdiction of the Department of Children,

Youth and Families, and who is either a mentally retarded developmentally disabled adult or is a person with a severe, chronic disability.

*Functional* eligibility requires an individual to have a substantial functional limitation in three or more of the following life activities: self-care, receptive and expressive language learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency.

*Financial* eligibility requires a person to be income eligible for services. In most cases the only source of income for individuals with developmental disabilities is a \$694.35 monthly supplemental security income check, which places them below the 135 percent of the federal poverty level required for the program.

Medicaid funded services, provided through the waiver, for this eligible population include residential care, day programming and supportive services.

**Mental Health Treatment Services.** The state provides mental health treatment services through the Medicaid Global Waiver. Mental health services are not a mandated Medicaid benefit and states can choose to provide mental health services to Medicaid eligible individuals. Rhode Island chooses to provide these services.

**Substance Abuse Treatment Services.** As an option under Medicaid, states can also chose to provide substance abuse treatment services to Medicaid eligible individuals. These treatment services are not a mandated benefit in the Medicaid program. Rhode Island chooses to provide these services.

**Foster Care.** The state provides foster care services to children in its custody.

**Group Homes.** The state provides placement in group home settings to children in its custody.

**Bradley Hospital Group Homes Psychiatric Hospitalization.** The state provides short-term treatment and crisis stabilization for children in acute distress, comprehensive evaluations, and long-term treatment. The state pays for psychiatric hospitalization services for Medicaid eligible children and children who are uninsured at Emma Pendleton Bradley Hospital in East Providence.

**Bradley Hospital Group Homes.** There are five group homes that are run by Bradley Hospital for children ages 4 to 21, located in East Providence (Rumford House and Swan House), East Greenwich (Greenwich House), North Providence (Hill House), and Warwick (Heritage House).

**HIV Treatment Services.** The state provides treatment and supportive services to HIV positive individuals who are uninsured and with income up to 400 percent of poverty. As of January 1, 2014 individuals will either be eligible for the Medicaid expansion program or benefits through the exchange. Benefits will still be provided using the Ryan White federal grant and any rebate funding the state receives from drug purchases through that grant.

### **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. State agency parties to the agreement are: Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, Department of Human Services, Rhode Island

Department of Elementary and Secondary Education and the Office of the Attorney General. The Department of Justice finding is for those who meet the state's definition of an individual with a disability included in Rhode Island General Laws.

The populations addressed in the consent decree are individuals with intellectual and developmental disabilities that include: the Rhode Island Youth Transition Target Population that are transition-age youth attending Rhode Island secondary school; the Rhode Island Exit Target Population that are transition age youth during the 2013-2014, 2014-2015, or 2015-2016 school years; the Rhode Island Sheltered Workshop Target Population that perform sheltered workshop tasks or have received day activity services in the previous year; and the Rhode Island Day Target Population that receive day activity services in facility-based day program settings or have received such services in the previous year.

The consent decree has two fiscal components: a monitor and a Trust Fund. Charles Moseley from the National Association of State Directors of Developmental Disabilities Services has been assigned as the monitor. The consent decree stipulates the state payment to the monitor is not to exceed \$300,000 annually. The monitor is responsible for approving the training component of the consent decree related to career development and transition plans and will also approve outreach and education programs. The monitor will also conduct factual investigation and verification of data and documentation that is necessary to determine if the state is in compliance with the consent decree. The monitor has reporting requirements starting on April 1, 2014 through April 1, 2015 and every 6 months (180 days) after that.

The consent decree also stipulates that by October 1, 2014 the state will establish and begin distributing funds 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 state also had to create an employment first task force no later than May 1, 2014 that includes but is not limited to: the Community Provider Network of Rhode Island, the Paul V. Sherlock Center on Disabilities at Rhode Island College, the Rhode Island Disability Law Center, The Rhode Island Developmental Disabilities Council, the Rhode Island Parent Information Network, individuals with intellectual and developmental disabilities and parent and family representatives.

The state will ensure available funding for services and will reallocate resources expended on the sheltered workshop plans and segregated day programs to fund supported employment and/or integrated day services as individuals transition to supported employment and/or integrated day only placements, in order to have funding "follow the person".

The Governor's FY 2016 recommended budget includes \$192.4 million from all sources, of which \$96.2 million is from general revenues, to support services to approximately 3,600 adults receiving services through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' Division of Developmental Disabilities. However it should be noted that the Governor added \$4.7 million, including \$2.7 million from general revenues to comply with the consent decree; this is further discussed in *Agency Analysis* section of the publication.

## Office of Health and Human Services

The Office of Health and Human Services is the umbrella agency for the four health and human services departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget Analysis FY 2016*. The following table shows the services provided by population and the department that is responsible for the expenses.

| Programs   | OHHS | DHS | BHDDH | DCYF | DOH |
|--|------|-----|-------|------|-----|
| <b>Medical Benefits</b>                              |      |     |       |      |     |
| Children and Parents                                 | X    |     |       |      |     |
| Elderly  | X    | X   |       |      |     |
| Disabled   | X    |     |       |      |     |
| Adults, age 19 to 64, without dependent children     | X    |     |       |      |     |
| <b>Residential and Other Services</b>                |      |     |       |      |     |
| Nursing and Hospice Services                         | X    |     |       |      |     |
| Assisted Living Services                             | X    | X   |       |      |     |
| Home and Community Based Services - Elderly          | X    | X   |       |      |     |
| Foster Care and Group Home Placements - Children     |      |     |       | X    |     |
| Community Based Services - Developmentally Disabled  |      |     | X     |      |     |
| Mental Health and Substance Abuse Treatment Services |      |     | X     |      |     |
| HIV Surveillance and Treatment Services              | X    |     |       |      | X   |



# Mergers and Consolidations

## Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2015 budget adopted by the 2014 General Assembly contains 38 state agencies and departments. The Governor's FY 2016 recommendation of 34 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2014 Assembly. These are noted below along with a history of prior proposals and enacted changes.

## FY 2016

**Higher Education Assistance Authority Merger.** The Governor's budget transfers 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 establishes a new Division of Higher Education Assistance in the Office of Postsecondary Commissioner. The budget reflects the transfer of \$19.1 million and 15.0 full-time equivalent positions to the Office of Postsecondary Commissioner. Administrative responsibility for the state's tuition savings program would be transferred to the Office of the General Treasurer.

**Executive Office of Commerce.** The 2013 Assembly 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. Consistent with the legislation, the Governor's Budget includes the transfer of Housing and Community Development functions to the Executive Office of Commerce. It also transfers the Film and Television Office from the Department of Administration to Commerce. It does not, however, transition Department of Business Regulation functions, leaving it as a stand alone department.

**Capital Projects Consolidation.** 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 and Transportation.

**Division of Advocacy.** The Governor's Budget consolidates the Governor's Commission on Disabilities, the Commission on the Deaf and Hard of Hearing, the Office of the Child Advocate, and the Office of the Mental Health Advocate under a newly created Division of Advocacy within the Executive Office of Health and Human Services. The consolidation is for administrative and budget purposes only and all agencies would maintain their responsibilities as mandated by current law.

**Non-Prescribing Boards Consolidation.** The Governor consolidates all of the non-prescribing health professional boards into one board. There are 25 professional boards that include a variety of professions, such as dietitians, physical therapists, occupational therapists, optometrists, social workers and funeral home directors. The Department of Health currently approves all written and practical examinations, and issues licenses and permits for these professions. The proposed legislation creates a single board of review for appeals, discipline and advisory functions. This would allow for the elimination of 2.0 positions that support the boards and \$0.2 million from general revenues.

**Bays, Rivers and Watersheds Coordination Team.** The Governor's Budget abolishes 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 work is funded by an \$80,000 transatlantic cable fee, a \$1 per hundred gallons charge on septage disposal in the state, and a \$250,000 annual allocation from the Oil Spill, Prevention, Administration and Response Fund. 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.

## **History**

### ***FY 1991***

**Motor Vehicle Dealer License Commission.** Governor DiPrete proposed abolition of this agency. It was merged into the Department of Transportation in the FY 1992 budget.

**Rhode Island Film Commission.** Governor DiPrete proposed abolition of this agency. It was merged into the Department of Economic Development in FY 1992.

**Consumers Council.** Governor DiPrete recommended abolition of this agency. The Assembly did not concur. The agency was later abolished in FY 1994.

**Permanent Commission on Naval Affairs.** This agency was unfunded beginning in FY 1991 and is no longer budgeted.

**Rhode Island Health Industry Development Council.** This agency was abolished.

### ***FY 1992***

**Motor Vehicle Dealer License Commission.** This agency was merged into the Department of Transportation.

**Rhode Island Film Commission.** This agency was merged into the Department of Economic Development.

**Office of Management and Administrative Services.** This office was created by Governor Sundlun through an Executive Order.

**Office of Substance Abuse.** This office was created by Executive Order 91-23 through consolidation of various programs in a number of agencies and the Division of Substance Abuse in the Department of Mental Health, Retardation and Hospitals.

### ***FY 1993***

**Commission on Interstate Cooperation.** This agency was merged into the Legislature.

**Commission on Uniform State Laws.** This agency was merged into the Legislature.

**Department of Substance Abuse.** The Office of Substance Abuse became a Department.

## ***FY 1994***

**Consumers Council.** The Council was abolished as recommended.

**General.** This collection of miscellaneous appropriations was combined into Department of Administration programs. It included the contingency account, the circuit breaker program, Tax Anticipation Notes interest, and certain other grants such as the Rhode Island Sports Foundation.

**Special.** This collection of expenditures was combined into the Department of Administration as well. It included tort claims and special claims.

**Children's Code Commission.** This agency was abolished.

**Department of Public Safety.** Governor Sundlun proposed merging seven agencies and departments providing training and education of public safety officials into the Department of Public Safety headed by the Superintendent of the State Police. The agencies varied in size from 3.0 full-time equivalent positions to 252.0 full-time equivalent positions. They were State Police, E-911, Emergency Management, Fire Safety Code Commission, Fire Safety and Training Academy, Governor's Justice Commission, and the Municipal Police Training Academy. The Assembly did not enact the legislation.

**Water Resources Board.** Governor Sundlun recommended merging the Board with the Department of Environmental Management. The merger was blocked in the Energy and Environment Committee and was not voted upon.

**Vehicle Value Commission.** The Commission was merged into the Division of Taxation in the Department of Administration. Administrative support is provided by the Office of Municipal Affairs.

**Registry.** The Registry of Motor Vehicles was transferred from the Department of Transportation to the Division of Taxation. Legislation was adopted by the 1994 Assembly.

**Airport Corporation.** The functions of the Division of Airports in the Department of Transportation were transferred to a newly formed Airport Corporation under the Rhode Island Port Authority.

## ***FY 1995***

**Heritage Commission.** The Heritage Commission was merged into a new Historical Preservation and Heritage Commission under the administrative management structure of the Historical Preservation Commission.

## ***FY 1996***

**Economic Development.** The Department of Economic Development was replaced by the quasi-public Economic Development Corporation, which in turn consolidated a number of entities and functions. State funding is by grant through the Department of Administration.

**Office of Housing, Energy, and Intergovernmental Relations.** Governor Almond originally recommended breakup of this agency; CDBG (Community Development Block Grant) function was merged into the Economic Development Corporation, means-tested energy programs merged into the Department of Human Services, energy conservation programs integrated into the Department of



Administration, housing functions were taken over by the Department of Human Services, and Intergovernmental Relations merged functions into the Governor's Office.

The Governor modified his proposal to retain all energy programs and housing functions in a new Office of Energy and Conservation. The emergency shelter grants portion of housing transferred to the Department of Human Services.

The CDBG functions merged into the Office of Municipal Affairs in the Department of Administration. The intergovernmental relations functions merged into the Governor's Office.

**Personnel Appeal Board.** The Board was merged into the Department of Administration as a separate unit.

**Rite Care.** The program was consolidated in the Department of Human Services. It had been divided between the Department of Health and the Department of Human Services. The purpose was to eliminate duplicated functions and overhead and focus on greater program accountability.

**Substance Abuse.** The Department of Substance Abuse was abolished, with its functions transferred to the Department of Health. The Benjamin Rush in-patient detoxification component of the Department was privatized.

**State Library Services.** Governor Almond recommended merger of the Department of State Library Services into the Department of Elementary and Secondary Education. The House discussed moving the agency under the Joint Committee on Legislative Services. Legislation was not enacted to change the Department's status.

#### ***FY 1997***

**Arts and Tourism Council.** Governor Almond recommended merger of the Council into the Rhode Island Council on the Arts as a subcommittee of the Arts Council. The Assembly concurred, amending the legislation to make the chairperson of the Arts and Tourism subcommittee a voting member of the Arts Council.

**Board of Examination and Registration of Architects.** Governor Almond recommended the Board be merged into the Department of Business Regulation. The Assembly did not concur.

**Board of Registration of Engineers.** Governor Almond recommended that the Board be merged into the Department of Business Regulation. The Assembly did not concur. The Board had been in the Department of Business Regulation prior to becoming an autonomous agency through action of the 1990 Assembly.

**Board of Registration of Land Surveyors.** Governor Almond recommended that the Board be merged into the Department of Business Regulation. The Assembly did not concur. The Board had been in the Department of Business Regulation prior to becoming an autonomous agency through action of the 1990 Assembly.

**Capitol Police.** Governor Almond recommended that the Capitol Police be transferred from the Department of Administration to the Judicial Department. The Governor argued that the majority of Capitol Police positions were assigned to the Courts. The Assembly did not concur. The Capitol Police also provide security for the State House and a number of other state-owned buildings not under

jurisdiction of the Judiciary, including the Powers Building, the Aime Forand Building, the State Office Building, the Health Department, and the Pawtucket Registry.

**Commission on Care and Safety of the Elderly.** Governor Almond recommended merging the Commission and the Department of Elderly Affairs into the Department of Human Services. The Assembly did not concur with the merger of Elderly Affairs, but did agree to legislation merging the Commission, with funding, into the Department of Elderly Affairs. The Commission retained its line item appropriation.

**Liquor Program.** Governor Almond proposed that the Liquor Control functions in the Department of Business Regulation be divided with the tax collection functions transferred to the Division of Taxation in the Department of Administration. Industry regulation functions would remain in the Department of Business Regulation. The Assembly concurred.

**Department of Library Services.** Governor Almond recommended merger of the Department of State Library Services into the Department of Elementary and Secondary Education to the 1995 Assembly. The House discussed moving the agency under the Joint Committee on Legislative Services; legislation was not enacted to change the Department's status.

The Governor recommended to the 1996 Assembly that the Department be established as a Library Information Services division within the Department of Administration. The division would continue to support the development of the state libraries' access to information resources as well as adding the task of the Department of Administration information processing to its responsibilities. The Assembly concurred.

**Departments of Labor and Employment and Training.** Governor Almond recommended the elimination of the Department of Labor and the consolidation of its functions, along with the Department of Employment and Training, into a new Department of Labor and Training. The Assembly did not concur when the Appropriations Act, 1996-H 8783, Substitute A, was approved. However, the Assembly did agree with the consolidation later in the session, under a separate bill, 1996-H 8219.

**Department of Employment and Training Collections Functions.** Governor Almond recommended that the taxation functions administered by the Department of Employment and Training be consolidated into the Division of Taxation in the Department of Administration. This would enhance collection activities in both units. The Assembly concurred.

**Department of Human Services Child Support Enforcement.** Governor Almond also recommended that the Child Support Enforcement Unit in the Department of Human Services be consolidated into the Division of Taxation. The Assembly concurred.

**Emergency Shelter Grants.** Governor Almond recommended the transfer of the Emergency Shelter Grant program from the Department of Human Services to the Office of Municipal Affairs in the Department of Administration as consistent with the consolidation of energy related assistance programs in the Department of Administration. This involved the transfer of grant funds only; there is no assigned staff. The Assembly concurred.

**E-911 Emergency Telephone System.** Governor Almond recommended that a number of public safety functions be merged into the State Police. This was similar to Governor Sundlun's proposal to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety

officials into a Department of Public Safety headed by the Superintendent of the State Police. E-911 was one of the agencies recommended. The Assembly did not concur.

**Department of Elderly Affairs.** Governor Almond proposed that the Department be merged into the Department of Human Services. The Assembly did not concur.

**Fire Safety and Training Academy.** Governor Almond recommended that a number of public safety functions be merged into the State Police. This was similar to Governor Sundlun's proposal to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety officials into a Department of Public Safety headed by the Superintendent of the State Police. The Academy was one of the agencies recommended. The Assembly did not concur.

**Fire Safety Code Board of Appeal and Review.** Governor Almond proposed the merger of the Fire Safety Code Board into the Department of Administration. It would operate in conjunction with the Building Code Commission. The Assembly did not concur.

**Governor's Justice Commission.** Governor Almond proposed to merge the Commission into the Department of Administration. The Assembly did not concur. Governor Sundlun had proposed merging it into a new Department of Public Safety in 1993. The Assembly did not concur.

**Board of Hearing Aid Dealers and Fitters.** Governor Almond recommended transfer of the Board from the Department of Business Regulation to the Department of Health due to the public health functions of the Board. The Assembly concurred.

**Higher Education Assistance Authority.** Governor Almond recommended that the powers of the Authority be vested in the Board of Governors for Higher Education. The Assembly did not concur.

**Historical Preservation and Heritage Commission.** Governor Almond recommended that the Commission be merged under the Division of Planning in the Department of Administration. The Commission was formed in the 1994 session through consolidation of the Heritage Commission under the administrative management structure of the Historical Preservation Commission. The Assembly did not concur with the proposed merger into the Department of Administration, preferring to leave the Commission as a freestanding agency.

