

---

**Section V**

**FY 2017**

**Revised Budget**

---



# FY 2017 Revised Budget Table of Contents

	<b>Page</b>
<b>Summary</b> .....	529
 <b>Agency and Department Changes to the Enacted Budget</b>	
 <b>General Government Agencies</b>	
Department of Administration .....	533
Department of Business Regulation.....	545
Executive Office of Commerce .....	549
Department of Labor and Training .....	553
Department of Revenue .....	561
Legislature .....	567
Office of the Lieutenant Governor.....	569
Office of the Secretary of State.....	571
Office of the General Treasurer .....	575
Rhode Island Board of Elections .....	579
Rhode Island Ethics Commission .....	581
Office of the Governor.....	583
Rhode Island Commission for Human Rights .....	585
Public Utilities Commission .....	587
 <b>Human Services Agencies</b>	
Executive Office of Health and Human Services .....	589
Department of Children, Youth and Families.....	603
Department of Health.....	611
Department of Human Services .....	617
Dept. of Behavioral Healthcare, Developmental Disabilities and Hospitals .....	629
Office of the Child Advocate.....	645
Commission on the Deaf and Hard of Hearing.....	647
Governor’s Commission on Disabilities.....	649
Office of the Mental Health Advocate.....	651
 <b>Education Agencies</b>	
Department of Elementary and Secondary Education .....	653
Public Higher Education .....	659
Rhode Island Council on the Arts .....	665
Rhode Island Atomic Energy Commission.....	667
Historical Preservation and Heritage Commission .....	669

**Public Safety Agencies**

Office of the Attorney General ..... 671  
Department of Corrections..... 675  
Judicial Department ..... 683  
Military Staff..... 687  
Rhode Island Emergency Management Agency ..... 691  
Department of Public Safety ..... 695  
Office of the Public Defender ..... 701

**Natural Resources Agencies**

Department of Environmental Management..... 703  
Coastal Resources Management Council..... 709

**Transportation Agencies**

Department of Transportation..... 713

## FY 2017 Revised Budget

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Function*</b>				
General Government	\$ 1,432.7	\$ 1,503.8	\$ 1,561.6	\$ 1,536.7
Human Services	3,700.1	3,767.9	3,901.7	3,949.0
Education	2,378.9	2,522.4	2,503.9	2,499.5
Public Safety	515.2	556.0	587.1	581.3
Natural Resources	83.2	110.1	111.9	110.9
Transportation	395.1	478.5	534.5	524.0
<b>Total</b>	<b>\$ 8,505.2</b>	<b>\$ 8,938.7</b>	<b>\$ 9,200.5</b>	<b>\$ 9,201.5</b>
<b>Expenditures by Category*</b>				
Salaries and Benefits	\$ 1,592.6	\$ 1,684.4	\$ 1,682.7	\$ 1,673.1
Contracted Services	339.5	301.1	349.8	324.9
<b>Subtotal</b>	<b>\$ 1,932.1</b>	<b>\$ 1,985.5</b>	<b>\$ 2,032.5</b>	<b>\$ 1,998.0</b>
Other State Operations	818.2	859.9	889.2	874.2
Aid to Local Units of Government	1,178.5	1,294.2	1,241.9	1,240.7
Assistance, Grants, and Benefits	3,854.3	3,977.6	4,104.2	4,153.4
Capital	257.4	426.5	467.9	479.6
Capital Debt Service	197.9	224.7	217.2	214.6
Operating Transfers	266.9	170.2	247.6	240.9
<b>Total</b>	<b>\$ 8,505.2</b>	<b>\$ 8,938.7</b>	<b>\$ 9,200.5</b>	<b>\$ 9,201.5</b>
<b>Sources of Funds*</b>				
General Revenue	\$ 3,547.9	\$ 3,683.7	\$ 3,700.4	\$ 3,686.5
Federal Aid	2,877.4	2,957.1	3,098.1	3,184.6
Restricted Receipts	245.7	257.0	306.8	276.3
Other	1,834.2	2,040.9	2,095.3	2,054.1
<b>Total</b>	<b>\$ 8,505.2</b>	<b>\$ 8,938.7</b>	<b>\$ 9,200.5</b>	<b>\$ 9,201.5</b>
<b>FTE Authorization</b>	<b>15,116.3</b>	<b>14,952.6</b>	<b>15,034.9</b>	<b>14,959.0</b>
<b>FTE Average</b>	<b>13,689.6</b>			

*\*Data in millions*

### Summary

The Governor's revised budget recommendations for FY 2017, along with her recommendations for FY 2018, are contained in 2017-H 5175, introduced on January 19, 2017. The House adopted the budget on June 22 and the Senate on August 3. The Governor signed it into law on August 3.

The Governor recommended total revised expenditures for FY 2017 of \$9,200.5 million, which is \$261.8 million or 2.9 percent more than enacted by the 2016 Assembly. Total expenditures would increase \$695.3 million or 8.2 percent over reported FY 2016 expenditures. General revenue expenditures are \$16.7 million or 0.5 percent more than the FY 2017 budget adopted by the 2016 Assembly and \$152.5 million or 4.3 percent more than actual FY 2016 expenditures. Expenditures from federal funds are \$141.0 million more than enacted and \$220.7 million more than FY 2016. Expenditures from restricted receipts are \$49.8

million more than enacted and \$61.0 million more than FY 2016. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$54.3 million or 2.7 percent more than enacted and \$261.1 million more than FY 2016.

The Assembly's budget decreased general revenue spending recommended by the Governor by \$13.9 million, which is \$2.8 million more than originally enacted. Final enacted expenditures from all sources are \$0.9 million more than recommended. This includes additional spending from federal funds for the construction for the new Veterans Home advanced from FY 2018 and the impact of increased caseload costs. This increase offsets decreases in spending from all other sources.

<b>FY 2017 Revised</b>	<b>General</b>				
	<b>Revenue</b>	<b>Federal</b>	<b>Restricted</b>	<b>Other</b>	<b>All Funds</b>
FY 2016 Final	\$ 3,572.6	\$ 3,085.3	\$ 309.1	\$ 1,974.2	\$ 8,941.1
FY 2016 Actual	3,547.9	2,877.4	245.7	1,834.2	8,505.2
Difference	\$ (24.7)	\$ (207.8)	\$ (63.3)	\$ (140.1)	\$ (435.9)
FY 2017 Enacted	\$ 3,683.7	\$ 2,957.1	\$ 257.0	\$ 2,040.9	\$ 8,938.7
Governor's FY 2017 Revised	3,700.4	3,098.1	306.8	2,095.3	9,200.5
Governor's Change to Enacted	\$ 16.7	\$ 141.0	\$ 49.8	\$ 54.3	\$ 261.8
Percent Change	0.5%	4.8%	19.4%	2.7%	2.9%
<b>Assembly</b>	<b>\$ 3,686.5</b>	<b>3184.641</b>	<b>\$ 276.3</b>	<b>\$ 2,054.1</b>	<b>\$ 9,201.5</b>
Change to Enacted	2.8	227.6	19.3	13.2	262.8
Percent Change	0.1%	7.7%	7.5%	0.6%	2.9%
Change to Governor	\$ (13.9)	\$ 86.5	\$ (30.5)	\$ (41.2)	\$ 0.9
Change to FY 2016	\$ 138.6	\$ 307.2	\$ 30.6	\$ 219.9	\$ 696.3
Percent Change to FY 2016	3.9%	10.7%	12.4%	12.0%	8.2%

The FY 2016 final budget projected \$123.3 million would be available for FY 2017 and was used for that budget. The State Controller finalized the closing statement on January 5, 2017, and it showed a surplus of \$167.8 million, or \$44.5 million more.

<b>FY 2016 Closing</b>		<b>Enacted</b>	<b>Final</b>	<b>Variance</b>
<i>Open:</i>	Free Surplus	168,038,072	168,038,072	\$ -
<i>Plus:</i>	Reappropriated Surplus	6,890,273	6,890,273	-
<i>Equals:</i>	Total Surplus	174,928,345	174,928,345	-
<i>Plus:</i>	Revenues	3,635,029,000	3,663,592,637	28,563,637
<i>Minus:</i>	Transfer to Budget Stabilization Fund	(114,092,012)	(114,948,921)	(856,909)
<i>Equals:</i>	Total Available	3,695,865,333	3,723,572,061	27,706,728
<i>Minus:</i>	Expenditures	(3,572,582,032)	(3,547,905,001)	24,677,031
<i>Equals:</i>	<b>Closing Surplus</b>	\$ 123,283,300	\$ 175,667,060	\$ 52,383,760
<i>Minus:</i>	Reappropriations	-	(7,848,853)	(7,848,853)
<i>Equals:</i>	<b>Free Surplus</b>	\$ 123,283,301	\$ 167,818,207	\$ 44,534,907

Revenues were \$28.6 million more than estimated. Taxes were up \$22.7 million with an unusual inheritance tax payment covering decreases in income, corporate and sales taxes. Issues with timing of personal income tax refunds added an unexpected challenge to the personal income estimate and corporate taxes were down from the estimate because all pending refunds were cleared as the new computer system was implemented. All other revenues were up \$5.8 million, with \$3.8 million of that from departmental receipts.

Expenditures were \$24.7 million less than enacted; \$7.8 million must be reappropriated into FY 2017. The total free surplus is \$44.5 million more than the \$123.3 million anticipated in June 2016.

Closing expenses were lower than enacted primarily from Medicaid caseload savings and savings from personnel and utilities. There were areas of overspending that reduced the impact of the savings including the impact of an arbitration award for the Rhode Island Brotherhood of Correctional Officers. Many agencies projected overspending in the first quarter some of which related to overspending in FY 2016 and some related to challenges with managing savings assumed in the enacted budget, notably in the human services agencies. There was also a \$4.7 million increased caseload expense estimated in November, a portion of which was related to unachieved savings.

The Governor's revised budget lowered those first quarter projections primarily through unexpected debt service savings and expenditure shifts to FY 2018 based on certain program delays.

The Assembly further reduced general revenue expenditures by \$13.9 million. These adjustments included savings across a number of agencies primarily from not filling positions and were offset by increases consistent with the May Caseload estimates and to account for overspending in some human services agencies. Revenue changes reflect the impact of the adjustment to the consensus estimate in May.

The pages that follow include full analyses of the expenditure changes by agency.

	<b>Enacted</b>	<b>Final</b>	<b>Difference</b>
<b>Opening Surplus</b>			
Free Surplus	\$ 123,283,301	\$ 167,818,207	\$ 44,534,906
Reappropriated Surplus	-	7,848,853	7,848,853
<b>Subtotal</b>	<b>\$ 123,283,301</b>	<b>\$ 175,667,060</b>	<b>\$ 52,383,759</b>
<b>Revenues</b>	<b>\$ 3,674,742,668</b>	<b>\$ 3,674,742,668</b>	<b>\$ -</b>
November Revenue Conference	-	44,846,332	44,846,332
Governor Changes	-	(202,882)	(202,882)
Assembly Changes	-	(43,558,729)	(43,558,729)
Total Revenues	\$ 3,674,742,668	\$ 3,675,827,389	\$ 1,084,721
<b>Budget Reserve Fund</b>	<b>(113,940,779)</b>	<b>(115,309,368)</b>	<b>(1,368,589)</b>
<b>Total Available Resources</b>	<b>\$ 3,684,085,190</b>	<b>\$ 3,736,185,081</b>	<b>\$ 52,099,891</b>
<b>Expenditures</b>	<b>\$ 3,683,715,867</b>	<b>\$ 3,683,715,867</b>	<b>\$ -</b>
Reappropriation	-	7,848,853	7,848,853
November Caseload Conference	-	4,717,676	4,717,676
Governor Changes	-	4,122,579	4,122,579
Assembly Changes	-	(13,935,960)	(13,935,960)
Total Expenditures	\$ 3,683,715,867	\$ 3,686,469,015	\$ 2,753,148
<b>Total Surplus</b>	<b>\$ 369,323</b>	<b>\$ 49,716,066</b>	<b>\$ 49,346,743</b>
<b>Rainy Day Fund</b>	<b>189,901,298</b>	<b>191,581,535</b>	<b>1,680,237</b>
<i>Operating Surplus/(Deficit)</i>	<i>\$ (113,571,456)</i>	<i>\$ (65,593,302)</i>	<i>\$ 47,978,154</i>

The revised budget as recommended by the Governor would leave a \$78.0 million surplus for FY 2017. The final FY 2017 budget has a \$49.7 million surplus; the FY 2018 enacted budget has a \$0.2 million ending surplus and is presented as part of the overview of the FY 2018 budget in that section of this publication.