**Board of Examiners of Landscape Architects.** Governor Almond recommended that the Board be merged into the Department of Business Regulation. The Assembly did not concur. The Board had been in the Department of Business Regulation prior to becoming an autonomous agency through action of the 1990 Assembly.

**Mental Health Advocate.** Governor Almond proposed that the Office of the Mental Health Advocate be abolished. The Assembly did not concur.

**Municipal Police Training Academy.** Governor Almond proposed to merge the Academy into the State Police. The Assembly did not concur. This proposal was similar to Governor Sundlun's to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety officials into a Department of Public Safety headed by the Superintendent of the State Police. The Academy was one of these agencies. The 1993 Assembly did not concur.

**Office of Management and Administrative Services.** Governor Almond proposed that the Office be abolished with its functions and personnel merged into four departments: Administration, Governor's

Office, Military, and State Police. The Assembly concurred. This office had been created by Governor Sundlun through an Executive Order in FY 1992.

**Plumbers Licensing Function.** Governor Almond proposed the transfer of licensing of plumbers from the Division of Professional Regulation in the Department of Health to his new Department of Labor and Training. The Assembly did not concur.

**Rhode Island Emergency Management Agency.** Governor Almond proposed merger of the Agency into the Military Staff agency. The Assembly concurred. Governor Sundlun had proposed merging the agency into a Department of Public Safety in the 1993 Session, which was not adopted.

**Rhode Island Student Loan Authority.** Governor Almond recommended that the powers of the Authority be vested in the Board of Governors for Higher Education. The Assembly did not concur.

**Sheriffs.** Governor Almond proposed placing the Sheriffs of the various counties under the Judiciary and eliminating the writ processing function. The Assembly did not concur with either proposal.

**State Energy Office.** Governor Almond proposed transferring the agency to the Department of Administration, Division of Central Services. The Governor had recommended in his presentation of the FY 1996 budget to the 1995 Assembly that the Office of Housing, Energy and Intergovernmental Relations be broken up with the energy conservation program integrated into the Department of Administration Central Services and means tested energy programs placed in the Department of Human Services. He modified his proposal to retain all energy programs and housing functions in a new Office of Energy and Conservation with the emergency shelter grants portion of housing being transferred to the Department of Human Services.

In October 1995, Governor Almond issued Executive Order 95-24 dissolving the Office of Energy and Intergovernmental Relations and establishing a new State Energy Office. It is this Office he recommended to the 1996 Assembly be merged into the Department of Administration. The Assembly concurred.

**Public Building Authority.** The Assembly merged the Authority into the Department of Administration with its powers and duties intact for the purpose of lowering overhead costs charged to state agencies with Authority projects in the form of lease payments.

### ***FY 1998***

**Boards for Design Professionals.** Governor Almond recommended that the Board of Examination of Landscape Architects, the Board of Examination and Registration of Architects, the Board for Registration of Engineers, and the Board of Registration of Land Surveyors be consolidated into a single entity, the Boards for Design Professionals. The consolidation would allow for the sharing of administrative resources while maintaining the independence of the individual boards for licensing and registration issues. The Assembly concurred.

**Public Buildings Authority.** The Assembly eliminated the Public Buildings Authority. The Refunding Bond Authority was made its successor agency for the purpose of making payments on outstanding debt of the Authority.

### ***FY 2000***

**Workers' Compensation Fraud Unit.** In Article 8 of his FY 2000 Appropriations Bill, Governor Almond proposed to transfer the Workers' Compensation Fraud unit from the Department of Administration to the Department of Labor and Training. Both the Workers' Compensation Fraud unit and the Workers' Compensation Compliance unit (currently housed in Labor and Training) perform investigative activities. The merger would create a single investigative unit and provide the Fraud unit investigators with access to workers' compensation computer files. The Assembly concurred.

**Board of Accountancy.** Governor Almond proposed creating a separate Board of Accountancy with 2.0 positions. The Board was operating autonomously within the Department of Business Regulation with 1.0 position and administrative assistance from the Department. The Assembly did not concur.

**Educational Surrogate Parent Program.** Governor Almond proposed transferring the Educational Surrogate Parent Program from the Office of the Child Advocate to a private vendor. Federal funding for this program will continue to be provided to the Department of Elementary and Secondary Education who will select and contract with a private vendor instead of the Office of the Child Advocate for these services. The proposal also included the elimination of 7.4 full-time equivalent positions associated with the program. The Assembly did not concur.

### *FY 2002*

**Division of Sheriffs.** The 2001 Assembly consolidated the Sheriffs and the Marshals (which were part of the Department of Corrections) into a new Division of Sheriffs in the Department of Administration and transferred 213.0 full-time equivalent positions to Administration. This was done in Article 29 of 01-H 6100, Substitute A as amended, which also established the new position of Administrator of the new Division. This position would be responsible for oversight of both the Sheriffs and Marshals, and would be in the classified service. The legislation also calls for an Executive High Sheriff.

By statute, the primary responsibility of the Sheriffs had been to provide security in the state courthouses, which includes providing security in the cellblocks at most of the courthouses. The primary responsibility of the Marshals was to provide secure transportation of inmates from the Adult Correctional Institution to the various courthouses. However, the Marshals did provide cellblock security at Kent County Courthouse and Providence Superior Court.

### *FY 2003*

**Department of Elderly Affairs.** The 2002 Assembly relocated the Department of Elderly Affairs to the John O. Pastore Campus from the previous Pine Street location in Providence. The Department is housed in the Rush Building with the Department of Human Services. The rent was to be renewed in July 2002 prompting the relocation to state-owned property, producing an annualized savings of \$180,000 a year in general revenues.

**Eleanor Slater Hospital.** In FY 2003, the Department of Mental Health, Retardation and Hospitals closed two wards at the Eleanor Slater Hospital, by accelerating patient discharge, selective admissions, and eliminating 20 hospital vacancies. The hospital census was reduced to 400 as of October 6, 2002.

**Governor's Commission on Disabilities.** Rhode Island Public Law 2002-132 transferred from the State Building Commission to the Commission on Disabilities two employees responsible for the investigation and hearing of complaints alleging disability discrimination and fiscal management of all the handicapped accessibility renovation projects in the state. The transfer took effect on August 1, 2002.

## *FY 2004*

**Public Utilities Commissioners.** The 2002 General Assembly raised the number of commissioners from three to five by amending Section 39-1-4 of the Rhode Island General Laws, effective January 31, 2004. Governor Carcieri did not include the positions in his FY 2004 budget, and recommended passage of Article 12 to eliminate the two new commissioners. The Assembly did not adopt legislation to reverse the expansion of the number of commissioners.

**Rhode Island Commission on Women.** Governor Carcieri proposed the relocation of the Rhode Island Commission on Women from 260 West Exchange Street to the Department of Administration for July 1, 2003. The Assembly concurred.

**Eleanor Slater Hospital.** Governor Carcieri recommended closure of a psychiatric ward and a medical ward at the Eleanor Slater Hospital on the Pastore Complex in Cranston. One unit is in the Adolph Meyer Building and the other in the Long Term Care Unit on the Cranston Campus. The projected hospital census following the FY 2004 plan implementation was projected to be between 360 and 370. His budget assumed \$10.3 million in savings, of which \$4.6 million is general revenues. The Assembly concurred.

**Children's Services.** The FY 2004 budget reflected the transfer of \$1.8 million from all sources including \$1.0 million from general revenues for services to 335 children with developmental disabilities that were receiving therapeutic home based services from the Department of Mental Health, Retardation and Hospitals to the Department of Human Services. The Assembly concurred.

**Health Services Council.** Governor Carcieri recommended eliminating the Certificate of Need process and the Health Services Council, which provides an advisory role for the process. The Governor proposed giving full responsibility for effective control review processes and initial licensure for health care facilities to the Department of Health. The Assembly did not concur.

**Educational Surrogate Parent Program.** Governor Carcieri proposed transferring the Educational Surrogate Parent Program with its 6.7 full-time equivalent positions from the Office of the Child Advocate to the Sherlock Center at Rhode Island College. Federal funding for this program is awarded to the Department of Elementary and Secondary Education which had utilized the Child Advocate to provide these services. The Assembly concurred.

**Heritage Subcommittee.** Governor Carcieri's recommendation eliminated the 2.0 positions and funding that support the Heritage Subcommittee. Under current law, the Subcommittee is responsible for sponsoring, coordinating and funding heritage festivals, events, and programs. The Governor included statutory changes in Article 33 of 2003-H 6174 to eliminate the coordination and funding functions, but maintained its sponsorship role. The 1994 Assembly created the Heritage Subcommittee to incorporate the Heritage Commission's duties as part of a merger with the Historical Preservation Commission. The Assembly did not concur.

**Drivers Education.** The 2003 Assembly enacted legislation that transferred responsibility for driver education from the Department of Elementary and Secondary Education to the Community College of Rhode Island to be operated as a self-supporting activity. The FY 2004 enacted budget did not reflect this change. Governor Carcieri included the transfer of the program in his FY 2004 revised and FY 2005 budgets.

**Rhode Island Film and TV Office.** The Assembly transferred the Rhode Island Film and TV Office from the Economic Development Corporation to the Rhode Island State Council on the Arts. This transfer also included the 1.0 full-time equivalent position for the office coordinator.

**Coastal Resources Management Council.** Governor Carcieri proposed relocating the Coastal Resources Management Council's Providence office from 40 Fountain Street to the Department of Administration. The space houses the Council's business office and is also used to hold meetings. The Assembly did not concur.

#### *FY 2005*

**Information Technology.** Governor Carcieri recommended shifting 10.0 full-time equivalent positions from the divisions of Taxation and Library Services within the Department of Administration to a newly created Division of Information and Technology in his FY 2005 revised budget. The Governor issued Executive Order 04-06 to create the new division to improve efficiency, effectiveness and security of computer operations and management under the control of a Chief Information Officer responsible for oversight, coordination and development of all computer resources within the Executive Branch. The Assembly concurred.

**Legal Services.** Governor Carcieri recommended shifting 14.7 full-time equivalent positions from other parts of the Department of Administration into a newly created Division of Legal Services in his FY 2005 revised budget. The Governor issued Executive order 04-09 to create the new division that would centralize and coordinate the Executive Department's legal services for policy and provide more efficient use of legal resources within state government. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

**Child Support Enforcement Program.** Governor Carcieri's FY 2005 budget recommended transfer of the child support enforcement program to the Department of Human Services from the Department of Administration. The transfer includes \$10.5 million in expenditures and the 100.8 full-time equivalent positions to the Department of Human Services. The Assembly concurred. The program was originally transferred from the Department of Human Services to the Division of Taxation in the Department of Administration in 1997.

**Early Intervention Program.** The 2004 Assembly transferred the early intervention program from the Department of Health to the Department of Human Services and included \$11.2 million in expenditures, \$5.7 million from general revenues and 6.7 full-time equivalent positions.

**RICLAS Transfer to Private Providers.** Governor Carcieri recommended transferring operations of two state-run group homes for the developmentally disabled to the privately operated system in order to reduce overtime in the state-run system and shift operations to private providers. The Assembly did not concur.

**Vision Services.** Governor Carcieri proposed transferring the vision services program to the Sherlock Center at Rhode Island College from the Department of Elementary and Secondary Education; however he retained funding in the Department's budget to contract the services. He did transfer 6.6 positions to Rhode Island College and added \$0.1 million and 1.0 position to enhance the program by adding a coordinator. The Assembly concurred.

## *FY 2006*

**Information Technology.** Governor Carcieri recommended continuation of the centralization of computer operations by shifting 31.0 full-time equivalent positions from other departments to the Department of Administration's Information Processing internal service fund. The funds and the employees are shown in the Department of Administration's budget for display purposes only; the expenditures are charged to user state agencies. The Assembly concurred.

**Capital Projects and Property Management.** Governor Carcieri recommended creation of the Capital Projects and Property Management program within the Department of Administration to assume direct responsibility for real property inventories, strategic planning, budgeting construction management and code enforcement for all capital projects. This includes the transfer of 30.5 full-time equivalent positions into the new division, 27.5 of which are from the Central Services Division within Administration and 3.0 from the departments located at the Pastore Government Center. The Assembly concurred.

**Facilities Management Program.** Governor Carcieri recommended creation of the Facilities Management Program within the Department of Administration to provide consistent delivery of facilities management services for state departments and agencies. This included the transfer of 58.0 existing full-time equivalent positions from the former Central Services Division to the new division. The Assembly concurred.

**Capitol Police and Sheriffs.** Governor Carcieri's budget reorganized the Department of Administration's program structure and established a new Security Services Program including the Capitol Police and the Sheriffs, which had been part of the Central Services Division. The new division will maintain two separate subprograms, the Capitol Police and the Sheriffs. It includes 46.0 Capitol Police and 196.0 Sheriffs positions. The Assembly concurred.

**Statewide Planning.** Governor Carcieri's budget reorganized the Department of Administration's program structure and created a new Statewide Planning program. This includes Strategic Planning responsibilities from the Budget Office and Statewide Planning functions from the Office of Municipal Affairs. The Assembly concurred.

**Municipal Aid and Property Tax Administration.** Governor Carcieri recommended the transfer of the Municipal Aid and Property Tax Administration function and its 8.0 full-time equivalent positions from the Office of Municipal Affairs to the State Budget Office. The Assembly concurred.

**Legal Services.** Governor Carcieri recommended continuation of the centralization of legal services by transferring 24.1 full-time equivalent positions from other parts of the Department of Administration into a newly created Division of Legal Services. The Governor issued Executive Order 04-09 to create the new division to centralize and coordinate the Executive Department's legal services for policy and provide more efficient use of legal resources. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

**Group Residence Closure.** Governor Carcieri's budget included savings from closing one underutilized state run residence for clients with developmental disabilities. Staff and clients would be reassigned to remaining facilities thereby reducing expenditures. The Assembly concurred.



**Adult Literacy.** On November 23, 2004, the Department of Elementary and Secondary Education signed a Memorandum of Agreement with the Department of Labor and Training to consolidate the management of all state adult basic education activities at the Department of Education. Governor Carcieri recommended consolidating the state's adult literacy initiatives in the Department of Elementary and Secondary Education under a new adult education executive director in his FY 2006 budget. He added 3.0 positions, including the new executive director. The Assembly concurred and provided \$0.3 million from general revenues and \$4.1 million from Human Resource Investment Council grants.

**Shepard Building.** Governor Carcieri recommended transferring operating support for the Shepard building, previously shown in Administration's budget, to the Office of Higher Education and the Department of Elementary and Secondary Education. He included \$2.0 million for Higher Education for parking and operating costs and \$0.2 million for parking costs for Elementary and Secondary Education. The Assembly concurred.

**Fugitive Task Force.** The Assembly shifted the Fugitive Task Force unit, 8.0 full-time equivalent positions, and \$583,056 from general revenues from the Judiciary to the State Police. The Fugitive Task Force is a statewide warrant squad, established under Rhode Island General Laws Section 12-6-7.2, charged with the responsibility of arresting individuals for whom arrest warrants have been issued and remain outstanding.

**Rivers Council.** The 2004 Assembly passed legislation transferring the State's Rivers Council community service grant from the Department of Administration's budget to the Water Resources Board. The actual grant change was reflected in the FY 2006 enacted budget.

#### *FY 2007*

**Information Technology.** Governor Carcieri recommended increased use of the information processing internal service fund account for FY 2007. His budget transferred \$15.1 million and 100.3 positions from several departments and agencies to further centralize information technology services. The funds and the employees are shown in the Department of Administration's budget for display purposes only; the expenditures are charged to user state agencies. The Assembly concurred with the transfer of positions but included direct appropriations to the Department of Administration.

**Human Resource Service Centers Internal Service Funds.** Governor Carcieri recommended creating a new Human Resource Service Center internal service fund within the Department of Administration's budget in FY 2007. This would be supported by \$9.3 million and 111.0 full-time equivalent positions transferred from various state departments and agencies. Four service centers would be created to serve the human resources needs of agencies in each grouping including human services, public safety, general government and transportation, natural resources and education. The funds and the employees are shown in the Department of Administration's budget for display purposes only; the expenditures are charged to user state agencies. The Assembly concurred with the transfer of positions, but included direct appropriations to the Department of Administration.

**Facilities Management Internal Service Fund.** Governor Carcieri recommended creating a new Facilities Management internal service fund within the Department of Administration's budget in FY 2007. This would fund coordinated facilities management for user state departments and agencies, including but not limited to operation, maintenance and repair of buildings, grounds, central HVAC, power plants and other facilities and be supported by \$35.4 million and 124.0 full-time equivalent positions transferred from those agencies. The funds and the employees are shown in the Department

of Administration's budget for display purposes only; the expenditures are charged to user state agencies. The Assembly concurred with the transfer of positions but included direct appropriations to the Department of Administration.

**Closure of Registry Branch Offices.** Governor Carcieri recommended closure of all satellite offices of the Registry of Motor Vehicles. They are in West Warwick, Wakefield, Woonsocket, Warwick, Westerly, Middletown, and Warren. Of the 31.0 positions assigned to the branch offices, 13.5 would be transferred to the main registry office in Pawtucket, and 17.5 would be eliminated. The Assembly did not concur and restored funding and the 17.5 positions to maintain all registry branch offices open for FY 2007. The Assembly also transferred the Registry of Motor Vehicles to the newly created Department of Revenue.

**Registry and School Bus Inspection Unit Closure.** Governor Carcieri recommended closure of the school bus inspection unit and elimination of 8.0 full-time equivalent positions. This change would require outside inspection companies to do the bus inspections for a fee paid by the local city or town school systems. The Assembly did not concur and restored the funding and the 8.0 positions to keep the School Bus Inspection Unit open for FY 2007. The Assembly then transferred the Registry of Motor Vehicles to the newly created Department of Revenue.