## Department of Administration

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Central Management	\$ 3,076,144	\$ 2,660,785	\$ 2,836,538	\$ 2,721,759
Accounts & Control	3,904,557	4,147,433	4,099,406	4,004,406
Office of Management & Budget	4,566,606	10,271,202	10,939,273	8,924,273
Purchasing	2,820,678	3,093,362	3,292,919	3,117,919
Auditing	1,420,096	-	-	-
Human Resources	9,699,928	10,542,300	11,229,871	10,911,871
Personnel Appeal Board	137,951	133,419	145,252	145,252
General	37,147,162	61,838,849	63,112,027	57,212,912
Debt Service	162,849,916	179,041,292	170,687,472	168,061,846
Legal Services	2,131,683	2,185,988	2,133,735	2,076,735
Facilities Management	35,869,206	-	-	-
Capital Projects & Prop. Mgmt.	1,580,800	-	-	-
Information Technology	35,477,088	41,293,301	47,592,839	47,542,839
Library Programs	2,286,807	2,543,100	2,562,882	2,562,882
Planning	3,521,949	5,354,825	5,198,683	5,048,683
Energy Resources	16,613,909	12,918,016	16,709,448	16,709,448
Construction Permitting, Approvals & Licensing	2,630,687	3,263,975	3,528,328	3,057,773
Statewide Savings	-	(1,966,421)	(966,421)	(966,421)
Health Benefits Exchange	22,973,672	12,383,627	16,579,905	16,579,905
Diversity, Equity & Opportunity	914,512	1,387,633	1,274,721	1,074,721
Capital Asset Mgmt. & Maintenance	-	40,859,597	39,758,554	39,555,554
<b>Total</b>	<b>\$ 349,623,351</b>	<b>\$ 391,952,283</b>	<b>\$ 400,715,432</b>	<b>\$ 388,342,357</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 70,263,909	\$ 79,989,972	\$ 80,143,519	\$ 78,528,740
Contracted Services	28,869,440	15,405,525	22,563,483	22,313,483
<b>Subtotal</b>	<b>\$ 99,133,349</b>	<b>\$ 95,395,497</b>	<b>\$ 102,707,002</b>	<b>\$ 100,842,223</b>
Other State Operations	35,658,985	34,478,839	34,171,236	33,627,681
Aid to Local Units of Government	10,684,299	11,585,292	11,583,018	11,583,018
Assistance, Grants, and Benefits	20,071,706	15,184,735	18,260,018	17,760,018
Capital	21,451,501	56,366,628	63,406,686	56,567,571
Capital Debt Service	135,148,958	178,941,292	170,587,472	167,961,846
Operating Transfers	27,474,553	-	-	-
<b>Total</b>	<b>\$ 349,623,351</b>	<b>\$ 391,952,283</b>	<b>\$ 400,715,432</b>	<b>\$ 388,342,357</b>
<b>Sources of Funds</b>				
General Revenue	\$ 212,928,494	\$ 237,083,518	\$ 229,671,472	\$ 223,197,512
Federal Aid	31,351,946	14,896,706	21,447,637	21,555,372
Restricted Receipts	29,970,285	34,263,955	42,293,091	42,185,356
Other	75,372,626	105,708,104	107,303,232	101,404,117
<b>Total</b>	<b>\$ 349,623,351</b>	<b>\$ 391,952,283</b>	<b>\$ 400,715,432</b>	<b>\$ 388,342,357</b>
<b>FTE Authorization</b>	<b>712.7</b>	<b>708.7</b>	<b>708.7</b>	<b>708.7</b>
<b>FTE Average</b>	<b>631.2</b>			

**FY 2017 Revised Request.** The Department requested \$20.0 million more than enacted from all sources of funds, including \$0.3 million more from general revenues. The changes from general revenues include the discretionary reappropriation of \$0.7 million; adjusting for that, the request is \$0.4 million less than enacted. It also includes increases of \$6.2 million from federal funds, \$8.0 million from restricted receipts and \$5.5 million from other funds, of which \$4.9 million is from Rhode Island Capital Plan funds. The Department requested the authorized level of 708.7 full-time equivalent positions. However, it includes authorization and funding for several new positions; they are offset by the elimination of unidentified positions.

*The Governor recommended total expenditures of \$400.7 million from all sources of funds, including \$229.7 million from general revenues. This is \$8.7 million more than enacted and \$11.2 million less than requested, of which \$8.3 million is to reflect savings from debt and \$3.9 million is to reflect revisions to capital projects. She recommended the authorized level of staffing. The FY 2017 enacted budget included the elimination of 38.7 vacancies, primarily from the Assembly's action to eliminate unidentified 24.0 vacancies. The Governor's budget appears to largely include the Department's request to reassign positions by increasing the number of undefined vacancies without increasing the authorized level.*

*She subsequently requested several amendments assuming additional debt savings, revising capital projects to reflect further delays or savings, and delaying expenditures of \$1.4 million for the fraud and waste data tools in the current year to FY 2018. **The Assembly concurred, and further reduced general revenue expenditures by \$2.4 million. This includes \$1.5 million in turnover savings, as well as adjusting expenditures to reflect other delays or savings.***

### Statewide Savings

**Undistributed Natural Gas Savings.** The request includes \$0.1 million in undistributed statewide savings from natural gas expenses. This is reflective of a new contract that the state entered into in November 2016 for a period of three years for the procurement of natural gas. The total statewide savings in FY 2017 is \$1.3 million; the Department of Administration was allocated \$1.2 million of the savings and is noted later in this analysis. *The Governor concurred and the savings are reflected in agency budgets. **The Assembly concurred.***

**Undistributed Operational Savings.** The enacted budget assumes \$1.9 million in statewide operational general revenue savings, based on the Division of Purchasing and the Office of Internal Audit reviewing recent state commodity and deliverable based contracts to ensure that the state has achieved all attainable savings. The Department will also obtain outside services to identify the savings. The revised request includes the savings in the Department of Administration; they have not yet been achieved or allocated. The Department indicated that \$1.4 million of the savings will be achieved from reviewing contracts and the remaining \$0.5 million will be from telecommunication expenditures. Vendors for both initiatives have been selected; however, the Department indicated that it needs to obtain more information in order to know how the savings will be allocated to agencies. *The revised budget reflects restoring \$1.0 million of the assumed savings; however, no further information is provided in terms of how this will be achieved. **The Assembly concurred.***

**Fraud and Waste Detection.** The enacted budget assumes \$5.0 million in revenues from investing a total of \$1.5 million for annual service agreements and purchasing a fraud and waste data tool that will combine data across agencies including Department of Labor and Training, Department of Revenue and health and human services agencies to detect fraud and waste. A request for proposals was issued in July 2016. A bid has not been awarded; the Department is currently reviewing proposals. The Department indicated that the revenues assumed in the enacted budget are still achievable, as it was based on a 6-month implementation.

*The Governor concurred. She subsequently requested two amendments: First to shift \$1.4 million of the data tool costs to FY 2018, based on a project delay. The second amendment also delays the revenues to FY 2018. The Assembly concurred.*

### **Local Aid**

**Library Construction Aid.** The Department requested \$2.2 million for library construction aid, \$2,274 less than enacted to reflect current funding requirements for FY 2017 based on updated cost information, interest rates, and construction schedules for approved projects. 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 Governor recommended funding as requested. The Assembly concurred.*

### **HealthSource RI**

**Health Reform Assessment.** The revised request assumes \$2.6 million less than enacted from the health reform assessment, reflective of enrollments through the exchange. As of November 2016, average enrollments for FY 2017 were: 34,236 in the individual/family group or 1.4 percent less than projected, and 4,382 in the small business group or 69.8 percent below the projection. The 2015 Assembly adopted legislation authorizing the Department of Administration to charge a health reform assessment to support the operations of HealthSource RI. The legislation limits the revenues from the assessment to the amount that would be raised through the federally facilitated marketplace, which is currently 3.5 percent. This percent is then assessed on the total market premiums sold on the state based exchange.

Receipts for the first quarter of the fiscal year totaled \$1.7 million. *The Governor recommended funding as requested. The Assembly concurred.*

**Information Technology.** The revised request reflects the carry forward of \$6.8 million from federal funds for information technology services for the establishment of the Unified Health Infrastructure Project, a web-based system to be used by the general public to apply for state programs online and to buy health insurance. Deloitte Consulting is developing a premium billing module to facilitate the invoicing, collections, and customer service needs related to monthly premium payments and disbursement of payments to participating insurance carriers. The Office negotiated with the U.S. Department of Health and Human Services to obtain a no cost extension to use the remaining funds through December 30, 2017. Subsequent to the submission of the budget request, the extension was granted. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Expenses.** The request includes \$17,345 less from federal funds, reflective of staff time dedicated to the State Innovation Models Initiative, which involves several other state agencies for the development and testing of a state-based model for multi-payer medical claim payments. *The Governor recommended funding as requested. The Assembly concurred.*

### **Debt**

**General Obligation Debt.** The Department requested the enacted amount of \$82.8 million from all funds for general obligation debt service costs. This includes \$35.0 million from general revenues and \$47.8 million from other funds. This includes \$6.7 million for projected debt service on a new bond issuance in the fall of 2016. *The Governor recommended debt service savings of \$8.4 million, including \$6.7 million from delaying the issuance to the spring of 2017. She also included higher debt service costs in Public Higher Education's budget, to reflect the April 2016 issuance for a net decrease of \$6.2 million. The Assembly concurred.*

**38 Studios Settlements.** The request includes the enacted amount of \$2.5 million from general revenues for portion of the debt service in the current year relating to 38 Studios. *The Governor recommended funding as requested.*

*The Governor requested an amendment to assume use of settlement proceeds to pay the debt. In February 2017, additional settlements were identified. Settlements received, net of attorney fees, are deposited into the Capital Reserve Fund to pay the debt. The Assembly concurred.*

**All Other Debt.** The Department requested the enacted amount of \$93.7 million for all other debt service payments, including \$95.5 million from general revenues. *The Governor recommended \$50,000 more than enacted to reflect updated costs for the I-195 land acquisition debt and required payments under the Fidelity Job Rent Credits agreement. Subsequently, she requested an amendment to assume \$0.1 million in savings, based on projected expenditures for the Fidelity Job Rent Credits. The Assembly concurred.*

### **Office of Energy Resources**

**Regional Greenhouse Gas Initiative.** The Department requested \$2.8 million more than enacted, reflective of FY 2016 unspent funds from the Regional Greenhouse Gas Initiative restricted receipt fund. The receipts are derived from the sale of carbon emission credits through an auction process. Of the increase, \$2.7 million will be used to provide grants to invest in projects that reduce long-term energy demands and costs. The remaining \$54,027 will be used for the administration of the program. *The Governor recommended funding as requested. The Assembly concurred.*

**Reconciliation Funding.** The request includes \$0.3 million in reconciliation funding through the Renewable Energy Growth program for the Distributed Generation Board. Funds will be used to conduct studies or reports that the Board requires. The 2014 Assembly adopted legislation authorizing this funding mechanism for the Board, whereby the Board submits its request to the Public Utilities Commission to review and approve through a docket proceeding. Depending on the Commission's determination, the impact to National Grid customers can be a surcharge of \$0.10 to \$1.00 annually, which would appear on customers' electric and gas bills and is dependent on what the Board requests annually. National Grid then submits payments to the Office of Energy Resources, reflective of actual expenditures for studies or reports.

According to the Office of Energy Resources, this funding request process has been utilized four separate times over the past 15 months to the Public Utilities Commission. However, the Office has not shown the expenditures incurred, because they are for the Board. Based on subsequent guidance from the Budget Office, the expenditures will now be reflected in the budget. *The Governor recommended funding as requested. She also proposed legislation in Article 7 of 2017-H 5175 to exempt these receipts from the state's indirect cost recovery charge. Legislation authorizing the creation of the restricted receipt account would be needed. Subsequently, she requested an amendment to include legislation authorizing this. The Assembly concurred and enacted the legislation.*

**Other Staffing and Operations (1.0 FTE).** The request includes \$0.5 million more than enacted, including \$24,360 from federal funds and \$0.5 million from restricted receipts for all other expenditures for the Office. The request includes \$0.4 million more than enacted for various weatherization grants. The request includes \$142,819 more for salaries and benefits, reflecting funding for a new chief program development position and updated medical benefits, consistent with FY 2017 revised planning values. Funding for this position was included in the FY 2017 recommended budget; however, the Assembly did not concur and removed the funding as well as the staffing authorization. The Department indicated that the position has been filled.

*The Governor concurred and included \$0.2 million from federal funds, reflective of a grant the Office received subsequent to the submission of the budget request. Funds will be used to implement activities*

relating to building codes and standards, alternative fuels, industrial efficiency, building efficiency, and solar and renewable technologies. Subsequently, she requested an amendment to reclassify \$0.1 million of expenditures from two grants as federal sources instead of restricted receipts in order to comply with federal reporting requirements. **The Assembly concurred.**

### **Enterprise Technology Strategy and Services**

**Cybersecurity.** The enacted budget includes \$0.8 million from general revenues, including \$0.3 million to fund a new cybersecurity director in the Department of Administration and related software and training expenses. The revised request includes \$0.1 million in turnover savings, assuming that the position would be filled in December. The Department indicated that a national search was conducted and that the position should be appointed in January 2017.