**Lottery Division.** Governor Carcieri's FY 2006 revised and FY 2007 budgets include the Lottery Division as a program within the Department of Administration's budget based upon legislation enacted by the 2005 Assembly. He transferred \$215.1 million and 64.5 full-time equivalent positions for the Lottery, which was previously a quasi-public agency, into the Department of Administration. The Lottery would still operate on its own revenues collected from gaming sales. The Assembly reduced Lottery positions by 9.5 to an authorized level of 55.0 full-time equivalent positions and transferred the Lottery to the newly created Department of Revenue.

**Department of Revenue.** The Assembly transferred \$253.6 million from all sources of funds, including \$35.5 million from general revenues, \$1.6 million from federal funds, \$0.8 million from restricted receipts, and \$215.7 million from other funds from the Department of Administration for the establishment of a new Department of Revenue. The new department would include the current divisions of taxation, motor vehicles, state lottery, a new division of property valuation, a new office of revenue analysis, and a new Director of Revenue office. The funding assumes the creation of 6.5 new positions in addition to the 465.6 positions transferred from Administration, for a total of 472.1 positions, which results in a need for an additional \$745,109 from general revenues for FY 2007.

**Business Regulation Program Structure.** The Governor's FY 2007 budget included a program change which merges the Division of Banking and Securities and the Divisions of Commercial Licensing and Racing and Athletics. This reorganization will reduce the number of structural programs from seven to five, but not eliminate any activity. The five divisions would be: Central Management, Insurance Regulation, Board of Accountancy, Banking and Securities and Commercial Licensing and Racing & Athletics. The Assembly concurred with the program changes.

**Public Utilities Commissioners.** Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

**Health and Human Services Secretariat.** Governor Carcieri proposed legislation consistent with his Executive Order 05-21 establishing the Office of Health and Human Services to serve as the principal agency for managing the Departments of Human Services, Elderly Affairs, Mental Health, Retardation

and Hospitals, Health, and Children, Youth and Families. It also created the unclassified position of secretary of health and human services. He included the position in the FY 2006 revised and FY 2007 budgets of the Governor's Office. The legislation gives the secretary authority to appoint the employees for the Secretariat. The budget does not include associated positions. The Assembly concurred and provided for the current five employees to be transferred to the office from their respective agencies. This includes 2.0 from Department of Human Services, 1.0 from Department of Children, Youth and Families, 1.0 from Department of Health and 1.0 from the Governor's Office.

**Institutional Care Group Homes to Private Providers.** Governor Carcieri recommended shifting responsibility for four group homes from the Zambarano unit of Eleanor Slater Hospital to a private provider. This reduced staffing by 41.0 positions. The Assembly restored 41.0 positions and shifted responsibility for one home and retained Zambarano's responsibility for the remaining three homes.

**Corrections Educational Programs.** Governor Carcieri recommended outsourcing educational instruction programs at the Department of Corrections. This initiative included the elimination of 17.0 instructors and individual instruction contracts and the establishment of a single \$550,000 contract for all instructional services. The Assembly did not concur with the Governor's recommendation and restored the 17.0 instructor positions.

**Underground Storage Tank Fund.** Governor Carcieri proposed legislation to merge the Underground Storage Tank Financial Responsibility Fund Review Board into the Department of Environmental Management, with its one cent per gallon of motor fuel tax being deposited into a restricted receipt account within the Department. The Governor's FY 2007 Budget includes \$4.0 million for all expenditures for the Underground Storage Tank program within the Environmental Protection program in the Department. This includes \$3.55 million for remediation payments and \$550,000 to be used for administrative purposes, of which \$340,500 is to fund the Board's 4.0 full-time equivalent positions. The Assembly concurred and provided that the employees be transferred with no loss of service time.

### *FY 2008*

**Energy Resources.** The 2006 Assembly adopted comprehensive energy legislation that created the Office of Energy Resources as a successor to the former State Energy Office and authorized the new office to be assigned to an existing department for administrative purposes. Governor Carcieri's budget included the Office as a distinct program in the Department of Administration's budget; it had formerly been included within the Department's facilities management program. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

**Boards for Design Professionals.** The Assembly merged the four boards for design professionals into a division under the Department of Business Regulation. The Division will contain equal representation from each of the current boards and will regulate engineers, architects, land surveyors, and landscape architects.

**Governor's Contingency Fund.** The Assembly moved the Governor's Contingency Fund from the Department of Administration's budget to the Office of the Governor's budget.

**Commission for Human Rights.** The Assembly provided that the Rhode Island Commission for Human Rights appear in the general government function of the appropriations act and not in the human services function to more accurately reflect the Commission's activities.

**Office of Health and Human Services.** The Assembly consolidated many of the back room operations from the departments under the Secretary of Health and Human Services into the Office of Health and Human Services to enhance budgeting, management, and program consistency.

**Department of Advocacy.** The Assembly enacted legislation to consolidate the advocacy agencies into a Department of Advocacy that would include the Child Advocate, Mental Health Advocate, Commission on Deaf and Hard of Hearing, Developmental Disabilities Council, and the Commission on Disabilities. The Governor would submit legislation to the 2008 Assembly as part of FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

**Department of Children, Youth and Families Managed Care Transfer.** Governor Carcieri recommended completing the transfer of all managed care expenses for children in the custody of the Department of Children, Youth and Families to the Department of Human Services and provided \$79.9 million from all sources of funds for the expenses. The Assembly concurred.

**Commission on Judicial Tenure and Discipline.** The Assembly merged the Commission on Judicial Tenure and Discipline into the Judiciary, shifting 1.0 position and \$119,705 from general revenues.

**Department of Public Safety.** The Assembly enacted legislation to consolidate a number of public safety agencies into a single department to achieve efficiencies in training and facilities. The director would be the superintendent of the State Police. The agencies include the State Police, Fire Marshal, E-911, Fire Code Commission, Justice Commission, Municipal Police Training Academy, Sheriffs, and Capitol Police. The Governor would submit legislation to the 2008 Assembly as part of FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

**Environmental Administrative Adjudication Program.** Governor Carcieri proposed legislation to transfer the administrative adjudication program from the Department of Environmental Management into the Department of Administration. His budget included \$551,331 from general revenues to support three of the five positions that staff the office and proposed laying off the remaining two positions. The Office adjudicates all appeals pertaining to applications or permits for environmental matters. The Assembly did not concur and provided \$666,308 to fund the program in the Department of Environmental Management.

**Department of Veterans' Affairs.** The Assembly enacted legislation establishing the Department of Veterans' Affairs within the Office of Health and Human Services effective July 1, 2009. Governor Carcieri vetoed the legislation.

#### *FY 2009*

**Department of Elderly Affairs and Advocacy.** The 2007 Assembly enacted legislation requiring the Governor to consolidate the advocacy agencies into a Department of Advocacy that would include the Child Advocate, Mental Health Advocate, Commission on Deaf and Hard of Hearing, Developmental Disabilities Council, and the Commission on Disabilities, no sooner than July 1, 2008 and no later than January 1, 2009.

Governor Carcieri recommended the consolidation of the Commission on the Deaf and Hard of Hearing, the Developmental Disabilities Council, and the Governor's Commission on Disabilities with the Department of Elderly Affairs to form the new Department of Elderly Affairs and Advocacy in compliance with legislation passed by the 2007 Assembly. He did not include the Child Advocate or the Mental Health Advocate in the consolidation, indicating that these two agencies should remain separate to perform their independent oversight functions. The Assembly did not concur with the merger proposal. It maintained the Governor's Commission on Disabilities and the Commission on the Deaf and Hard of Hearing as agencies along with the Child Advocate and the Mental Health Advocate. The Assembly also transferred the Developmental Disabilities Council to the University of Rhode Island's budget, while the Council seeks federal approval to become a non-profit corporation.

**Coastal Resources Management Council.** Governor Carcieri proposed merging the Coastal Resources Management Council's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort; however, the Council itself would remain intact. The Governor assumed general revenue savings of \$701,856 by reducing staff assigned to perform the functions of the Council from 30.0 positions to 22.0 positions. The Assembly did not concur and maintained the Council as a separate agency.

**State Water Resources Board.** Governor Carcieri proposed to merge the Water Resources Board's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort; however, the Board Corporate would remain intact as a quasi-public agency. The Governor assumed \$492,636 of general revenue savings by reducing the staff assigned to perform the functions of the Board from 9.0 positions to 6.0 positions. The Assembly did not concur and maintained the Board as a separate agency.

**Office of Health and Human Services.** Governor Carcieri transferred 96.4 positions from the five health and human service agencies under the control of the executive office in compliance with legislation adopted by the 2007 Assembly. The transfer includes the fiscal and legal functions performed by the five agencies. The Assembly concurred; however transferred ten positions back to the agencies, consistent with a Governor's budget amendment.

**Department of Public Safety.** The 2007 Assembly enacted legislation to consolidate a number of public safety agencies into a single department to achieve efficiencies in training and facilities. The director would be the superintendent of the State Police. The agencies include the State Police, Fire Marshal, E-911, Fire Code Commission, Justice Commission, Municipal Police Training Academy, Sheriffs, and Capitol Police. The Governor would submit legislation to the 2008 Assembly as part of the FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

Governor Carcieri included that consolidation, with the exception of the Fire Code Commission, in his FY 2009 Budget noting that its functions were better aligned with the Building Code Commission in the Department of Administration. The Assembly included the Sheriffs and Fire Code Commission within the Department of Administration, and concurred with the remainder of the consolidation.

**Contingency Funds.** The 2007 Assembly transferred the contingency account from the Department of Administration to the Office of the Governor and provided \$100,000 in funding. Governor Carcieri retained the FY 2008 appropriation fund in his Office in FY 2008 and included a supplemental appropriation in the Department of Administration. He recommended \$1.0 million for FY 2009 in the Department of Administration. The Assembly provided \$500,000 for the contingency fund within the Office of the Governor.

**Accounts Payable Centralization.** The Governor's budget added \$0.6 million from general revenues to fund 8.0 full-time equivalent positions to consolidate executive branch invoice payments into the Office of Accounts and Control. The Budget assumes a statewide elimination of 13.0 positions that previously performed these functions in various departments. The Assembly concurred.

**Information Technology Contractor Consolidation Savings.** Governor Carcieri proposed to eliminate 62 contractors statewide for a savings of \$4.8 million and hire 39.4 full-time equivalent positions. The Budget includes \$3.5 million from all funds, including \$2.0 million from general revenues to fund the positions. The net savings to the state is \$1.3 million. The Assembly concurred.

**West Warwick Branch Closure.** Governor Carcieri proposed to close the West Warwick branch of the Division of Motor Vehicles to save \$0.4 million, which includes personnel reductions of 4.0 positions and lease expenses. This branch was staffed with 7.0 employees. The Governor recommended that the remaining staff be transferred to the main office. The Budget assumes relocating the main registry to the Pastore Complex in Cranston, which is very close to the West Warwick branch. The Assembly did not concur with closing the registry at this time. The new registry building, funded in the capital budget will not be complete until FY 2010.

**Proprietary School Review.** Governor Carcieri transferred proprietary school review from the Office of Higher Education to the Department of Business Regulation. The Board of Governors for Higher Education has the authority to approve or deny the request for authorization to operate proprietary schools. Proprietary schools provide education and training in business, correspondence, and trade that grant awards only at the pre-associate certificate level. The Assembly did not concur.

**Burglar Alarm Regulation.** Governor Carcieri transferred the burglar alarm regulation licensing process from the Department of Business Regulation to the Department of Labor and Training. The Assembly concurred.

**Senior Community Service Employment Program.** Governor Carcieri transferred the senior community service employment program from the Department of Elderly Affairs to the Department of Labor and Training. The United States Department of Labor provides funding to develop and expand employment and training opportunities for persons age 55 and over who are at or below 125 percent of the federal poverty guidelines. The Assembly concurred.

**Public Utilities Commissioners.** Governor Carcieri again recommended statutory language to eliminate the scheduled addition of two members of the Public Utilities Commission. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

**Economic Policy Council.** Governor Carcieri recommended that the Economic Development Corporation assume responsibility for staffing the Council and eliminated its \$0.3 million appropriation, which had been matched by the same amount from the business community. The Assembly concurred.

#### ***FY 2010***

**Local Government Assistance Program.** Governor Carcieri's Budget reflects the transfer of the Local Government Assistance program from the Department of Administration to the Department of Revenue.

The program provides assistance to municipal offices, mainly for city and town clerks. It also produces a series of publications including local government directories and handbooks as well as salary surveys and a compilation of local charters, most of which are updated annually. The Assembly concurred.

**Contractors' Registration and Licensing Board.** Governor Carcieri recommended the transfer of the Contractors' Registration and Licensing Board and its 12.0 full-time equivalent positions from the Department of Administration to the Department of Business Regulation. The Assembly did not concur and maintained the Board in the Department of Administration.

**Registry Branch Closures.** Governor Carcieri recommended the closures of the Registry of Motor Vehicles satellite branches in Warren, West Warwick and Westerly. There is no staffing reduction associated with the closures. Current staff from the three branches would be moved to the Division's main office and other branches. The Warren branch is mandated by Rhode Island General Law to stay open at least three days per week. The Governor's FY 2009 revised budget includes legislation to repeal the statute. The Assembly did not pass legislation to close the branch office in Warren. It provided funds to maintain offices in the Towns of Warren and Westerly. The Assembly concurred with the closure of the West Warwick office.

**State Lab Consolidation.** Governor Carcieri recommended the transfer of the Forensic Science Unit with the exception of toxicology and its 12.6 full-time equivalent positions from the Department of Health to the Department of Public Safety and added 3.0 new staff. The proposal is based on the activities being more in line with the public safety function. The Governor submitted Article 12 of 2009-H 5983 to shift the Forensic Science Unit from the Department of Health to the Department of Public Safety. The Governor did not include a proposal for the University of Rhode Island Crime Lab, which is funded through an appropriation in the Office of the Attorney General's budget.

The Assembly provided for the consolidation of the University of Rhode Island Crime Lab and the Department of Health Forensic Science Unit into the Department of Health. The consolidation includes the current Department of Health's 12.6 positions and \$1.6 million associated funding as well as \$675,000 from general revenues for the crime lab from the Office of the Attorney General.

**Public Utilities Commissioners.** Governor Carcieri again recommended statutory language as part of his FY 2009 revised budget to eliminate the scheduled addition of two members of the Public Utilities Commission. The Assembly did not adopt legislation to reverse expansion of the number of Commissioners.

**Managed Care Transfer.** Governor Carcieri recommended shifting the residential portion of managed care expenses for children in the custody of the Department of Children, Youth and Families back from the Department of Human Services and provided \$37.5 million from all sources of funds for the expenses. In FY 2008, a portion of both residential and hospital based programs and funding were shifted from the Department of Children, Youth and Families to the Department of Human Services as part of an initiative to provide more efficient services to children. After the transfer, it was determined that the residential services portion of the transfer did not fit the managed care model. The Assembly concurred.

**Paratransit Program.** The Assembly enacted legislation to transfer the responsibility for paratransit services from the Department of Elderly Affairs to the Department of Human Services. Governor Carcieri had requested an amendment to shift only the Medicaid eligible portion of the program from Elderly Affairs to Human Services.

**Food Nutrition Service Function.** The Assembly enacted legislation to transfer food programs from the Department of Human Services and the Women, Infants and Children supplemental nutrition program from the Department of Health and any other such programs into the Office of Health and Human Services by March 1, 2010.

**Client Protective Services.** The Assembly enacted legislation to transfer client protective services functions for children, elderly, and adults with developmental and other disabilities from the four separate human services agencies into the Office of Health and Human Services by January 1, 2011.

**Community Health Centers.** The 2008 Assembly added \$1.2 million from general revenues to support uncompensated care expenses at the 12 community health centers for FY 2009. Governor Carcieri's FY 2010 budget continued that funding but substituted \$0.6 million from available federal matching funds. The 2009 Assembly shifted the expense from the Department of Health to the Department of Human Services.

**OHHS/Department of Health.** Governor Carcieri recommended in his initial recommendation and subsequent amendments decoupling the Department of Health from the Office of Health and Human Services and transferring 7.6 positions previously part of the Department from the Office back to Health. The Assembly did not concur and maintained the Department of Health as an agency within the Office of Health and Human Services and retained the positions within the Office.

**Veterans' Affairs.** The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and Governor Carcieri signed it into law on November 9, 2009 which created a separate Department of Veterans' Affairs, effective July 1, 2010. The Division of Veterans' Affairs is currently within the Department of Human Services.

**Water Resources Board Corporate Transfer to Clean Water Finance Agency.** The 2009 Assembly transferred the Water Resources Board Corporate into the Clean Water Finance Agency. The transfer will become effective once the debt of the Board Corporate is paid off, which is projected to be in 2014. The Board Corporate is the funding component for the state's Water Resources Board. Due to the capacity and capabilities of the Agency, it will absorb the functions of the Board Corporate to allow for more efficient and cost effective lending for water infrastructure projects.

#### ***FY 2011***

**Sheriffs to Department of Public Safety.** Governor Carcieri recommended the transfer of \$16.5 million and 180.0 full-time positions for the Sheriffs program from the Department of Administration to the Department of Public Safety. This proposal was initially included in the legislation the 2007 Assembly enacted to consolidate a number of public safety agencies into a single department. However, the 2008 Assembly included the Sheriffs within the Department of Administration. The Assembly did not concur and maintained the Sheriffs in the Department of Administration.