*The Governor recommended transferring the director of cybersecurity position from the Department of Administration to the Department of Public Safety. This is based on a plan to reorganize the Department under a civilian commissioner. It is now anticipating a start date in February. The recommendation reflects the removal of the \$723,927 and the staffing authorization. The Department of Public Safety's budget includes \$0.4 million for the position and related costs.*

**The Assembly provided \$0.1 million in the Department of Public Safety's budget based on a delay in filling the position. The FY 2018 enacted budget maintains the position in the Department of Administration as it did not include the proposed reorganization.**

**Information Technology Investment Fund.** The Department requested \$6.1 million more than enacted from the Information Technology Investment Fund, for which the enacted budget included \$9.0 million. This fund was created by the 2011 Assembly for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance. At the end of FY 2016, the Department had \$26.9 million in available resources. It submitted a capital budget request, which assumes use of \$22.7 million in FY 2017, including funding for various projects that the Department did not incur expenses for in FY 2016. This includes \$4.9 million for the Unified Health Infrastructure Project. The plan submitted is inconsistent with the revised budget, which assumes total expenditures of \$22.7 million, or \$7.7 million more than the revised budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Software Maintenance Agreements.** The request includes \$0.4 million more than enacted from all sources, including \$0.3 million from general revenues for various software maintenance agreements. The Department indicated that these agreements are unfunded; however, they do not appear to have been included in its FY 2017 budget request. Subsequently, it indicated that the original request inadvertently omitted some of the expenditures. The request is \$349,120 more than FY 2016 reported expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Staffing and Operations.** The Department requested \$153,254 more than enacted from all sources, including \$178,909 more from general revenues to fund all other staffing and operating expenditures for the Division of Enterprise Technology Strategy and Services. The request includes \$53,017 more for salaries and benefits, including \$0.2 million more in turnover savings, offset by \$0.3 million for employee plan selection and revised medical benefit costs.

Operating expenditures are \$0.1 million more than enacted, which includes increases for internet services, information technology support and maintenance of various equipment such as copy machines. The request includes savings from telephone and travel. *The Governor recommended \$11,388 less general revenues than requested to reflect statewide benefit savings. She also included \$175,000 from federal funds for*

*information technology services related to the Victim Assistance Portal. The Assembly concurred, with the exception of reducing general revenues by \$0.1 million to include additional turnover savings.*

## **Human Resources**

**Reappropriation - Personnel Classification and Compensation Study.** The Governor reappropriated \$388,428 of unused funding from the FY 2016 budget, which included \$950,750 to obtain outside services to redesign the state's classification and compensation system. The goals of the study are to increase the state's ability to attract and maintain a high quality workforce and increase flexibility within the classification and compensation systems. The Administration indicated that the vendor has submitted its recommendation for classification of job descriptions, which the Administration is in the process of reviewing. The vendor is currently working on the compensation component of the study. The enacted budget includes \$250,000 to obtain services for implementation of the study once it is completed. This brings total funding to \$1.3 million. *The Governor included the reappropriation. The Assembly concurred.*

**Reorganization and 4.0 New Positions.** In 2013, a comprehensive personnel study found that the current structure, organization and staffing of the Division of Human Resources is not sufficient to support the state's need, the recruiting process is highly paper-based, job classification structures do not reflect qualifications to deliver the services, and the compensation structures are non-competitive. The study included a total of 16 recommendations, including restructuring the division to be headed by a new chief of human resources that would be dedicated to establishing strategic direction and developing policies. The Department filled that position in December 2013.

The FY 2017 revised request reflects the reorganization of the Division of Human Resources into two functional areas: corporate and service centers. It also includes \$321,861 from all sources, including \$268,059 from general revenues to fund four new positions: an executive director to provide strategic leadership, an administrative officer, a human resources analyst and a director of recruitment. The annualized value of the positions is \$0.6 million and is included in the FY 2018 request. The Department anticipates filling the positions in January 2017. It indicated that the Human Resources Division is being reorganized to reduce "centralized paper-based processing and increase direct human resources to agencies." The Department indicated that the positions were not included in its original FY 2017 request, as the Division was in the process of identifying what the potential needs would be. *The Governor recommended funding for these positions as requested and included an additional \$30,000 to fund training initiatives. The Assembly assumed turnover savings elsewhere in the division and did not fund these positions in FY 2018.*

**Other Salaries and Benefits.** The Department requested \$0.2 million more than enacted from all sources of funds, reflective of anticipated interagency billings, including \$0.2 million less from general revenues offset by \$0.4 million more from federal, restricted and other sources to fund 95.8 full-time equivalent positions in the Division of Human Resources. As of the last pay period in November 2016, the Division had 85.8 full-time equivalent positions filled, which is equivalent to a vacancy rate of 14.2 percent. *The Governor recommended \$11,860 less than requested to reflect statewide benefit savings. The Assembly further reduced general revenues by \$0.3 million to reflect additional turnover savings.*

**Legal Services - UHIP Staffing.** The request includes \$50,000 from general revenues to obtain outside legal services to assist the Executive Office of Health and Human Services regarding staffing changes as a result of implementing the Unified Health Infrastructure Project. *The Governor recommended an additional \$100,000. She also included \$100,000 from general revenues in the Department of Human Services, for total funding of \$250,000. Based on projected expenditures, the Assembly assumed savings of \$50,000.*

**Other Expenses.** The Department requested \$26,219 more than enacted from all funds, including \$29,056 less from general revenues for all other expenses for the Division. Of the increase, \$30,400 is for contractual services with Maximus to develop the human resources service rate for FY 2017 and the FY 2018 budget. The request also includes minor adjustments for mileage reimbursement, printing and office supplies to reflect anticipated expenditures. FY 2017 projected expenditures are \$24,983 more than reported for FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Capital Asset Management and Maintenance**

**Reappropriation - Staff Training and Equipment.** The Governor reappropriated \$162,319 of the \$167,660 in the FY 2016 budget for the Division of Capital Asset Management and Maintenance. This includes \$128,319 to provide training and education; one of the initiatives will include training and certifying staff to use certain machinery. Currently, certain jobs are delayed and/or contracted out, which the Department indicated increases overall operating costs. Certifying staff will allow it to perform certain functions in-house. The reappropriation also includes \$34,000 to purchase harsh weather gear. *The Governor included the reappropriation.* **The Assembly concurred.**

**New Senior Staff (4.0 FTE).** The Department requested \$0.6 million from general revenues to fund four new senior level positions in the new Division of Capital Asset Management and Maintenance. The positions consist of a chief engineer, a chief planner, a chief of integrated facilities management and a chief of strategic planning, monitoring and evaluation. The FY 2017 recommended budget included funding for the positions; however, the Assembly did not concur and removed the funding as well as the staffing authorization. The Department reported that all of the positions have been filled. *The Governor recommended funding as requested.* **The Assembly assumed turnover savings elsewhere in the division and did not fund these positions in FY 2018.**

**Other Salaries and Benefits.** The Department requested \$0.4 million less from all funds, reflective of additional turnover savings. This includes \$0.5 million less from general revenues, offset by \$0.1 million more from all other sources to fund the authorized level of 132.5 full-time equivalent positions in the Division of Capital Asset Management and Maintenance. As of the last pay period in November 2016, the Department had 26 vacancies, which is equivalent to a vacancy rate of 19.6 percent. The request includes \$0.1 million more to reflect updated medical costs. It also includes \$36,000 more for overtime, for which the enacted budget included \$400,000 and FY 2016 reported expenditures were \$475,723. *The Governor recommended \$16,702 less than requested to reflect statewide benefit savings.* **The Assembly further reduced general revenues by \$0.2 million to reflect additional turnover savings.**