**Registry Branch Consolidation.** Governor Carcieri recommended the closure of the Pawtucket branch and the Rhode Island Mall branch. The Division of Motor Vehicles was scheduled to move to its new headquarters on the Pastore Center in August 2010. The Rhode Island Mall branch was closed in March 2010. The Division indicated that the Rhode Island Mall branch would too close to the Pastore Center and costly to retrofit. The Assembly concurred.



**Public Utilities Commissioners.** Governor Carcieri again recommended statutory language as part of his FY 2010 revised budget to eliminate the scheduled addition of two members of the Public Utilities Commission. The Assembly concurred and included legislation in Article 7 of 2010-H 7397 Substitute A, as amended.

**Commission on Women.** Governor Carcieri recommended the discontinuation of paid support staff for the volunteer commission and eliminated general revenue funds. The Assembly concurred.

**Women, Infants and Children Transfer.** Governor Carcieri recommended the transfer of 12.0 full-time equivalent positions and \$19.8 million from federal funds for the Women, Infants and Children program from the Department of Health to the Department of Human Services, effective October 1, 2010. However, the 2009 Assembly enacted legislation to shift the responsibility of administering the program from the Department of Health to the Office of Health and Human Services by March 1, 2010. The Assembly concurred with the transfer to the Department of Human Services effective October 1, 2010.

**Rhode Island State Crime Lab.** The 2009 Assembly transferred the budget for the State Crime Lab at the University of Rhode Island from the Office of the Attorney General to the Department of Health. The state crime laboratory is responsible for providing technical services, including examination and evaluation of physical evidence collected at the scene of a crime or related to a crime. The 2010 Assembly included legislation in Article 7 of 2010-H 7397 Substitute A, as amended that requires the Director of the Department of Administration to develop and submit a report by December 1, 2010 that studies and provides specific recommendations regarding the allocation of staffing, use of facilities, and identifies any additional needs for the continued operation of the Rhode Island State Crime Lab.

**Department of Veterans' Affairs.** Governor Carcieri's budget recommended a delay in the creation of a new Department of Veterans' Affairs within the Office of Health and Human Services by one year, from July 1, 2010 to July 1, 2011. The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and the Governor signed it into law on November 9, 2009 which created a separate Department of Veterans' Affairs, effective July 1, 2010. The Division of Veterans' Affairs is currently within the Department of Human Services. The Assembly concurred.

**Higher Education Assistance Authority and Public Telecommunications.** Governor Carcieri proposed legislation that requires the Board of Governors for Higher Education to develop and submit a report by October 1, 2010 that reviews and assesses the Higher Education Assistance Authority and the Rhode Island Public Telecommunications Authority to see if the stated missions and current programs reflect the needs of the populations intended to be served. The Assembly did not concur.

**Dispatch Unit and Port Security.** Governor Carcieri recommended the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety no later than January 1, 2011. However, the Governor's budget did not include the transfer of positions or funding for these activities. The Assembly concurred.

**Transportation.** Governor Carcieri proposed legislation that requires the Director of the Department of Transportation to develop and submit a report by October 1, 2010 that studies the feasibility of transferring the Rhode Island Public Transit Authority to the Department of Transportation. The Assembly did not concur.

#### ***FY 2012***

**State Aid Transfer.** The Governor's Budget transferred some of the appropriation for the State Aid program from the Department of Administration to the Department of Revenue. These include the distressed communities' relief fund, motor vehicles excise tax, payment in lieu of taxes program, and the newly proposed Municipal, Accountability, Stability and Transparency Fund. State aid for library operations and library construction will remain in the Department of Administration. The Assembly concurred.

**Sheriffs to Department of Public Safety.** The Governor recommended the transfer of \$16.7 million and 180.0 full-time positions for the Sheriffs program from the Department of Administration to the Department of Public Safety. This proposal was initially included in the legislation the 2007 Assembly enacted to consolidate a number of public safety agencies into a single department. However, the 2008 Assembly included the Sheriffs within the Department of Administration. Governor Carcieri proposed this as part of his FY 2011 budget; however, the Assembly did not concur and maintained the Sheriffs in the Department of Administration. The Assembly concurred.

**Office of the Health Insurance Commissioner.** The Governor recommended the creation of a new program within the Department of Business Regulation for the Office of the Health Insurance Commissioner. Previously, the Office was part of the Insurance Regulation division. The Assembly concurred.

**Training School – Girls' Facility.** The Governor recommended the consolidation of the girls' training school into the existing boys' facility. The girls temporarily reside in the Mathias Building; however, the approved capital plan assumes renovating the Adolph Meyer building for this population. The Governor did not recommend the renovations and included a plan for the girls to move into one of the four residential pods in the Youth Development Center. The Department indicated that based on current population trends, three of the four residential pods are sufficient to house the male population. The Assembly concurred.

**Elderly Affairs to Human Services.** The Assembly merged the Department of Elderly Affairs with the Department of Human Services and created the Division of Elderly Affairs within the Department of Human Services.

**Department of Veterans' Affairs.** The Assembly maintained the Division of Veterans' Affairs within the Department of Human Services and created a new position, Director of Veterans' Affairs. The 2009 Assembly included legislation to create a Department of Veterans' Affairs and the 2010 Assembly delayed this by one year, from July 1, 2010 to July 1, 2011. The Governor's FY 2012 budget recommendation included the creation of the Department of Veterans' Affairs.

**HIV/AIDS.** The Assembly shifted the HIV/AIDS direct services program and all resources including 4.0 full-time positions from the Department of Health to the Department of Human Services.

**Women, Infants and Children Transfer.** The Governor recommended repeal of the statute transferring the Women, Infants and Children supplemental nutrition program from the Department of Health to the Department of Human Services. The Assembly did not concur and retained the program and all resources within the Department of Human Services. The United States Department of Agriculture informed the state that the Department of Human Services did not meet the standard established for state agencies that could administer the program.

The Assembly adopted legislation to transfer the Women, Infants, and Children program from the Department of Health initially to the Office of Health and Human Services effective March 1, 2010, but

then amended that to the Department of Human Services effective October 1, 2010 to coincide with the beginning of the new federal fiscal year.

**Higher Education Administration.** The Assembly included legislation that requires the Director of Administration to submit a revised plan for the organizational structure for higher education administration, staff support and resource allocation. The plan shall address the goal of improving affordability and accessibility to public higher education and maximizing efficiencies while providing sufficient support to the governance structure of public higher education. The Director of Administration is required to report findings, recommendations and alternative designs to the General Assembly no later than November 1, 2011.

**Rhode Island State Crime Lab.** The Governor recommended shifting the general revenue funding for the Rhode Island State Crime Lab from the Department of Health to the University of Rhode Island. The Assembly concurred.

**Dispatch Unit and Port Security.** The Governor's budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. He proposed legislation to reverse the 2010 Assembly action that required the transfer to occur no later than January 1, 2011. The Assembly did not concur with the reversal, and instead delayed the transfer until January 1, 2012.

**Water Resources Board.** The Assembly enacted legislation to merge the State Water Resources Board into the Department of Administration's Division of Statewide Planning, effective July 1, 2011. The merger transfers three of the six positions from the Board to the Division, while maintaining the Water Resources Board Corporate.

**Weatherization and Low Income Home Energy Assistance Programs.** The Assembly adopted legislation to transfer the weatherization assistance and the low income home energy assistance programs from the Office of Energy Resources within the Department of Administration to the Department of Human Services, effective July 1, 2012.

**Westerly Branch.** The Assembly provided \$37,800 from general revenues for the operations of a registry of motor vehicles branch in the Town of Westerly.

### ***FY 2013***

**Energy Program Transfers.** The Governor included the transfer of the Low Income Home Energy Assistance Program and the Weatherization Assistance Program from the Office of Energy Resources to the Department of Human Services consistent with current law. He also proposed the transfer of the Regional Greenhouse Gas Initiative from the Department of Environmental Management, and the Renewable Energy Program from the Economic Development Corporation to the Office of Energy Resources. The Assembly concurred, with the exception of the Renewable Energy Program transfer, which it retained at the Economic Development Corporation.

**Office of Management and Budget.** The Assembly adopted legislation to create a new Office of Management and Budget that will assume the functions of the State Budget Office and the responsibilities of the Office of Economic Recovery and Reinvestment. It will include a Federal Grants Management Office to coordinate federal grant applications. The legislation also requires the Office to perform a study on transportation programs to be submitted to the Governor and the General Assembly by November 1, 2012. The Budget includes 11.0 new positions, including a director to be appointed

by the director of the Department of Administration. The Governor's original proposal called for eliminating the Bureau of Audits allowing the new Office to absorb some of those functions. The Assembly retained the Bureau of Audits, as is.

**Human Resources Restructure.** The Governor's FY 2013 budget recommendation includes savings of \$0.8 million from the elimination of 12.0 positions in the Division of Human Resources. This consists of 2.0 positions from the Employee Services Unit and 10.0 positions in the Classification and Examination Unit, which is about half of the current staff. The Governor's FY 2012 revised budget includes \$0.3 million for a personnel study of the merit system to be accomplished in the current year to make the proposed reductions possible. The Assembly restored \$0.4 million of the general revenue savings and shifted funding for the personnel study from FY 2012 to FY 2013 to reflect a delay in the work proposed.

**RI Film and Television Office.** The Assembly transferred the Film and Television Office from the Arts Council to the Department of Administration. It provided general revenue funding of \$0.3 million and 2.6 full-time positions, consistent with the Governor's recommendation.

**Office of Digital Excellence.** The Assembly adopted legislation to create the Office of Digital Excellence within the Department of Administration. It authorized a chief digital officer, who must be appointed by the director of the Department of Administration, with approval from the Governor. The Office shall coordinate its efforts with the Division of Information Technology. The legislation requires the chief digital officer to report to the Governor, the Speaker of the House of Representatives, and the Senate President every January 31 the status of all technology infrastructure projects, website improvements, number of e-government transactions and revenues generated and projects supported by the Information Technology Investment Fund.

**Rhode Island Health Benefits Exchange.** The Budget reflects the Rhode Island Health Benefits Exchange in the Office of the Governor. In September 2011, the Governor issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development. The Exchange will report to the Board of the Rhode Island Health Benefits Exchange and will work with the Department of Health, the Office of the Health Insurance Commissioner and the Office of the Lieutenant Governor. The Budget includes 6.0 positions, including a director to oversee the Exchange.

**Medicaid Benefits Program.** The Governor's budget transferred the Medicaid medical benefits program from the Department of Human Services to the Executive Office of Health and Human Services. The administrative staff was transferred in FY 2012, and the eligibility application process will remain with the Department of Human Services since applicants are often eligible for other benefits in addition to Medicaid, such as the supplemental nutrition assistance program, the Rhode Island Works program and child care through that department. The Assembly concurred.

**HIV Care and Treatment Program.** The Governor requested an amendment to transfer the HIV care and treatment program from the Department of Human Services to the Executive Office of Health and Human Services, effective July 1, 2012 consistent with his proposal for the medical benefits program. The Assembly concurred and transferred 5.0 positions.

**Higher Education Assistance Authority Merger.** The Governor's budget includes the transfer of \$27.8 million and 39.6 out of the authorized 41.6 full-time positions from the Rhode Island Higher Education Assistance Authority to the Office of Higher Education. He proposed legislation that would terminate the Authority and its corporate existence on September 1, 2012 and all of its rights,

obligations and properties would be transferred to the Board of Governors for Higher Education. The Assembly did not concur with the proposed merger and provided \$27.7 million and 38.6 positions, maintaining the Higher Education Assistance Authority as a stand-alone agency.

**Board of Education.** The Assembly enacted legislation to abolish the Board of Governors for Higher Education and the Board of Regents, effective January 1, 2013, and create a new Rhode Island Board of Education. It also abolished the Office of Higher Education, effective January 1, 2014, and created an executive committee of education comprised of the three institutions of public higher education, and the commissioners of higher education and elementary and secondary education.

**Rhode Island Public Telecommunications Authority.** The Budget included legislation to require the Administration to submit a plan to the Chairpersons of the House and Senate Finance Committees by November 1, 2012 to transition the Rhode Island Public Telecommunications Authority from a state to a privately supported entity by July 1, 2013. The Administration also must include any statutory changes required for the transition as part of the FY 2014 budget.

**Dispatch Unit and Port Security.** The Budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. The 2012 Assembly enacted legislation to reverse its prior mandate for the transfer.

**Program Review.** The Governor's budget recommended a review of environmental and coastal programs in the Department of Environmental Management and the Coastal Resources Management Council to be conducted by a new Office of Management and Budget, which would be charged with developing a plan that includes strategies to reorganize or centralize environmental and coastal resource management programs in order to improve efficiencies. A report detailing this plan would be due to the General Assembly and the Governor by November 1, 2012. The Assembly did not concur and instead required that the new Office of Management and Budget perform a study on transportation programs.

#### ***FY 2014***

**EDC/Commerce Corporation.** The Budget delays the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. It maintains the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. As contained in 2013-H 6063, Substitute B, on or about February 1, 2015, the Office will have powers to assume functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. The legislation further requires that the Office submit a comprehensive review of the roles, functions and programs of the Department of Administration and the Department of Labor and Training to the House of Representatives and the Senate before September 1, 2015. Additionally, the Office shall make recommendations and a business plan for the integration of these entities with the Office and the Governor may include these recommendations as part of his FY 2017 budget.

**Renewable Energy Fund Program Transfer.** The Governor's Budget transfers the Renewable Energy Fund from the Economic Development Corporation to the Office of Energy Resources. The Office previously managed the fund and the 2007 Assembly enacted legislation to transfer the fund to the Corporation, effective FY 2008. The Budget includes expenditures of \$2.5 million and staffing of 2.0 positions from the Corporation. The Assembly did not concur and maintained the program in the Corporation.

**Office of Regulatory Reform.** Subsequent to the enactment of the FY 2013 budget, the Assembly adopted legislation contained in Chapter 445 of the 2012 Public Law to transfer the Office of Regulatory Reform from the Economic Development Corporation to the Office of Management and Budget in the Department of Administration. The Governor's revised budget reflects this transfer as well as the 2.0 positions that support the Office. The Office was created in 2010 to improve the state's business climate by making it easier for businesses to navigate through state and local permitting and regulatory issues. The Assembly adopted legislation in 2013-H 6063, Substitute B, requiring that the Office of Regulatory Reform reports to the Secretary of Commerce within the Executive Office of Commerce, effective February 1, 2015.

**Rhode Island Health Benefits Exchange.** The Budgets reflect the transfer of the Rhode Island Health Benefits Exchange from the Office of the Governor to the Department of Administration. In September 2011, the Governor issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development.

**Construction Permitting, Approvals and Licensing.** The Budget reflect the creation of a new program in the Department of Administration: Construction Permitting, Approvals and Licensing, consisting of the State Building Code Commission, Contractors' Registration Board, and Fire Code Board of Appeal. Staffing and funding were transferred from Capital Projects and Property Management. The Department indicates that the program change was necessary to avert the appearance of a conflict of interest between the Office of Capital Projects and the aforementioned offices.

**Rhode Island Public Telecommunications Authority.** The Budget includes the statutory authority to end state support to the authority as of July 1, 2013 and abolish it as a public agency as the Authority has been transferred to the Rhode Island PBS Foundation.

**Assisted Living and Home Care Waiver Services.** The Budget shifts assisted living and home care waiver services in the Division of Elderly Affairs within the Department of Human Services to the Office of Health and Human Services for FY 2014, consistent with the Governor's requested amendment, in order to locate all Medicaid assisted living and home care expenditures in the Office's budget.

#### *FY 2015*

**Office of Diversity, Equity and Opportunity.** The Budget reflects the creation of the Office of Diversity, Equity and Opportunity within the Department of Administration. Existing staff of 7.0 full-time positions and funding will be transferred from the Division of Purchasing's Minority Business Enterprise Office and the Division of Human Resources' Outreach and Diversity Office.

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. The creation of the Office of Diversity, Equity and Opportunity reflects the Department of Administration's recommendation.

**Rhode Island Emergency Management Agency.** The Budget reflects the Emergency Management Agency and the National Guard as two stand-alone agencies. They are currently two distinct programs in the Military Staff under the control of the Adjutant General. This action was recommended to reflect

the individual agency missions as well as current operational structure. There are no major changes to funding levels or positions.

**Executive Office of Commerce.** The Governor's budget proposed to delay the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. The Assembly did not concur with the delay.

The Governor also proposed maintaining the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. The Assembly concurred.

**Department of Environmental Management Customer Service Unit.** The Budget creates in statute a customer service unit within the Department of Environmental Management. The Department already includes an Office of Customer and Technical Assistance, but this section codifies a requirement that the agency have a customer service unit and program to provide technical assistance to customers and help them to comply with environmental regulations and requirements. This section also mandates that the Department and the Office of Regulatory Reform collaborate on a report detailing an alternative compliance approaches plan, which would be due to the General Assembly and the Governor by May 1, 2015.

**Higher Education Assistance Authority.** The Budget includes legislation that requires the administration to include a plan for allocating Higher Education Assistance Authority programs to other agencies as part of FY 2016 budget.

**Behavioral Healthcare Services to OHHS.** The Budget transfers Medicaid-funded behavioral health care services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Office of Health and Human Services so that mental health and substance abuse treatment services for disabled individuals will be appropriated to one agency and included \$60.8 million, of which \$30.1 million is general revenues.

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## Explanations of Budget Articles

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### 2015-H 5900

#### Article 1

**Section 1. Appropriations.** This section of Article 1 contains the appropriations for FY 2016.

**Section 2. Line Item Appropriations.** This section establishes that each line in Section 1 of Article 1 constitutes an appropriation.

**Section 3. Transfer of Functions.** This section authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions.

**Section 4. Contingency Fund.** This section allows for expenditures from the contingency account located within the Office of the Governor's budget for unexpected and unbudgeted statewide expenditures. The Governor must approve all expenditures and transfers from this account.