**Utilities.** The Department projected utility costs of \$16.5 million from all funds for FY 2017, including \$13.9 million from general revenues at state buildings under its jurisdiction, including the Pastore Campus. The projection is 0.3 percent or \$51,320 more than FY 2016 reported expenditures of \$16.4 million and is \$1.8 million less than enacted, including savings of \$1.2 million from natural gas. This is as a result of a new contract that the state entered into for a period of three years for the procurement of natural gas expenses. All other expenditures for electricity, water, and sewage are \$0.6 million less than enacted, based on decreased consumption and usage. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Building Repairs and Maintenance.** The Department requested \$0.2 million more than enacted, including \$0.3 million more from general revenues, offset by \$0.1 million less from all other sources for repair and maintenance costs of buildings under the jurisdiction of the Division of Capital Asset Management and Maintenance. It includes \$112,500 more for snow removal and \$95,600 for waste disposal, reflective of increased commercial tipping fees. The Department indicated that the vendor will likely pass this increase on to the state. Costs for building maintenance, including general repairs, painting, elevators and heating, ventilation and air conditioning are \$40,307 less than enacted; however, they are \$0.5 million more than

FY 2016 reported expenditures. The Department attributed the increase over reported expenditures to now performing maintenance of group homes previously under the purview of the Department of Children, Youth and Families and the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Insurance Claim for Facilities Repair.** The request includes \$0.3 million more than enacted from restricted receipts to reflect insurance claim receipts received to repair various facilities. At the end of FY 2016, the Department had \$1.1 million available from these receipts. Reported expenditures were \$0.8 million in FY 2016 and \$0.7 million in FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Expenses.** The Department requested \$0.1 million more than enacted for all other expenditures for the Division of Capital Asset Management and Maintenance, including \$19,761 less from general revenues, offset by increases of \$110,057 from all other sources. Expenditures for the operations of the central power plant are projected to be \$0.2 million more than enacted; the contract for the operations of the power plant has two components: the direct labor paid, which is a fixed amount, and consumables, which depend on repair costs. The request includes \$129,401 more for grounds keeping services, reflective of FY 2016 reported expenditures. All other expenditures are \$0.2 million less, primarily from savings for property insurance and janitorial supplies. The request is \$0.2 million less than FY 2016 reported expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

### **Construction Permitting, Approvals and Licensing**

**Reappropriation - Staff Training.** The Governor reappropriated \$130,000 of unspent general revenues, including \$115,000 for the State Building Code Commission to conduct training on adopted codes for building, residential, plumbing, mechanical, fuel gas, energy, and property management. The Commission conducts training programs for code officials and building trades people, as statutorily mandated in 1992. She also reappropriated \$15,000 for the reproduction of code books. *The Governor included the reappropriation.* **The Assembly concurred.**

**New Building Code Positions (3.0 FTE).** The Department requested \$0.2 million from general revenues to fund three positions for the Building Code Commission. The positions consist of chief inspectors of plumbing and mechanical, building codes, and electrical. It should be noted that the Commission does not have a current backlog. However, the new positions are requested in anticipation of increased workload for projects at Quonset Point and the University of Rhode Island. The request assumes that the positions will be filled in January 2017; the FY 2018 request includes the annualized value of \$0.4 million to fund the positions. The Department indicated that the additional revenues from permitting these projects will offset the costs of the new positions. Funding for these positions was not included in the Department's FY 2017 request. *The Governor recommended funding as requested; however, she increased the staffing authorization for this division by 2.0 full-time equivalent positions.* **The Assembly assumed turnover savings elsewhere in the division and did not fund these positions in FY 2018.**

**Building Code Commission Lease.** Consistent with the enacted budget, the FY 2017 revised budget includes \$54,805 from general revenues for rent cost for the Building Code Commission. It was originally assumed that the Commission would move into the Foundry Building in Providence. In April 2017, the Commission relocated to leased space on Jefferson Boulevard in Warwick, in the same facility as the Fire Marshal. The Commission's share of the rent cost is \$3,750 per month. *The Governor recommended funding as requested.* **Based on the Department's project costs, the Assembly assumes savings of \$43,555.**

**Other Staffing.** The Department requested \$20,493 less than enacted from all funds for all other staffing and operating costs for the Division. The request includes \$50,921 more from general revenues to primarily



reflect personnel upgrades for three positions in the Building Code Commission; it assumes \$61,484 less in salaries and benefits from restricted receipts, reflecting turnover savings in the Contractors' Registration and Licensing Board, which has reported a vacancy since the beginning of the fiscal year. *The Governor recommended \$2,860 less than requested, reflective of statewide benefit savings.* **The Assembly further reduced general revenues by \$0.3 million to reflect additional turnover savings.**

**Building Codes Regulatory Review.** The Department requested \$0.1 million from general revenues to obtain services for regulatory review of revised building codes. *The Governor recommended funding as requested.* **The Department's third quarter report did not project any expenditures for this and the Assembly reduced funding accordingly.**

### Office of Management and Budget

**Lean Initiatives.** The Department requested \$114,164 more than enacted from all sources to fund lean process improvement projects to improve operational efficiency. This includes new expenditures of \$100,000 from general revenues and carry forward funds of \$14,164 from a Rhode Island Foundation grant that the Department received in 2016. The enacted budget includes \$55,000 from this grant that will help build lean capacity among state employees for strategic business process reviews. The Department subsequently submitted a list of 33 potential projects based on feedback it indicated that it received from departments, the business community and other entities. They include contracting processing at the Department of Children, Youth and Families, state food licensing, brewery licensing, the vital record request mail process and others. *The Governor concurred and added \$70,000 to reflect additional funding received from the Rhode Island Foundation.* **The Assembly concurred.**

**Transition Employment.** The Department requested the enacted amount of \$0.5 million from general revenues to fund a Pay for Success Pilot program, which is intended to increase employment and reduce recidivism of formerly incarcerated individuals. The Department indicated that it has issued the request for proposals and it hopes to have a service provider on board in February 2017. *The Governor recommended funding as requested.* **The Assembly removed the funding to reflect the delay in awarding the contract. It provided \$0.3 million for FY 2018.**

**State Agency Rules and Regulations.** The enacted budget includes \$0.7 million from general revenues in the Secretary of State's budget to revise the State's Administrative Procedures Act to create an online, indexed and searchable Code of State Regulations that will also record the intermediate steps in the process, not just the final rules and regulations adopted as currently recorded. This project is in conjunction with the state's Office of Regulatory Reform. *The Governor shifted \$66,967 from the Secretary of State's budget to the Office of Regulatory Reform to obtain contracted legal services for the review of state regulations.* **The Assembly concurred.**