**Section 5. Internal Service Funds.** This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis. It also allows the Department of Administration to establish an internal service fund for the Division of Information Technology beginning July 1, 2015, which will be reflected in the FY 2016 revised budget.

**Section 6. Legislative Intent.** This section authorizes the chairpersons of the finance committees of the two chambers to provide a "statement of legislative intent" for specifying the purpose of the appropriations contained in Section 1 of this article.

**Section 7. Temporary Disability Insurance Funds.** This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2016.

**Section 8. Employment Security Funds.** This section appropriates all funds required for benefit payments to the unemployed from the Employment Security Fund for FY 2016.

**Section 9. Lottery.** This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions.

**Section 10. Full-Time Equivalent Positions.** This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2016. It also provides that state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 15,119.4 full-time equivalent positions, 33.4 positions more than enacted.

**Section 11. Multi-Year Appropriations.** This section makes multi-year appropriations for a number of capital projects included in the FY 2016 through FY 2019 Capital Budget that are funded from



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## Explanations of Budget Articles

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Rhode Island Capital Plan funds. The FY 2016 and multi-year appropriations supersede appropriations made for capital projects in Section 11 of Article 1 of the FY 2015 Appropriations Act.

**Section 12. Reappropriations.** This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan fund projects may be reappropriated at the recommendation of the Governor in FY 2016. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than \$500 can be reappropriated at the discretion of the state Budget Officer.

**Section 13. Rhode Island Housing and Mortgage Finance Corporation.** This section requires that the Rhode Island Housing and Mortgage Finance Corporation provide from its resources an appropriate amount to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, the chair of the Housing Resources Commission and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units created.

**Section 14. Resource Recovery Corporation Transfer.** This section of Article 1 requires the transfer of \$1.5 million from the Resource Recovery Corporation to state general revenues by June 30, 2016.

**Section 15. Clean Water Finance Agency Debt Service Payment.** This section requires the transfer of \$11.0 million from the Clean Water Finance Agency to state general revenues by June 30, 2016.

**Section 16. Narragansett Bay Commission Debt Service Payment.** This section requires the transfer of \$2.8 million from the Narragansett Bay Commission to state general revenues by June 30, 2016.

**Section 17. Rhode Island Health and Educational Building Corporation.** This section would mandate the transfer of \$5.0 million from the Rhode Island Health and Educational Building Corporation to general revenues by June 30, 2016.

**Section 18. Rhode Island Airport Corporation.** This section would mandate the transfer of \$0.4 million from the Rhode Island Airport Corporation to general revenues by June 30, 2016.

**Section 19. Effective Date.** This section of Article 1 establishes July 1, 2015 as the effective date of the article.

### Article 2. Public Corporation Debt Management

The Public Corporation Debt Management Act requires that all new non-general obligation debt authorizations be approved by the Assembly, except in certain circumstances. This article contains authorization totaling \$5.1 million from revenue bonds for improvements to water distribution and storm water management systems, gas, electric, roadways, walkways and parking lots for the University of Rhode Island's fraternity circle. Annual debt service would be \$0.4 million supported by general revenues, tuition and fees; total debt service payments would be \$8.1 million.

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## Explanations of Budget Articles

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### **Article 3. Hospital Licensing Fee**

This article extends the hospital licensing fee in FY 2016 at a rate of 5.703 percent on net patient services revenue for the hospital fiscal year ending on or after September 30, 2013 for all community hospitals except South County and Westerly which will be assessed a 3.6 percent license fee. It includes the due date for filing returns and making the payment.

Revenue from the two-tiered fee will be \$156.1 million, including \$149.6 million from community hospital payments and \$6.5 million from state payments for Eleanor Slater Hospital. This article appears annually in the Appropriations Act.

### **Article 4. Hospital Payments**

Article 4 extends the uncompensated care payments to the community hospitals, with the state making a payment for FY 2017 that does not exceed \$136.8 million. It also eliminates the two upper payment limit reimbursements made to community hospitals; the Governor includes savings of \$22.6 million, of which \$11.2 million is from general revenues from the state not making the payment in FY 2016.

### **Article 5. Medical Assistance**

Article 5 includes the statutory authority for the state to freeze rates it pays to hospitals and lower the rates by five percent in FY 2016 for savings of \$31.6 million, including \$15.7 million from general revenues. It eliminates the October 1, 2015 rate increase for nursing facilities and reduces rates by three percent for savings of \$18.0 million, including \$8.9 million from general revenues. The article also eliminates the \$1.0 million state payment made for graduate medical education in FY 2015 and FY 2016.

It also includes the resolution language for Assembly approval to make program changes requiring legislative approval that are included in the Governor's FY 2016 budget. The proposals are not separately identified in the legislation.

### **Article 6. Education**

Article 6 eliminates the requirement that local education agencies provide transportation for students attending private schools. It also strikes the requirement that municipalities provide textbooks for non-public school students along with the provisions for a partial state reimbursement of these expenses. The article also requires that, beginning in August 2016, all school districts must offer full-day kindergarten to every eligible student in order to qualify for any state education aid.

### **Article 7. Higher Education Assistance Authority**

Article 7 transfers 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 establishes a new Division of Higher Education Assistance in the Office of Postsecondary Commissioner. The budget reflects the transfer of \$19.1 million and 15.0 full-time positions to the Office of Postsecondary Commissioner. The Authority and its corporate existence will be terminated on July 1, 2015.

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## Explanations of Budget Articles

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The article also replaces the state's need based scholarship grant program formula and eligibility requirements with a more flexible state grant program under the direction of the Commissioner of Postsecondary Education.

### Article 8. Municipalities

Section 1 establishes a deadline for reimbursement to the Town of Jamestown and the City of Newport for toll costs incurred by public safety personnel in the fulfillment of their duties. Under current law, both municipalities must reimburse their public safety personnel for tolls paid and may apply to the state for subsequent reimbursement; there is no time limit on reimbursement requests. This section permits reimbursements only for the fiscal year prior to the request. No reimbursements have been requested by either municipality since FY 2012.

Section 2 of this article permits municipal governments to authorize bonds for qualified construction projects financed via the Municipal Road and Bridge Fund, the Efficient Buildings Fund, or the School Building Authority Capital Fund, without charter or referendum approval during FY 2016.

### Article 9. School Building Authority Capital Fund

**Section 1.** This section of article 9 shortens the period in which municipalities can receive enhanced savings from refunding bonds for construction aid supported projects from December 31, 2015 to June 30, 2015. It also exempts projects funded from the School Building Authority Capital Fund from General Assembly approval, currently required for other projects.

**Section 2.** This section of article 9 establishes the Department of Elementary and Secondary Education as the state's school building authority and outlines its roles and responsibilities, which include overseeing the existing school construction program and also the new School Building Authority Capital Fund. It also establishes a seven member advisory board to advise the Authority and includes the Director of the Department of Administration serving as chair, the General Treasurer, a member of the Governor's staff, and four members of the public with expertise in education, construction, real estate and/or finance, to be appointed by the Governor.

**Section 3.** This section changes the five-member Board of Directors at the Rhode Island Health and Educational Building Corporation to a seven-member board appointed by the Governor, and prohibits any compensation for board members after July 1, 2015.

**Section 4.** This section establishes the School Building Authority Capital Fund to be transferred to and administered by the Rhode Island Health and Educational Building Corporation. The Corporation must submit an annual report on its activities within 90 days of the end of the fiscal year. Any proceeds from future school construction bond refunding shall be designated to the Fund. The article also allows for up to \$500,000 to be loaned from the Fund to a municipality without local voter approval.

### Article 10. Revised Budget

**Section 1. Revisions to Appropriations.** This section of Article 10 contains the revised appropriations for FY 2015.

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## Explanations of Budget Articles

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**Section 2. Line Item Appropriations.** This section establishes that each line of Section 1 in Article 10 constitutes an appropriation.

**Section 3. Internal Service Funds.** This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

**Section 4. Full-Time Equivalent Positions.** This section limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2015. In addition, state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. This section also contains the usual provision that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 15,100.7 full-time equivalent positions, 14.7 positions more than enacted.

**Section 5. Bond Premiums.** This section of Article 10 transfers \$6.4 million of bond premium proceeds that were deposited into the Rhode Island Capital Plan Fund in FY 2015 to be transferred to the Information Technology Investment Fund on or before June 30, 2015, to support the Unified Health Infrastructure Project.

**Section 6. Effective Date.** This section of Article 10 establishes an effective date upon passage of the article.

### Article 11. Taxes and Revenues

**Sections 1 and 2. Enterprise Zone Wage Credit.** This section repeals the Enterprise Zone Tax Credit, effective July 1, 2015. Under current law, a qualified business in an enterprise zone is allowed a credit against its corporate income tax liability for wages paid to employees hired to meet the 12 month, 5.0 percent jobs growth requirement. The Budget includes associated revenues of \$0.4 million.

**Sections 3 and 4. Tourism Taxes.** These sections expand the definition of hotel to include small bed and breakfast facilities with less than three rooms for rent and other residences subjecting their rental to sales and hotel taxes. Rental of rooms located in unlicensed rental facilities, offered for rent via an online or other platform, would be permitted and subjected to all sales and hotel taxes. As drafted, the rental of an entire vacation home is also added to those rentals subject to sales and hotel taxes. However, supporting documents suggest the intent is to apply only the state sales tax and the local 1.0 percent hotel tax to those homes. The Budget assumes a combined total of \$6.1 million in new sales tax revenues from the expansion of the definition of hotel, including \$0.7 million from the rental of rooms from small bed and breakfasts and other unlicensed rentals and \$5.4 million from the rental of vacation homes.

These sections also modify the existing state hotel tax revenue distribution to fund state level tourism and marketing programs through the Rhode Island Commerce Corporation. Shares of the 5.0 percent state hotel tax are decreased for seven of the eight tourism districts. The Aquidneck Island district maintains a share of 47.0 percent of rentals, the Warwick district share decreases to 15.0 percent, and all other districts' shares decrease to 25.0 percent. Additionally, the Convention Center Authority's share of hotel room rentals in the Providence district would be decreased from 31.0 percent to 15.0 percent. The difference in shares, as well as all funds that would be otherwise deposited as general revenues, are

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## Explanations of Budget Articles

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transferred to the Commerce Corporation. The Budget includes an associated transfer of \$3.8 million from general revenues to the Commerce Corporation and assumes the expanded tax base and redistribution will result in an additional \$6.4 million of new hotel tax revenues allocated to the Corporation.

**Section 5. Performance Based Tax Collection Contracts.** This section amends current law to permit the Division of Taxation to contract with a third party for the review of tax data and collection of taxes, interest, penalties, or a reduction in claimed refunds. Contractors are prohibited from conducting field audits under this section, and contracts are to be paid on a contingency fee basis, for services rendered, as a percentage of the actual amount of revenues collected. The section also establishes annual reporting requirements for the Division, including the number of contingency fee contracts, the total amount of revenues collected, and the percentage fee for each contract.

**Section 6. Real Estate Conveyance Tax.** Section 6 of Article 11 establishes a tax of \$2.30 per \$500 of property value on the sale of a controlling interest in a business entity that holds interest in the property, consistent with the current tax on the purchase or transfer of real estate. The change essentially extends the real estate conveyance tax and its current distribution of proceeds to these transactions. The Budget includes \$0.7 million of associated revenues.

**Section 7. Commercial Energy Sales Tax.** Section 7 of Article 11 amends current law to phase in the exemption of electricity, gas, and heating fuels purchased by commercial or business users from sales tax in 20.0 percent increments over a period of five years. Effective July 1, 2015, 20.0 percent of energy purchases made by businesses would be exempt from sales tax, and each fiscal year thereafter, an additional 20.0 percent of purchases would be exempt. For FY 2020, 100 percent of these purchases would be exempt from sales and use taxes. Under current law, sales of electricity, natural gas, and heating fuels are exempt for residential purchasers and manufacturing uses. The Budget assumes a revenue loss of \$4.9 million for FY 2016. That grows to \$26.2 million by FY 2020.

**Section 8. Room Resellers.** Section 8 of Article 11 amends current law to subject the resale cost of hotel rooms to the 7.0 percent state sales tax, 5.0 percent state hotel tax, and the 1.0 percent local hotel tax. Hotel resellers, as defined in the section, must register with the Division of Taxation for the collection and remittance of sales and hotel taxes, which are calculated using a room's rental cost and other fees paid by the occupant to the reseller less any rental costs or other fees paid by the reseller to the hotel. Current law subjecting a room's wholesale cost to sales and hotel taxes is maintained. The section also defines travel packages as accommodations bundled for purchase with other, separate components of travel, such as airfare or car rental, and subjects those sales to the state sales and hotel taxes. The Budget assumes an associated \$0.8 million in new sales tax revenues.

**Section 9. Managed Audit.** This section amends current law to permit the Division of Taxation to establish managed self-audit agreements with businesses for the review of records to determine any tax liability owed on purchased inventory or assets or any other category included in the managed audit by the Division. Participants would receive reduced interest and no penalties on any taxes owed, except in cases of fraud, willful negligence, or failure to pay any taxes deemed owed in the course of the managed audit. The Budget includes \$0.5 million in associated sales tax revenue.

**Sections 10 and 11. Cigarette Tax.** These sections increase the cigarette tax from \$3.50 to \$3.75 per pack and include an inventory tax on cigarettes on hand upon which the existing rate was paid for the tax stamps. Whenever rates change, a tax on the differential rate, often called an inventory or floor

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## Explanations of Budget Articles

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tax, on existing inventory that had been taxed at the old rate is levied. The section includes a floor tax adjustment of \$0.25 per stamped but unsold pack on hand on August 1, 2015. The FY 2016 budget assumes \$7.1 million in sales and tobacco tax revenues associated with this increase.

**Section 12. EITC/Social Security.** This section of Article 11 modifies the Earned Income Tax Credit for low and moderate wage earners to equal 12.5 percent of the federal credit, effective January 1, 2016. The credit increases to 15.0 percent of the federal credit effective January 1, 2017. The 2014 Assembly enacted changes enhancing the value of the credit, including altering the rate to 10.0 percent of the federal credit and making it 100 percent refundable. The FY 2016 budget assumes an associated revenue loss of \$3.0 million. The five-year forecast assumes an impact of \$12.7 million in FY 2017 annualizing to a loss of \$13.2 million in FY 2018. However, the FY 2017 impact appears to be only \$9.4 million.

Section 12 also exempts Social Security benefits from state personal income tax for single, married, separated, and head of household filers with federal adjusted gross incomes of \$50,000 or less and married joint and qualifying widow or widower filers with federal adjusted gross incomes of \$60,000 or less. Under current law, Social Security benefits are taxable at the state level if they are taxable at the federal level. The Budget assumes a revenue loss of \$3.9 million for FY 2016; the loss annualizes to \$8.1 million for FY 2017.

**Sections 13 and 14. Outpatient and Imaging Services.** Sections 13 and 14 of Article 11 amend current law to phase out the 2.0 percent surcharge applied to both outpatient and imaging service facilities' net patient revenues over a period of four years. These sections annually decrease the surcharge in half percent increments, beginning July 1, 2015. The Budget assumes an associated revenue loss for FY 2016 of \$0.6 million. That grows to \$2.2 million by FY 2019.

**Section 15. State Property Tax.** Section 15 of Article 11 establishes a state tax of \$2.50 per \$1,000 of assessed value on non-owner occupied real property valued at \$1.0 million or more, effective July 1, 2015. Properties including single-family residences, condominiums with less than six units, seasonal and beach properties, vacant residential land, timeshare condominiums, and mobile homes would be subject to the tax. It appears that the intent of the legislation and the revenue estimate excludes apartment buildings from the tax; however, as written, the tax would apply to these properties. Properties would be taxed on a fiscal year basis using assessed value as determined by the tax assessor of the municipality where the property is located. The Budget includes \$11.8 million in associated revenues.

**Section 16.** This section establishes July 1, 2015 as the effective date of the article.

### Article 12. Tobacco Settlement Financing Trust

This article amends current law to alter the approved distribution of proceeds from the Tobacco Settlement Financing Corporation to allow \$19.0 million to be deposited into the General Fund in FY 2016 and the balance of \$7.3 million into the Information Technology Investment Fund. The 2014 Assembly authorized 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 that amount, \$5.0 million each would be deposited into the state General Fund and the Municipal Road and Bridge Revolving Fund, and the remaining proceeds, expected to be at least \$10.0 million would be deposited into the Information Technology Investment Fund. The

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## Explanations of Budget Articles

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refinancing yielded a total of \$36.3 million in revenues; this article allows only \$7.3 million to go into the Information Technology Investment Fund.

### **Article 13. Restricted Receipt Accounts**

Article 13 exempts the following accounts from the state's indirect cost recovery charge: miscellaneous donations and grants from nonprofit organizations to the Department of Health; state loan repayment match in the Department of Health; the Rhode Island Health Benefits Exchange; defined contribution administration; the Judiciary technology surcharge account; and the national school breakfast and lunch program at the Davies Career and Technical Center.

### **Article 14. State Budget**

Article 14 removes the requirement that final revenues exceeding budgeted estimates in FY 2014 be transferred to the Retirement System to pay down the unfunded liability. In FY 2014, the final audited closing showed \$14.2 million in excess revenues forcing a \$13.8 million transfer, net of the transfer to the Rainy Day Fund. The Governor also proposes giving the Director of the Office of Management and Budget the authority to determine if excess funds can be transferred to the Retirement System in other years. The determination is to be based on current and future deficits, parameters for which are not defined. These provisions of Article 14 are retroactive to July 1, 2014.

Article 14 also makes changes to the revenue and caseload estimating conferences. It requires an additional conference be held within the first ten days of February. It also requires the Department of Revenue and a legislative economist to provide estimates to the conference principals. The primary purpose of the conferences changes from preparing forecasts and revenue estimates to "reconciling" the forecasts and estimates between the Department of Revenue and legislative economist. It also removes cash assistance from the purview of the Caseload Estimating Conference.

Article 14 also changes the budget submission date from the third Thursday in January to the third Thursday in February and in the years when a new governor is inaugurated, from the first Thursday in February to the second Thursday in March.

### **Article 15. Commercial Feed Registration Fee**

Article 15 increases the commercial feed registration fee from \$60 to \$100 per year, per product. The increase would be deposited as restricted receipts into the Local Agriculture and Seafood Small Grants and Technical Assistance Fund, which was created by the Rhode Island Local Agriculture and Seafood Act of 2012. Sixty dollars of the fee would still be deposited into the General Fund consistent with the current practice. The article also limits individual grant awards under the Local Agriculture and Seafood Act Grants Program to no more than 10 percent of the annual restricted receipts.

### **Article 16. Bays, Rivers and Watersheds Coordination Team**

Article 16 abolishes 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 work is funded by an \$80,000 transatlantic cable fee, a \$1 per 100

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## Explanations of Budget Articles

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gallons charge on septage disposal in the state and a \$250,000 annual allocation from the Oil Spill, Prevention, Administration and Response Fund. 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.

### **Article 17. Department of Children, Youth and Families**

Article 17 provides the Director of the Department of Children, Youth and Families the authority to reallocate line item appropriations to achieve more effective outcomes for clients. This legislation would also allow the Director to reinvest savings achieved for technology, infrastructure and other related services, with approval of the Director of the Office of Management and Budget. This authority would expire on June 30, 2017.

### **Article 18. Division of Advocacy**

Article 18 consolidates the Governor's Commission on Disabilities, the Commission on the Deaf and Hard of Hearing, the Office of the Child Advocate, and the Office of the Mental Health Advocate under a newly created Division of Advocacy within the Executive 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.

### **Article 19. Consolidation of Department of Health Boards**

This article proposes to consolidate most of the non-prescribing health professional boards into the Division of Professional Regulation and Licensing in the Department of Health, which approves all written and practical examinations, and issues licenses and permits. It also creates a single board of review for appeals, discipline and advisory functions. The current 25 professional boards include a variety of professions, such as dietitians, occupational therapists, optometrists, social workers and funeral home directors. The Budget assumes a general revenue savings of \$0.2 million from the elimination of 2.0 full-time positions.

### **Article 20. Professional Licenses**

This article repeals 32 professional license and permit requirements; 26 of which are administered by the Department of Health, three by the Department of Business Regulation, two by the Department of Environmental Management and one by the Department of Elementary and Secondary Education. It eliminates the licensure requirement for line cleaners, auctioneer, athletic coach, fur buyer, manicurist instructor, music therapist, hairdresser/cosmetologist and manicurist instructors and several others. This is estimated to reduce revenues by \$0.4 million in FY 2016 and \$0.2 million in FY 2017, as several of the licenses are renewed on a biennial basis. The article takes effect upon passage.

### **Article 21. Transportation Funding**

Article 21 delays the transfer of transportation related fees to the Highway Maintenance Account for use by the Department of Transportation. Current law provides that 25 percent of these fees are transferred in FY 2016, with 75 percent in FY 2017, and all fees transferred in FY 2018. The FY 2016 transfer would be



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## Explanations of Budget Articles

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eliminated, with the remaining transfers made pursuant to current law. The budget assumes use of the \$13.2 million as general revenues in FY 2016.

### **Article 22. Personnel Reform**

Article 22 removes certain protections and parity provisions to provide flexibility on hires, lay-offs and medical benefits. The Governor's recommended budget includes \$22.0 million in general revenue savings from unidentified statewide personnel savings. The Governor plans to negotiate with labor unions to achieve the savings in addition to the proposals contained in Article 22.

Article 22 would allow the director of the Department of Administration to deem non-union senior agency level positions as unclassified, as positions are vacated and created. The director of the Department of Administration would be allowed to set the compensation for those positions. It also converts the classified positions assigned to higher education to non-classified positions and removes them from the merit system on a prospective basis. Article 22 also includes a proposal to repeal the requirement that the Department of Administration seek the General Assembly's approval in determining salaries for cabinet directors. Director's salaries would solely be determined by the director of the Department of Administration.

Article 22 alters the requirements for what benefits shall be included in early retiree health plans and it removes the requirement that non-union employees receive health benefits that are substantially similar to those received by union employees under collective bargaining agreements. These changes are intended to allow the state flexibility to offer a different benefit plan options to non-union employees, pre-65 retirees and retirees who receive disability pensions.

Article 22 would freeze longevity payments currently expressed as a percent of salaries, at the amount earned by an employee as of June 2015, or the last pay period prior to the expiration of applicable collective bargaining agreements, whichever occurs later. It also excludes longevity from an employee's base rate salary, which means longevity will not grow with other raises. Since FY 2012, the rate has been frozen.

Article 22 also contains legislation to allow the Personnel Appeal Board to reverse an action of the personnel administrator only if the Board were to find that an action had been arbitrary, capricious, or contrary to rule or law. Finally, Article 22 would extend the probationary period for all positions from 6 months to 12 months and limit the state's obligation to find a suitable position for an employee with permanent status, which is obtained after probation ends, in the case of reorganization or layoffs.

### **Article 23. Corrections**

Article 23 mandates that correctional officers complete weapons qualification no sooner than every two years. Current law allows for it to occur sooner. The Budget assumes \$0.5 million in savings.

### **Article 24. Infrastructure Bank**

This article 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. It changes the Clean Water Finance Agency's board composition from five to seven members.

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## Explanations of Budget Articles

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The article extends the system reliability and least-cost procurement by 21 years and electric demand side charge by 20 years. These surcharges fund the Energy Efficiency/Demand Side Management Programs and a portion of them would now be used for debt coverage on Infrastructure Bank loans.

The article also expands the Property Assessed Clean Energy Program to commercial property owners to participate and allows the program to be administered by the Infrastructure Bank. The article also establishes an Efficient Buildings Fund, to provide technical, funding and administrative support to public entities for energy efficient and renewable energy upgrades to public buildings and infrastructure.

The Budget includes \$2.0 million from the debt restructuring savings, \$2.0 million from re-programmed Energy Revolving Loan Funds at the Commerce Corporation, and \$3.0 million from the 2014 Regional Greenhouse Gas Initiative auction proceeds from the Office of Energy Resources to capitalize the Efficient Building Fund.

### **Article 25. State Police Pensions**

Article 25 establishes a new trust fund to pay for State Police pensions for those hired on or before July 1, 1987 whose pensions are currently paid on a pay-as-you-go basis. The trust will be seeded with \$15.0 million of the \$45.0 million from Google settlement funds and \$16.6 million from general revenues. The budget assumes \$1.0 million in savings from the estimated \$17.6 million that would be needed for the pay-as-you-go appropriation.

### **Article 26. Division of Motor Vehicles**

Article 26 amends current law to delay the mandatory reissuance of fully reflective license plates from September 1, 2015 to September 1, 2016. The reissuance has been delayed twice previously, from September 1, 2011 to September 1, 2013 and again to September 1, 2015. The section maintains the allowance in current law that allows the new plates to be issued at the time of initial registration and upon the renewal of the registration. The Budget assumes \$0.1 million in savings; however, project costs have not been finalized. It appears that both the reissuance of license plates and significant progress on the Rhode Island Modernization System cannot happen simultaneously and successfully. The article takes effect upon passage.

### **Article 27. Legal Notices**

Article 27 allows legal notices and advertisements to be posted electronically on approved websites 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 Budget assumes \$0.1 million in savings and the article takes effect upon passage. The Governor submitted an amendment on March 26 to rescind this article.

### **Article 28. Health Reform Assessment**

Article 28 establishes 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

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## Explanations of Budget Articles

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individual markets to support the operations of HealthSource RI. Payments from carriers would be due on the last day of January, April, July and October. 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, of which \$6.2 million would be used in FY 2016.

### **Article 29. Commerce Corporation and Economic Development**

**Section 1. Municipal Building and Fire Code Inspections.** This section of the article mandates that projects receiving Commerce Corporation incentives be subject only to state building code and the state fire code with the inspections done by the state. A municipality with a population greater than 150,000 may opt to review and inspect its own projects.

**Section 2. Tax Incentive Reporting.** Section 2 authorizes the Secretary of Commerce to promulgate rules or regulations related to the use and effect of funds for tax credit incentives. If a person or entity fails to provide requested information within 60 days, or longer than the time that the Secretary of Commerce granted, the Secretary must notify the Division of Taxation in writing to withhold or deny any further tax credit. The suspension of benefits will be lifted once the Secretary of Commerce notifies the Division of Taxation that the information was either provided, does not exist, or cannot be compiled.

**Section 3. Rebuild Rhode Island Tax Credit.** Section 3 of Article 29 establishes 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. 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.

**Section 4. Tax Increment Financing Program.** Section 4 of Article 29 creates a tax increment financing program, under which the Commerce Corporation may contract with developers to develop or redevelop specific areas in qualifying communities in exchange for payments or tax exemptions of up to 75.0 percent of state revenues realized as a result of the redevelopment project. Contracts may only be undertaken if a developer can prove a gap between available project funding and total estimated project cost. The Division of Taxation is required to assist the Commerce Corporation in the determination of all state revenues collected as a result of the project. An agreement between the Commerce Corporation and a developer shall not exceed a twenty year period.

**Section 5. Tax Stabilization Incentives.** Section 5 of Article 29 establishes 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 section allows the Commerce Corporation to provide qualifying cities or towns reimbursements up to 10.0 percent of property tax revenues that would have otherwise been collected, if the developed property were not

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## Explanations of Budget Articles

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party to a tax stabilization agreement. Supporting documents suggest that these would be funded from a pool of \$12.7 million in general revenue funding available from debt refinancing.

**Section 6. First Wave Closing Fund.** This section of the article establishes the First Wave Closing Fund, which would provide financing to ensure that certain transactions that are critical to the state's economy occur, subject to the Commerce Corporation's Board approval. The funds can be used for working capital, equipment, furnishings, fixtures, construction, rehabilitation, purchase of property, or other purposes approved by the Corporation. The legislation requires that the Commerce Corporation publish a report on the fund, which is due 60 days after the end of the fiscal year. The report shall be provided to the Speaker of the House of Representatives and the President of the Senate. The Budget includes \$5.0 million from the debt restructuring savings to fund this initiative.

**Section 7. I-195 Redevelopment Project Fund.** This section of the article creates the I-195 Redevelopment Project Fund, which would be administered by the I-195 District Commission. The Fund would be used to provide developers and businesses with financing for capital investment, including land acquisition in order to promote the development of the land. The legislation allows the Commission to adopt rules and regulations to implement the program. The legislation further requires that the Commission publish a report on the fund, which is due 60 days after the end of the fiscal year. The report shall be provided to the Speaker of the House of Representatives and the President of the Senate. The Budget includes \$25.0 million from the debt restructuring savings to fund this initiative.

**Section 8. Small Business Capital Access Fund.** This section creates a Small Business Assistance Program for businesses with less than 200 employees that are having difficulties obtaining financing from traditional lending organizations. The legislation enables the Commerce Corporation to partner with an outside lending organization to administer the program funds. The legislation requires that 10.0 percent of funding must be set-aside for a microloan program to be administered by a third party with expertise in microloans. Microloans would be made in principal amounts of \$2,000 to \$25,000.

**Section 9. Competitive Student Loan Reimbursement Fund.** Section 9 creates a student loan forgiveness program, which will provide up to four years of loan forgiveness for an associate, bachelor or graduate degree in the fields of natural or environmental sciences, computer technology, engineering or medicine. The legislation requires that two-thirds of the awardees be permanent residents of the state. It also requires that recipients must work at least 35 hours per week for an employer located in the state. The Commerce Corporation's budget includes \$1.8 million to fund the program.

**Section 10. Main Street RI Streetscape Improvement Fund.** This section authorizes 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 budget includes \$1.0 million in FY 2016. The Governor indicates an intent to recommend \$1.0 million in FY 2017.

**Section 11. Innovation Initiative.** This section establishes an Innovation Initiative for small businesses with less than 500 employees to purchase research and development support for the state's institutions of higher education and other providers. The Budget provides \$0.5 million from general revenues in FY 2016 to create a voucher program that would allow small businesses to earn \$5,000 to \$50,000. The Governor indicates an intent to recommend \$0.5 million in FY 2017.

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## Explanations of Budget Articles

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**Section 12. Industry Cluster Grants.** Section 12 creates an Industry Cluster Grants Program and includes \$2.0 million from general revenues, 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.

**Section 13. Anchor Tax Credit.** Section 13 of Article 29 establishes the Anchor Institution 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 the relocation of at least ten employees of that separate business on a permanent basis. The Budget dedicates \$5.7 million from debt refinancing proceeds between FY 2016 and FY 2017 for this purpose. However, it appears that there is no cap on total credits per project, aggregate annual cap on credits, or total program cap. It was the administration's intent to limit the amount available; it indicates that language will be submitted to place limits on the program. However, specifics regarding credit and program caps have not yet been determined.

**Section 14. Effective Date.** This section sets the effective date of the article upon passage.

### Article 30. Effective Date

Article 30 provides that the act shall take effect on July 1, 2015, except where a provision within an article specifies a retroactive or prospective effective date.

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# Summary Tables

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## General Revenues

|                               | FY 2014<br>Audited      | FY 2015<br>Enacted      | FY 2015<br>Gov. Rev.    | FY 2016<br>Nov. Consensus | FY 2016<br>Governor     |
|-------------------------------|-------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| <b>Personal Income Tax</b>    | \$ 1,115,512,527        | \$ 1,157,132,269        | \$ 1,167,700,000        | \$ 1,216,600,000          | \$ 1,210,669,294        |
| <b>General Business Taxes</b> |                         |                         |                         |                           |                         |
| Business Corporations         | 114,215,409             | 118,811,698             | 112,800,000             | 119,100,000               | 119,456,347             |
| Public Utilities Gross        | 101,382,220             | 112,000,000             | 103,600,000             | 105,000,000               | 105,000,000             |
| Financial Institutions        | 16,610,639              | 11,500,000              | 16,000,000              | 16,500,000                | 16,500,000              |
| Insurance Companies           | 102,356,841             | 115,503,704             | 113,600,000             | 116,000,000               | 115,128,416             |
| Bank Deposits                 | 2,471,553               | 2,400,000               | 2,500,000               | 2,500,000                 | 2,500,000               |
| Health Care Provider          | 42,131,464              | 42,137,188              | 43,200,000              | 44,300,000                | 43,276,416              |
| <b>Sales and Use Taxes</b>    | -                       |                         | -                       | -                         | -                       |
| Sales and Use                 | 916,083,253             | 939,619,684             | 955,000,000             | 1,000,000,000             | 1,003,373,471           |
| Motor Vehicle                 | 52,407,813              | 49,500,000              | 49,900,000              | 39,600,000                | 50,229,883              |
| Motor Fuel                    | 523,920                 | 500,000                 | 500,000                 | 500,000                   | 500,000                 |
| Cigarettes                    | 139,461,685             | 135,800,000             | 136,800,000             | 134,200,000               | 140,685,281             |
| Alcohol                       | 18,252,450              | 17,442,085              | 19,000,000              | 13,000,000                | 13,000,000              |
| <b>Other Taxes</b>            |                         |                         |                         |                           |                         |
| Inheritance and Gift          | 43,592,370              | 27,009,849              | 27,000,000              | 19,200,000                | 19,200,000              |
| Racing and Athletics          | 1,176,869               | 1,100,000               | 1,100,000               | 1,100,000                 | 1,100,000               |
| Realty Transfer               | 7,961,816               | 8,500,000               | 8,800,000               | 9,300,000                 | 9,995,970               |
| State Property Tax            |                         |                         |                         | -                         | 11,761,679              |
| <b>Total Taxes</b>            | <b>\$ 2,674,140,829</b> | <b>\$ 2,738,956,477</b> | <b>\$ 3,509,801,649</b> | <b>\$ 2,836,900,000</b>   | <b>\$ 2,862,376,757</b> |
| Departmental Receipts         | 360,678,655             | 351,671,912             | 351,671,912             | 199,300,000               | 350,246,850             |
| Gas Tax Transfer              | -                       | -                       | -                       | -                         | -                       |
| Other Miscellaneous           | 6,391,686               | 7,475,000               | 7,475,000               | 1,081,000                 | 41,371,000              |
| Lottery                       | 376,327,121             | 384,500,000             | 384,500,000             | 334,800,000               | 335,027,500             |
| Unclaimed Property            | 12,724,124              | 10,500,000              | 10,500,000              | 8,100,000                 | 8,100,000               |
| <b>Total General Revenues</b> | <b>\$ 3,430,262,415</b> | <b>\$ 3,493,103,389</b> | <b>\$ 3,509,801,649</b> | <b>\$ 3,380,181,000</b>   | <b>\$ 3,597,122,107</b> |