**Office of Regulatory Reform - Staffing and Operations.** The Department requested \$325,693 more than enacted, including \$300,210 from general revenues and \$25,483 from restricted receipts for staffing and operating costs for the Office of Regulatory Reform. Expenditures for salaries and benefits are \$0.3 million more than enacted. This includes \$0.1 million for a new senior economic and policy analyst, which the Department indicated has been filled; \$38,129 for a policy intern; approximately \$40,000 to convert an implementation aide position to a senior economic and policy intern; and the remaining \$0.1 million is to upgrade the remaining three positions in the Office. It should be noted that the Governor had included funding to upgrade the positions as part of her FY 2016 revised and FY 2017 recommended budgets; however, the Assembly did not concur and removed the funding. The Department indicated that the positions have already been upgraded. The FY 2017 enacted budget assumed staffing of 6.0 positions; as of the last pay period in November, the Office had 7.0 full-time equivalent positions filled.

The request includes \$42,616 more than enacted from all sources for operating expenditures. This includes the carry forward of \$25,483 from FY 2016 unspent funds from a \$50,000 grant the Office received from the Providence Foundation for work related to the electronic permitting system. This system involves the purchase or lease and operation of a web-accessible plan review management and inspection software system and is currently funded with sources from the Information Technology Investment Fund.

It also includes new expenditures of \$17,133 from general revenues for software licensing fees for staff in the Office to have access to a modeling system to generate analyses for the Revenue Estimating Conference. *The Governor recommended \$7,116 less from general revenues than requested, reflective of statewide benefit savings. The Assembly concurred.*

**New Senior Economic and Policy Analyst Positions (2.0 FTE).** The request includes \$230,756 from general revenues to fund 2.0 new senior economic and policy analyst positions in the Office of Performance Management. The Department indicated that the positions are requested in order to increase the scope and frequency of performance management. The additional staff will analyze departmental performance data and provide management support to agencies. The Department included funding for these positions as part of its FY 2017 budget request; however, the Assembly did not concur and removed the funding. It appears that both positions were filled. *The Governor recommended funding as requested. The Assembly assumed turnover savings elsewhere in the division and did not fund these positions in FY 2018.*

**Office of Internal Audit.** The Department requested \$0.1 million less from all funds for the Office of Internal Audit, which was consolidated as part of the FY 2017 enacted budget in order to increase efficiency and decrease fraud and waste. Various positions were transferred from the Departments of Transportation, Human Services, Office of Post-Secondary Commissioner and the University of Rhode Island to effectuate this. The request assumes staffing of 33.0 full-time equivalent positions, two more than the authorized level. The request includes \$68,545 to fund a principal data analyst and a data analyst for the last quarter of FY 2017. These two positions will be supported by Department of Transportation sources. This is reflective of anticipated workload for auditing construction and design vendors.

As part of the enacted budget, a total of ten positions were transferred from the Department of Human Services; they were primarily eligibility technicians. The request reflects the conversion of six eligibility technicians to internal auditors. The Department indicated that certain skill sets are needed to “effectively work with the new fraud detection system.” The request includes \$0.1 million less from all funds for salaries and benefits. This includes \$0.2 million less from general revenues, reflecting the reclassification of the positions, for which the incumbents had longevity.

Operating expenditures are \$10,377 less from all funds for staff training and mileage reimbursement. *The Governor concurred, with the exception of providing \$3,204 less general revenues to reflect statewide benefit savings. The Assembly concurred.*

**Other Staffing and Operations.** The Department requested \$38,681 less from general revenues than enacted for all other staffing and operating costs for the Office of Management and Budget. Salary and benefit costs are \$85,099 less than enacted, including turnover savings of \$0.2 million from the Budget Office, offset by \$0.1 million more for the costs associated with the following offices: Director, Grants Management and Performance Management. Operating expenditures reflect an increase of \$46,418, including \$30,000 for the Budget Office to purchase a database to be used to benchmark state programs and the remaining \$16,418 is to reflect anticipated expenditures for software licensing agreements and travel costs. *The Governor recommended \$7,116 less than requested to reflect statewide benefit savings. The Assembly further reduced general revenues by \$0.1 million to reflect additional turnover savings.*

## All Other Programs

**Labor Contract Negotiations.** The Department requested \$0.2 million, \$0.1 million more than enacted from general revenues for labor negotiations with the Rhode Island Brotherhood of Correctional Officers union, which has been settled. Expenditures through November 2016 were \$85,026. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Water Management Program.** The Department requested new expenditures of \$0.1 million from general revenues to obtain services for the development of a Water Management Program, which will include initiatives in three areas: freshwater resources, infrastructure and governance. This was not included in the Department's FY 2017 request. *The Governor recommended funding as requested.* **Based on the Department's third quarter report, the Assembly removed the funding.**

**Other Salaries and Benefits.** The Department requested \$0.4 million less than enacted from all sources for salary and benefit costs for the following programs: Central Management, Accounts and Control, Legal Services, Personnel Appeal Board, Library and Information Services, Planning and the Office of Diversity, Equity and Opportunity. The request includes \$450,192 less from general revenues, which includes \$0.1 million to fund a new administrative position in the Division of Purchasing. Funding for this position was included in the FY 2017 recommended budget; however, the Assembly did not concur and removed the funding as well as the staffing authorization. The Department indicated that the position has been filled. Adjusting expenditures for the position, the request includes \$0.5 million less from general revenues, reflecting additional turnover savings. It includes \$50,000 for seasonal employees as a result of vacancies. The request also includes \$0.1 million from general revenues to partially fund a position in the Office of the Governor, which the Department indicated is providing direction and working on various initiatives at the Department. It appears that more than 90 percent of the savings is due to vacancies in Legal Services and the Water Resources Board.