## Expenditures from All Funds

|                                      | FY 2015<br>Enacted      | FY 2015<br>Revised      | FY 2016<br>Request      | FY 2016<br>Recommended  |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>General Government</b>            |                         |                         |                         |                         |
| Administration                       | \$ 425,765,956          | \$ 457,723,709          | \$ 443,996,758          | \$ 339,051,951          |
| Business Regulation                  | 12,976,430              | 13,817,345              | 14,800,362              | 14,729,029              |
| Executive Office of Commerce         | -                       | 335,644                 | -                       | 76,320,494              |
| Labor and Training                   | 511,579,990             | 487,572,151             | 444,430,842             | 445,208,317             |
| Revenue                              | 460,214,642             | 446,079,738             | 468,281,634             | 415,207,249             |
| Legislature                          | 38,016,750              | 40,748,731              | 41,154,944              | 41,154,944              |
| Lieutenant Governor                  | 1,089,434               | 1,064,842               | 1,091,550               | 1,292,621               |
| Secretary of State                   | 8,366,955               | 7,935,146               | 7,560,858               | 7,971,884               |
| General Treasurer                    | 35,241,893              | 35,666,177              | 32,952,706              | 34,430,778              |
| Board of Elections                   | 4,145,127               | 4,656,199               | 2,752,162               | 1,818,305               |
| Rhode Island Ethics Commission       | 1,581,205               | 1,618,883               | 1,654,812               | 1,644,876               |
| Governor's Office                    | 4,527,562               | 4,655,727               | 4,657,337               | 4,903,467               |
| Human Rights                         | 1,480,179               | 1,532,455               | 1,550,628               | 1,548,010               |
| Public Utilities Commission          | 8,459,886               | 8,430,886               | 8,844,508               | 8,684,685               |
| <b>Subtotal - General Government</b> | <b>\$ 1,513,446,009</b> | <b>\$ 1,511,837,633</b> | <b>\$ 1,473,729,101</b> | <b>\$ 1,393,966,610</b> |
| <b>Human Services</b>                |                         |                         |                         |                         |
| Health and Human Services            | \$ 2,391,411,846        | \$ 2,518,592,148        | \$ 2,480,833,356        | \$ 2,429,810,398        |
| Children, Youth and Families         | 210,636,391             | 226,659,958             | 228,645,125             | 212,844,162             |
| Health                               | 122,645,570             | 125,983,641             | 121,667,788             | 121,352,917             |
| Human Services                       | 649,786,890             | 627,883,574             | 609,510,555             | 620,393,325             |
| BHDDH                                | 365,509,826             | 364,817,841             | 410,175,975             | 366,867,639             |
| Child Advocate                       | 661,817                 | 683,154                 | 709,350                 | -                       |
| Deaf and Hard of Hearing             | 474,279                 | 478,741                 | 575,672                 | -                       |
| Commission on Disabilities           | 1,508,802               | 1,572,596               | 1,930,104               | -                       |
| Mental Health Advocate               | 495,010                 | 506,078                 | 642,450                 | -                       |
| <b>Subtotal - Human Services</b>     | <b>\$ 3,743,130,431</b> | <b>\$ 3,867,177,731</b> | <b>\$ 3,854,690,375</b> | <b>\$ 3,751,268,441</b> |
| <b>Education</b>                     |                         |                         |                         |                         |
| Elementary and Secondary             | \$ 1,246,096,357        | \$ 1,251,804,389        | \$ 1,292,876,707        | \$ 1,302,876,096        |
| Higher Education                     | 1,080,789,192           | 1,075,696,542           | 1,087,747,323           | 1,087,759,178           |
| Arts Council                         | 2,914,959               | 2,972,986               | 4,096,024               | 3,681,407               |
| Atomic Energy                        | 1,271,174               | 1,605,088               | 1,392,999               | 1,337,169               |
| HEAA                                 | 23,946,961              | 15,832,630              | 20,033,243              | -                       |
| Historical Preservation              | 5,909,976               | 6,080,581               | 4,204,218               | 3,911,203               |
| <b>Subtotal - Education</b>          | <b>\$ 2,360,928,619</b> | <b>\$ 2,353,992,216</b> | <b>\$ 2,410,350,514</b> | <b>\$ 2,399,565,053</b> |



## Expenditures from All Funds

|                                   | FY 2015<br>Enacted      | FY 2015<br>Revised      | FY 2016<br>Request      | FY 2016<br>Recommended  |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Public Safety</b>              |                         |                         |                         |                         |
| Attorney General                  | \$ 36,791,685           | \$ 40,176,612           | \$ 29,856,038           | \$ 28,035,317           |
| Corrections                       | 209,326,500             | 213,346,663             | 228,992,281             | 212,575,670             |
| Judicial                          | 105,669,516             | 110,029,886             | 123,029,196             | 111,911,210             |
| Military Staff                    | 18,454,074              | 18,843,837              | 19,620,036              | 19,408,098              |
| Public Safety                     | 126,554,846             | 123,348,293             | 136,280,146             | 122,908,172             |
| Public Defender                   | 11,379,680              | 11,202,211              | 11,820,081              | 11,700,347              |
| Emergency Management              | 20,622,227              | 23,770,923              | 12,106,649              | 18,537,918              |
| <b>Subtotal-Public Safety</b>     | <b>\$ 528,798,528</b>   | <b>\$ 540,718,425</b>   | <b>\$ 561,704,427</b>   | <b>\$ 525,076,732</b>   |
| <b>Natural Resources</b>          |                         |                         |                         |                         |
| Environmental Management          | \$ 103,811,527          | \$ 107,313,434          | \$ 99,162,110           | \$ 93,482,803           |
| CRMC                              | 4,959,681               | 10,506,226              | 6,472,949               | 5,347,608               |
| <b>Subtotal-Natural Resources</b> | <b>\$ 108,771,208</b>   | <b>\$ 117,819,660</b>   | <b>\$ 105,635,059</b>   | <b>\$ 98,830,411</b>    |
| <b>Transportation</b>             |                         |                         |                         |                         |
| Transportation                    | \$ 525,120,546          | \$ 447,939,727          | \$ 459,083,050          | \$ 458,868,000          |
| <b>Subtotal-Transportation</b>    | <b>\$ 525,120,546</b>   | <b>\$ 447,939,727</b>   | <b>\$ 459,083,050</b>   | <b>\$ 458,868,000</b>   |
| <b>Total</b>                      | <b>\$ 8,780,195,341</b> | <b>\$ 8,839,485,392</b> | <b>\$ 8,865,192,526</b> | <b>\$ 8,627,575,247</b> |

## Expenditures from General Revenues

|                                      | FY 2015<br>Enacted      | FY 2015<br>Revised      | FY 2016<br>Request      | FY 2016<br>Recommended  |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>General Government</b>            |                         |                         |                         |                         |
| Administration                       | \$ 268,843,237          | \$ 250,382,004          | \$ 282,951,659          | \$ 173,930,982          |
| Business Regulation                  | 9,013,477               | 8,802,653               | 9,547,238               | 9,345,012               |
| Executive Office of Commerce         | -                       | 335,644                 | -                       | 62,236,691              |
| Labor and Training                   | 8,669,103               | 9,013,937               | 10,464,315              | 8,424,769               |
| Revenue                              | 107,798,690             | 107,304,673             | 108,813,459             | 105,198,446             |
| Legislature                          | 36,429,671              | 39,233,413              | 39,474,071              | 39,474,071              |
| Lieutenant Governor                  | 1,015,084               | 1,007,208               | 1,091,550               | 1,227,621               |
| Secretary of State                   | 7,337,203               | 7,296,007               | 6,580,205               | 6,936,530               |
| General Treasurer                    | 2,432,105               | 2,417,151               | 2,372,700               | 2,420,250               |
| Board of Elections                   | 4,145,127               | 4,656,199               | 2,752,162               | 1,818,305               |
| Rhode Island Ethics Commission       | 1,581,205               | 1,618,883               | 1,654,812               | 1,644,876               |
| Governor's Office                    | 4,527,562               | 4,655,727               | 4,657,337               | 4,903,467               |
| Human Rights                         | 1,193,083               | 1,221,763               | 1,231,273               | 1,252,174               |
| Public Utilities Commission          | -                       | -                       | -                       | -                       |
| <b>Subtotal - General Government</b> | <b>\$ 452,985,547</b>   | <b>\$ 437,945,262</b>   | <b>\$ 471,590,781</b>   | <b>\$ 418,813,194</b>   |
| <b>Human Services</b>                |                         |                         |                         |                         |
| Health and Human Services            | \$ 904,633,663          | \$ 941,780,364          | \$ 952,228,223          | \$ 889,519,628          |
| Children, Youth and Families         | 148,707,146             | 158,341,580             | 164,155,639             | 151,837,731             |
| Health                               | 22,957,920              | 22,841,530              | 26,399,902              | 25,840,318              |
| Human Services                       | 96,328,781              | 94,808,416              | 99,245,129              | 96,425,089              |
| BHDDH                                | 167,536,873             | 168,796,376             | 172,518,794             | 170,425,740             |
| Child Advocate                       | 611,817                 | 633,154                 | 664,308                 | -                       |
| Deaf and Hard of Hearing             | 394,279                 | 398,741                 | 495,672                 | -                       |
| Commission on Disabilities           | 358,275                 | 357,141                 | 391,624                 | -                       |
| Mental Health Advocate               | 495,010                 | 506,078                 | 642,450                 | -                       |
| <b>Subtotal - Human Services</b>     | <b>\$ 1,342,023,764</b> | <b>\$ 1,388,463,380</b> | <b>\$ 1,416,741,741</b> | <b>\$ 1,334,048,506</b> |
| <b>Education</b>                     |                         |                         |                         |                         |
| Elementary and Secondary             | \$ 1,004,400,123        | \$ 1,003,585,213        | \$ 1,054,667,353        | \$ 1,067,340,856        |
| Higher Education                     | 190,954,911             | 188,298,201             | 204,422,023             | 195,693,088             |
| Arts Council                         | 1,483,075               | 1,491,068               | 1,913,941               | 1,507,761               |
| Atomic Energy                        | 913,197                 | 907,737                 | 957,170                 | 957,170                 |
| HEAA                                 | 147,000                 | 147,000                 | 4,281,726               | -                       |
| Historical Preservation              | 1,320,610               | 1,206,107               | 1,458,226               | 1,355,972               |
| <b>Subtotal - Education</b>          | <b>\$ 1,199,218,916</b> | <b>\$ 1,195,635,326</b> | <b>\$ 1,267,700,439</b> | <b>\$ 1,266,854,847</b> |

## Expenditures from General Revenues

|                                   | FY 2015<br>Enacted      | FY 2015<br>Revised      | FY 2016<br>Request      | FY 2016<br>Recommended  |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Public Safety</b>              |                         |                         |                         |                         |
| Attorney General                  | \$ 23,607,146           | \$ 24,544,068           | \$ 26,368,236           | \$ 25,193,210           |
| Corrections                       | 187,745,480             | 196,263,428             | 209,442,300             | 200,075,231             |
| Judicial                          | 91,636,668              | 94,058,445              | 100,663,471             | 95,797,046              |
| Military Staff                    | 1,842,096               | 2,164,935               | 2,277,372               | 2,065,434               |
| Public Safety                     | 95,294,034              | 97,978,879              | 107,705,781             | 96,454,299              |
| Public Defender                   | 11,130,816              | 11,048,671              | 11,741,711              | 11,621,977              |
| Emergency Management              | 1,959,858               | 1,861,076               | 1,999,540               | 1,766,002               |
| <b>Subtotal-Public Safety</b>     | <b>\$ 413,216,098</b>   | <b>\$ 427,919,502</b>   | <b>\$ 460,198,411</b>   | <b>\$ 432,973,199</b>   |
| <b>Natural Resources</b>          |                         |                         |                         |                         |
| Environmental Management          | \$ 35,540,105           | \$ 36,105,322           | \$ 37,860,047           | \$ 36,505,567           |
| CRMC                              | 2,185,538               | 2,312,843               | 3,129,742               | 2,433,260               |
| <b>Subtotal-Natural Resources</b> | <b>\$ 37,725,643</b>    | <b>\$ 38,418,165</b>    | <b>\$ 40,989,789</b>    | <b>\$ 38,938,827</b>    |
| <b>Transportation</b>             |                         |                         |                         |                         |
| Transportation                    | \$ -                    | \$ -                    | \$ -                    | \$ -                    |
| <b>Subtotal-Transportation</b>    | <b>\$ -</b>             | <b>\$ -</b>             | <b>\$ -</b>             | <b>\$ -</b>             |
| <b>Total</b>                      | <b>\$ 3,445,169,968</b> | <b>\$ 3,488,381,635</b> | <b>\$ 3,657,221,161</b> | <b>\$ 3,491,628,573</b> |

## Expenditures from Federal Grants

|                                      | FY 2015<br>Enacted      | FY 2015<br>Revised      | FY 2016<br>Request      | FY 2016<br>Recommended  |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>General Government</b>            |                         |                         |                         |                         |
| Administration                       | \$ 51,493,455           | \$ 89,252,942           | \$ 39,065,513           | \$ 43,302,629           |
| Business Regulation                  | 2,021,830               | 2,469,508               | 2,709,175               | 2,795,240               |
| Executive Office of Commerce         | -                       | -                       | -                       | 10,983,803              |
| Labor and Training                   | 42,183,672              | 51,450,837              | 35,362,882              | 38,164,061              |
| Revenue                              | 5,113,145               | 4,692,166               | 1,385,590               | 1,315,154               |
| Legislature                          | -                       | -                       | -                       | -                       |
| Lieutenant Governor                  | 74,350                  | 40,134                  | -                       | 65,000                  |
| Secretary of State                   | -                       | 34,123                  | -                       | -                       |
| General Treasurer                    | 870,338                 | 902,766                 | 891,955                 | 891,955                 |
| Board of Elections                   | -                       | -                       | -                       | -                       |
| Rhode Island Ethics Commission       | -                       | -                       | -                       | -                       |
| Governor's Office                    | -                       | -                       | -                       | -                       |
| Human Rights                         | 287,096                 | 310,692                 | 319,355                 | 295,836                 |
| Public Utilities Commission          | 87,733                  | 87,733                  | 90,000                  | 90,000                  |
| <b>Subtotal - General Government</b> | <b>\$ 102,131,619</b>   | <b>\$ 149,240,901</b>   | <b>\$ 79,824,470</b>    | <b>\$ 97,903,678</b>    |
| <b>Human Services</b>                |                         |                         |                         |                         |
| Health and Human Services            | \$ 1,470,870,303        | \$ 1,561,011,456        | \$ 1,512,868,003        | \$ 1,524,436,297        |
| Children, Youth and Families         | 56,568,664              | 62,235,275              | 58,751,415              | 58,167,464              |
| Health                               | 65,094,393              | 66,960,648              | 63,189,397              | 63,405,159              |
| Human Services                       | 547,332,819             | 525,722,659             | 504,098,688             | 517,564,219             |
| BHDDH                                | 181,157,004             | 181,151,974             | 182,997,673             | 180,590,102             |
| Child Advocate                       | 50,000                  | 50,000                  | 45,042                  | -                       |
| Deaf and Hard of Hearing             | -                       | -                       | -                       | -                       |
| Commission on Disabilities           | 141,350                 | 305,524                 | 28,471                  | -                       |
| Mental Health Advocate               | -                       | -                       | -                       | -                       |
| <b>Subtotal - Human Services</b>     | <b>\$ 2,321,214,533</b> | <b>\$ 2,397,437,536</b> | <b>\$ 2,321,978,689</b> | <b>\$ 2,344,163,241</b> |
| <b>Education</b>                     |                         |                         |                         |                         |
| Elementary and Secondary             | \$ 208,495,934          | \$ 213,815,072          | \$ 201,656,025          | \$ 202,962,314          |
| Higher Education                     | 5,092,287               | 5,099,787               | 4,214,637               | 15,442,544              |
| Arts Council                         | 799,348                 | 735,546                 | 783,790                 | 775,353                 |
| Atomic Energy                        | -                       | 351,171                 | 60,529                  | 54,699                  |
| HEAA                                 | 15,465,693              | 7,293,103               | 7,285,907               | -                       |
| Historical Preservation              | 2,183,588               | 2,255,295               | 2,025,654               | 2,054,893               |
| <b>Subtotal - Education</b>          | <b>\$ 232,036,850</b>   | <b>\$ 229,549,974</b>   | <b>\$ 216,026,542</b>   | <b>\$ 221,289,803</b>   |

## Expenditures from Federal Grants

|                                   | FY 2015<br>Enacted      | FY 2015<br>Revised      | FY 2016<br>Request      | FY 2016<br>Recommended  |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Public Safety</b>              |                         |                         |                         |                         |
| Attorney General                  | \$ 1,634,631            | \$ 2,679,629            | \$ 1,291,777            | \$ 1,291,777            |
| Corrections                       | 1,654,703               | 2,009,400               | 1,337,381               | 1,337,381               |
| Judicial                          | 1,909,247               | 3,190,765               | 3,154,617               | 3,217,720               |
| Military Staff                    | 14,779,178              | 14,518,597              | 15,491,864              | 15,361,864              |
| Public Safety                     | 6,894,275               | 8,110,857               | 5,724,339               | 6,346,357               |
| Public Defender                   | 248,864                 | 153,540                 | 78,370                  | 78,370                  |
| Emergency Management              | 18,273,640              | 21,438,224              | 9,888,628               | 16,551,541              |
| <b>Subtotal-Public Safety</b>     | <b>\$ 45,394,538</b>    | <b>\$ 52,101,012</b>    | <b>\$ 36,966,976</b>    | <b>\$ 44,185,010</b>    |
| <b>Natural Resources</b>          |                         |                         |                         |                         |
| Environmental Management          | \$ 31,859,611           | \$ 34,034,773           | \$ 29,307,477           | \$ 29,307,477           |
| CRMC                              | 1,774,143               | 7,110,951               | 1,918,207               | 2,614,348               |
| <b>Subtotal-Natural Resources</b> | <b>\$ 33,633,754</b>    | <b>\$ 41,145,724</b>    | <b>\$ 31,225,684</b>    | <b>\$ 31,921,825</b>    |
| <b>Transportation</b>             |                         |                         |                         |                         |
| Transportation                    | \$ 352,114,755          | \$ 271,020,767          | \$ 263,615,422          | \$ 263,615,422          |
| <b>Subtotal-Transportation</b>    | <b>\$ 352,114,755</b>   | <b>\$ 271,020,767</b>   | <b>\$ 263,615,422</b>   | <b>\$ 263,615,422</b>   |
| <b>Total</b>                      | <b>\$ 3,086,526,049</b> | <b>\$ 3,140,495,914</b> | <b>\$ 2,949,637,783</b> | <b>\$ 3,003,078,979</b> |

## Expenditures from Restricted Receipts

|                                      | FY 2015<br>Enacted    | FY 2015<br>Revised    | FY 2016<br>Request    | FY 2016<br>Recommended |
|--------------------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| <b>General Government</b>            |                       |                       |                       |                        |
| Administration                       | \$ 36,398,746         | \$ 31,970,438         | \$ 46,286,171         | \$ 29,795,027          |
| Business Regulation                  | 1,941,123             | 2,545,184             | 2,543,949             | 2,588,777              |
| Executive Office of Commerce         | -                     | -                     | -                     | 2,800,000              |
| Labor and Training                   | 41,540,583            | 51,418,162            | 21,486,108            | 23,130,150             |
| Revenue                              | 4,000,819             | 2,309,433             | 3,943,638             | 3,894,326              |
| Legislature                          | 1,587,079             | 1,515,318             | 1,680,873             | 1,680,873              |
| Lieutenant Governor                  | -                     | 17,500                | -                     | -                      |
| Secretary of State                   | 529,752               | 541,262               | 544,407               | 599,108                |
| General Treasurer                    | 31,718,842            | 32,127,266            | 29,469,233            | 30,899,755             |
| Board of Elections                   | -                     | -                     | -                     | -                      |
| Rhode Island Ethics Commission       | -                     | -                     | -                     | -                      |
| Governor's Office                    | -                     | -                     | -                     | -                      |
| Human Rights                         | -                     | -                     | -                     | -                      |
| Public Utilities Commission          | 8,372,153             | 8,343,153             | 8,754,508             | 8,594,685              |
| <b>Subtotal - General Government</b> | <b>\$ 126,089,097</b> | <b>\$ 130,787,716</b> | <b>\$ 114,708,887</b> | <b>\$ 103,982,701</b>  |
| <b>Human Services</b>                |                       |                       |                       |                        |
| Health and Human Services            | \$ 15,907,880         | \$ 15,800,328         | \$ 15,737,130         | \$ 15,854,473          |
| Children, Youth and Families         | 2,448,750             | 2,840,143             | 2,826,240             | 2,838,967              |
| Health                               | 34,593,257            | 36,112,413            | 32,078,489            | 32,107,440             |
| Human Services                       | 1,797,309             | 3,024,518             | 1,738,757             | 2,076,036              |
| BHDDH                                | 9,608,663             | 8,790,976             | 9,301,508             | 9,180,797              |
| Child Advocate                       | -                     | -                     | -                     | -                      |
| Deaf and Hard of Hearing             | 80,000                | 80,000                | 80,000                | -                      |
| Commission on Disabilities           | 9,177                 | 9,931                 | 10,009                | -                      |
| Mental Health Advocate               | -                     | -                     | -                     | -                      |
| <b>Subtotal - Human Services</b>     | <b>\$ 64,445,036</b>  | <b>\$ 66,658,309</b>  | <b>\$ 61,772,133</b>  | <b>\$ 62,057,713</b>   |
| <b>Education</b>                     |                       |                       |                       |                        |
| Elementary and Secondary             | \$ 26,953,972         | \$ 27,384,533         | \$ 28,985,248         | \$ 28,948,926          |
| Higher Education                     | 644,000               | 644,000               | 653,200               | 653,200                |
| Arts Council                         | -                     | -                     | -                     | -                      |
| Atomic Energy                        | -                     | -                     | -                     | -                      |
| HEAA                                 | -                     | -                     | -                     | -                      |
| Historical Preservation              | 434,910               | 428,630               | 428,630               | 428,630                |
| <b>Subtotal - Education</b>          | <b>\$ 28,032,882</b>  | <b>\$ 28,457,163</b>  | <b>\$ 30,067,078</b>  | <b>\$ 30,030,756</b>   |

## Expenditures from Restricted Receipts

|                                   | FY 2015<br>Enacted    | FY 2015<br>Revised    | FY 2016<br>Request    | FY 2016<br>Recommended |
|-----------------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| <b>Public Safety</b>              |                       |                       |                       |                        |
| Attorney General                  | \$ 11,249,908         | \$ 12,702,915         | \$ 1,250,330          | \$ 1,250,330           |
| Corrections                       | 398,879               | 404,403               | 47,058                | 47,058                 |
| Judicial                          | 10,773,601            | 11,346,527            | 10,011,108            | 10,396,444             |
| Military Staff                    | 442,800               | 388,300               | 323,300               | 323,300                |
| Public Safety                     | 12,863,854            | 9,523,426             | 8,225,851             | 11,383,011             |
| Public Defender                   | -                     | -                     | -                     | -                      |
| Emergency Management              | 221,729               | 216,680               | 218,481               | 220,375                |
| <b>Subtotal-Public Safety</b>     | <b>\$ 35,950,771</b>  | <b>\$ 34,582,251</b>  | <b>\$ 20,076,128</b>  | <b>\$ 23,620,518</b>   |
| <b>Natural Resources</b>          |                       |                       |                       |                        |
| Environmental Management          | \$ 15,934,989         | \$ 16,478,862         | \$ 18,374,364         | \$ 18,454,537          |
| CRMC                              | 250,000               | 250,000               | 250,000               | 250,000                |
| <b>Subtotal-Natural Resources</b> | <b>\$ 16,184,989</b>  | <b>\$ 16,728,862</b>  | <b>\$ 18,624,364</b>  | <b>\$ 18,704,537</b>   |
| <b>Transportation</b>             |                       |                       |                       |                        |
| Transportation                    | \$ 12,352,761         | \$ 1,000,000          | \$ 1,000,000          | \$ 1,000,000           |
| <b>Subtotal-Transportation</b>    | <b>\$ 12,352,761</b>  | <b>\$ 1,000,000</b>   | <b>\$ 1,000,000</b>   | <b>\$ 1,000,000</b>    |
| <b>Total</b>                      | <b>\$ 283,055,536</b> | <b>\$ 278,214,301</b> | <b>\$ 246,248,590</b> | <b>\$ 239,396,225</b>  |

## Expenditures from Other Funds

|  | FY 2015<br>Enacted    | FY 2015<br>Revised    | FY 2016<br>Request    | FY 2016<br>Recommended |
|--|-----------------------|-----------------------|-----------------------|------------------------|
| <b>General Government</b>                              |                       |                       |                       |                        |
| Administration   | \$ 69,030,518         | \$ 86,118,325         | \$ 75,693,415         | \$ 92,023,313          |
| Business Regulation                                    | -                     | -                     | -                     | -                      |
| Executive Office of Commerce                           | -                     | -                     | -                     | 300,000                |
| Labor and Training                                     | 419,186,632           | 375,689,215           | 377,117,537           | 375,489,337            |
| Revenue  | 343,301,988           | 331,773,466           | 354,138,947           | 304,799,323            |
| Legislature  | -                     | -                     | -                     | -                      |
| Lieutenant Governor                                    | -                     | -                     | -                     | -                      |
| Secretary of State                                     | 500,000               | 63,754                | 436,246               | 436,246                |
| General Treasurer                                      | 220,608               | 218,994               | 218,818               | 218,818                |
| Board of Elections                                     | -                     | -                     | -                     | -                      |
| Rhode Island Ethics Commission                         | -                     | -                     | -                     | -                      |
| Governor's Office                                      | -                     | -                     | -                     | -                      |
| Human Rights   | -                     | -                     | -                     | -                      |
| Public Utilities Commission                            | -                     | -                     | -                     | -                      |
| <b>Subtotal - General Government</b>                   | <b>\$ 832,239,746</b> | <b>\$ 793,863,754</b> | <b>\$ 807,604,963</b> | <b>\$ 773,267,037</b>  |
| <b>Human Services</b>                                  |                       |                       |                       |                        |
| Health and Human Services                              | \$ -                  | \$ -                  | \$ -                  | \$ -                   |
| Children, Youth and Families                           | 2,911,831             | 3,242,960             | 2,911,831             | -                      |
| Health   | -                     | 69,050                | -                     | -                      |
| Human Services   | 4,327,981             | 4,327,981             | 4,427,981             | 4,327,981              |
| BHDDH  | 7,207,286             | 6,078,515             | 45,358,000            | 6,671,000              |
| Child Advocate   | -                     | -                     | -                     | -                      |
| Deaf and Hard of Hearing<br>Commission on Disabilities | 1,000,000             | 900,000               | 1,500,000             | -                      |
| Mental Health Advocate                                 | -                     | -                     | -                     | -                      |
| <b>Subtotal - Human Services</b>                       | <b>\$ 15,447,098</b>  | <b>\$ 14,618,506</b>  | <b>\$ 54,197,812</b>  | <b>\$ 10,998,981</b>   |
| <b>Education</b>                                       |                       |                       |                       |                        |
| Elementary and Secondary                               | \$ 6,246,328          | \$ 7,019,571          | \$ 7,568,081          | \$ 3,624,000           |
| Higher Education                                       | 884,097,994           | 881,654,554           | 878,457,463           | 875,970,346            |
| Arts Council   | 632,536               | 746,372               | 1,398,293             | 1,398,293              |
| Atomic Energy  | 357,977               | 346,180               | 375,300               | 325,300                |
| HEAA   | 8,334,268             | 8,392,527             | 8,465,610             | -                      |
| Historical Preservation                                | 1,970,868             | 2,190,549             | 291,708               | 71,708                 |
| <b>Subtotal - Education</b>                            | <b>\$ 901,639,971</b> | <b>\$ 900,349,753</b> | <b>\$ 896,556,455</b> | <b>\$ 881,389,647</b>  |



## Expenditures from Other Funds

|                                   | FY 2015<br>Enacted      | FY 2015<br>Revised      | FY 2016<br>Request      | FY 2016<br>Recommended  |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Public Safety</b>              |                         |                         |                         |                         |
| Attorney General                  | \$ 300,000              | \$ 250,000              | \$ 945,695              | \$ 300,000              |
| Corrections                       | 19,527,438              | 14,669,432              | 18,165,542              | 11,116,000              |
| Judicial                          | 1,350,000               | 1,434,149               | 9,200,000               | 2,500,000               |
| Military Staff                    | 1,390,000               | 1,772,005               | 1,527,500               | 1,657,500               |
| Public Safety                     | 11,502,683              | 7,735,131               | 14,624,175              | 8,724,505               |
| Public Defender                   | -                       | -                       | -                       | -                       |
| Emergency Management              | 167,000                 | 254,943                 | -                       | -                       |
| <b>Subtotal-Public Safety</b>     | <b>\$ 34,237,121</b>    | <b>\$ 26,115,660</b>    | <b>\$ 44,462,912</b>    | <b>\$ 24,298,005</b>    |
| <b>Natural Resources</b>          |                         |                         |                         |                         |
| Environmental Management          | \$ 20,476,822           | \$ 20,694,477           | \$ 13,620,222           | \$ 9,215,222            |
| CRMC                              | 750,000                 | 832,432                 | 1,175,000               | 50,000                  |
| <b>Subtotal-Natural Resources</b> | <b>\$ 21,226,822</b>    | <b>\$ 21,526,909</b>    | <b>\$ 14,795,222</b>    | <b>\$ 9,265,222</b>     |
| <b>Transportation</b>             |                         |                         |                         |                         |
| Transportation                    | \$ 160,653,030          | \$ 175,918,960          | \$ 194,467,628          | \$ 194,252,578          |
| <b>Subtotal-Transportation</b>    | <b>\$ 160,653,030</b>   | <b>\$ 175,918,960</b>   | <b>\$ 194,467,628</b>   | <b>\$ 194,252,578</b>   |
| <b>Total</b>                      | <b>\$ 1,965,443,788</b> | <b>\$ 1,932,393,542</b> | <b>\$ 2,012,084,992</b> | <b>\$ 1,893,471,470</b> |

## Full-Time Equivalent Positions

|                                       | FY 2015<br>Enacted | FY 2015<br>Revised | FY 2016<br>Request | FY 2016<br>Recommended |
|---------------------------------------|--------------------|--------------------|--------------------|------------------------|
| <b>General Government</b>             |                    |                    |                    |                        |
| Administration                        | 710.7              | 710.7              | 710.7              | 710.7                  |
| Business Regulation                   | 94.0               | 98.0               | 97.0               | 99.0                   |
| Executive Office of Commerce          | -                  | 5.0                | -                  | 18.6                   |
| Labor and Training                    | 410.0              | 410.0              | 410.0              | 410.0                  |
| Revenue                               | 505.0              | 505.0              | 513.5              | 514.5                  |
| Legislature                           | 298.5              | 298.5              | 298.5              | 298.5                  |
| Lieutenant Governor                   | 8.0                | 8.0                | 8.0                | 8.0                    |
| Secretary of State                    | 57.0               | 57.0               | 57.0               | 57.0                   |
| General Treasurer                     | 83.0               | 83.0               | 83.0               | 83.0                   |
| Board of Elections                    | 11.0               | 11.0               | 11.0               | 11.0                   |
| Rhode Island Ethics Commission        | 12.0               | 12.0               | 12.0               | 12.0                   |
| Governor's Office                     | 45.0               | 45.0               | 45.0               | 45.0                   |
| Human Rights                          | 14.5               | 14.5               | 14.5               | 14.5                   |
| Public Utilities Commission           | 50.0               | 50.0               | 50.0               | 50.0                   |
| <b>Subtotal - General Government</b>  | <b>2,298.7</b>     | <b>2,307.7</b>     | <b>2,310.2</b>     | <b>2,331.8</b>         |
| <b>Human Services</b>                 |                    |                    |                    |                        |
| Health and Human Services             | 184.0              | 184.0              | 188.0              | 202.0                  |
| Children, Youth and Families          | 670.5              | 672.5              | 694.5              | 672.5                  |
| Health                                | 491.3              | 491.3              | 591.6              | 488.6                  |
| Human Services                        | 959.1              | 959.1              | 995.6              | 959.1                  |
| BHDDH                                 | 1,422.4            | 1,420.4            | 1,421.4            | 1,421.4                |
| Child Advocate                        | 6.0                | 6.0                | 6.0                | -                      |
| Deaf and Hard of Hearing              | 3.0                | 3.0                | 4.0                | -                      |
| Commission on Disabilities            | 4.0                | 4.0                | 4.0                | -                      |
| Mental Health Advocate                | 3.7                | 3.7                | 5.0                | -                      |
| <b>Subtotal - Human Services</b>      | <b>3,744.0</b>     | <b>3,744.0</b>     | <b>3,910.1</b>     | <b>3,743.6</b>         |
| <b>Education</b>                      |                    |                    |                    |                        |
| Elementary and Secondary              | 340.9              | 344.4              | 337.4              | 339.4                  |
| Higher Education                      | 4,247.0            | 4,249.2            | 4,275.2            | 4,264.2                |
| Arts Council                          | 6.0                | 6.0                | 6.0                | 6.0                    |
| Atomic Energy                         | 8.6                | 8.6                | 8.6                | 8.6                    |
| Higher Education Assistance Authority | 22.0               | 22.0               | 15.0               | -                      |
| Historical Preservation               | 16.6               | 16.6               | 16.6               | 16.6                   |
| <b>Subtotal - Education</b>           | <b>4,641.1</b>     | <b>4,646.8</b>     | <b>4,658.8</b>     | <b>4,634.8</b>         |

## Full-Time Equivalent Positions

|                                   | FY 2015<br>Enacted | FY 2015<br>Revised | FY 2016<br>Request | FY 2016<br>Recommended |
|-----------------------------------|--------------------|--------------------|--------------------|------------------------|
| <b>Public Safety</b>              |                    |                    |                    |                        |
| Attorney General                  | 236.1              | 236.1              | 238.1              | 236.1                  |
| Corrections                       | 1,419.0            | 1,419.0            | 1,419.0            | 1,419.0                |
| Judicial                          | 723.3              | 723.3              | 723.3              | 723.3                  |
| Military Staff                    | 85.0               | 85.0               | 94.0               | 92.0                   |
| Public Safety                     | 633.2              | 633.2              | 633.2              | 633.2                  |
| Public Defender                   | 93.0               | 93.0               | 93.0               | 93.0                   |
| Emergency Management              | 32.0               | 32.0               | 32.0               | 32.0                   |
| <b>Subtotal-Public Safety</b>     | <b>3,221.6</b>     | <b>3,221.6</b>     | <b>3,232.6</b>     | <b>3,228.6</b>         |
| <b>Natural Resources</b>          |                    |                    |                    |                        |
| Environmental Management          | 399.0              | 399.0              | 399.0              | 399.0                  |
| CRMC                              | 29.0               | 29.0               | 35.0               | 29.0                   |
| <b>Subtotal-Natural Resources</b> | <b>428.0</b>       | <b>428.0</b>       | <b>434.0</b>       | <b>428.0</b>           |
| <b>Transportation</b>             |                    |                    |                    |                        |
| Transportation                    | 752.6              | 752.6              | 752.6              | 752.6                  |
| <b>Subtotal-Transportation</b>    | <b>752.6</b>       | <b>752.6</b>       | <b>752.6</b>       | <b>752.6</b>           |
| <b>Total Positions</b>            | <b>15,086.0</b>    | <b>15,100.7</b>    | <b>15,298.3</b>    | <b>15,119.4</b>        |

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