*The Governor recommended \$69,984 less from general revenues, including \$19,984 less to reflect statewide benefit savings. She did not include the \$50,000 for seasonal employees.* **The Assembly concurred, with the exceptions of removing the funding for the position in the Governor's Office and assuming \$0.5 million in turnover savings.**

**Other Expenses.** The Department requested \$162,041 more than enacted from all sources of funds for all other expenses. This includes \$127,498 more from general revenues and \$34,543 more from all other sources. Of the general revenue increase, \$66,000 is to obtain services to review and analyze the current billed service model, \$30,000 is for clerical services as a result of a vacancy in the Office of Legal Services, and \$9,400 is for outside legal services for the Personnel Appeal Board, reflective of FY 2016 reported expenditures. *The Governor concurred and recommended an additional \$30,000 from general revenues to obtain services to improve the Division of Purchasing's website.* **The Assembly concurred.**

**Capital Projects.** The Department requested \$4.9 million more than enacted from Rhode Island Capital Plan funds to primarily reflect funds carried forward from FY 2016. The total request of \$51.0 million is \$2.4 million less than the Department's capital budget request. *The Governor recommended \$1.0 million more than enacted and \$3.9 million less than requested. Subsequently, she requested several amendments to reflect revised project costs or delays.* **The Assembly provided total project costs of \$41.3 million essentially as recommended. A detailed analysis of the projects is included in the Capital Budget section of this publication.**



## Department of Business Regulation

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Central Management	\$ 1,386,270	\$ 1,325,909	\$ 1,395,571	\$ 1,235,571
Banking Regulation	1,487,762	1,868,673	1,811,804	1,636,804
Securities Regulation	856,076	1,094,028	989,896	924,896
Commercial Licensing, Racing & Athletics	1,237,470	2,944,868	3,238,385	2,768,385
Insurance Regulation	4,414,197	5,786,060	5,606,970	5,431,970
Office of the Health Insurance Commissioner	3,551,977	2,561,271	3,470,472	3,470,472
Board of Accountancy	5,782	6,000	6,000	6,000
Boards for Design Professionals	265,343	273,080	356,246	356,246
<b>Total</b>	<b>\$ 13,204,877</b>	<b>\$ 15,859,889</b>	<b>\$ 16,875,344</b>	<b>\$ 15,830,344</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 9,951,045	\$ 11,319,209	\$ 11,893,052	\$ 11,293,052
Contracted Services	2,661,505	2,620,100	3,094,145	3,094,145
<b>Subtotal</b>	<b>\$ 12,612,550</b>	<b>\$ 13,939,309</b>	<b>\$ 14,987,197</b>	<b>\$ 14,387,197</b>
Other State Operations	512,560	626,842	655,371	680,371
Aid to Local Units of Government	-	-	-	-
Assistance, Grant, and Benefits	-	80,000	80,000	80,000
Capital	79,767	1,213,738	1,152,776	682,776
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 13,204,877</b>	<b>\$ 15,859,889</b>	<b>\$ 16,875,344</b>	<b>\$ 15,830,344</b>
<b>Sources of Funds</b>				
General Revenue	\$ 8,174,920	\$ 10,583,452	\$ 10,621,228	\$ 10,021,228
Federal Aid	3,073,024	1,100,710	2,011,396	2,011,396
Restricted Receipts	1,956,933	4,175,727	4,242,720	3,797,720
Other	-	-	-	-
<b>Total</b>	<b>\$ 13,204,877</b>	<b>\$ 15,859,889</b>	<b>\$ 16,875,344</b>	<b>\$ 15,830,344</b>
<b>FTE Authorization</b>	<b>98.0</b>	<b>97.0</b>	<b>106.0</b>	<b>100.0</b>
<b>FTE Average</b>	<b>88.9</b>			

**FY 2017 Revised Request.** The Department of Business Regulation requested \$1.0 million more than enacted from all fund sources, including \$260,570 more from general revenues, \$579,641 more from federal funds, and \$127,955 more from restricted receipts. The request includes 106.0 full-time equivalent positions, 9.0 more than the authorized level. *The Governor recommended \$47,289 more than requested, including \$0.2 million less from general revenues and 106.0 full-time equivalent positions as requested.* **The Assembly provided \$1.0 million less than recommended from all funds, including \$0.6 million less from general revenues and authorized a staffing level of 100.0 full-time equivalent positions for FY 2017.**

**Staffing.** The Department's FY 2017 revised request includes 106.0 full-time equivalent positions, which is nine more positions than the enacted authorization. The 2016 Assembly reduced the number of authorized positions by six existing vacancies; it did not remove funding, but did assume \$0.3 million in turnover savings. The Department requested restoration of the six vacancies, and 4.0 additional positions, offset by a transfer to the Department of Administration.

The Department is currently lacking an accreditation in the banking division and reports to be at risk for losing an accreditation in the insurance division. The budget represents the Department's needs to achieve a staffing level consistent with these goals. The Department reported new recruitment and hiring practices have resulted in significant gains in qualified candidates, and ability to fill positions. *The Governor recommended the requested level of staffing and included \$58,811 less than requested.* **The Assembly authorized a staffing level of 100.0 positions for FY 2017.**

**Reappropriation - Lean Process Training.** The request includes \$59,772 reappropriated by the Governor in support of lean process training for Department staff. This includes \$32,322 for the Banking Regulation division, \$13,725 for the Securities Regulation division, and \$13,725 for the Insurance Regulation division. Original training efforts were to begin in FY 2015; however, the vendor was unavailable to complete the program within the fiscal year and no funds were spent. As a result, the Governor reappropriated \$54,900 to FY 2016. The Department reported that it had intended to hold two training events per quarter in FY 2016; however, that schedule was too aggressive and only four total events were held. The Office of Management and Budget paid half of the total cost of two events approximately \$9,600; Department expenditures totaled \$27,300.

The Governor reappropriated the remaining funds, plus an additional \$32,172 from a supporting cooperative initiative for four lean training events in FY 2017. It should be noted that the Department requested and the Governor recommended an additional \$54,900 for lean as part of a larger transformation initiative in the FY 2017 operating request; the Assembly did not concur. *The Governor included the reappropriation.* **The Assembly concurred.**

**OHIC - State Innovation Models Grant.** The Office requested \$0.9 million more than enacted from federal funds for staffing and operations related to its State Innovation Models grant. The request reflects a collaborative database project between three agencies and the Office; the requested funds include \$0.8 million for the database project, and \$0.1 million for salaries and benefits related to the grant. The Office is only liable for these database expenditures in FY 2017; the Office excluded the request from its original FY 2017 request because of a miscommunication between its grant partners. The contracts related to these expenditures are ending and the obligation for ongoing expenditures is being assumed by the Executive Office of Health and Human Services.

The request includes \$0.1 million of staffing costs for 2.0 full-time equivalent positions and \$0.8 million to support the information technology infrastructure of the all-payer claims database, HealthFacts RI. The purpose of the database is to develop information on the efficacy of interventions, utilization rates, and demonstrate the comparative costs of healthcare. The contracts for development of the database were awarded to two vendors in 2012 and 2014. The requested funds support the performance for the contracts that had been scheduled to expire December 31, 2016 and March 31, 2017, respectively. The Office reported the March 31, 2017 contract was terminated as of August 2016 upon determination of a different approach. *The Governor recommended funding as requested.* **The Assembly concurred.**

**OHIC - Health Insurance Enforcement Grant.** Subsequent to the Department's budget submission, the Office was awarded a new federal Health Insurance Enforcement and Consumer Protection grant to implement and enhance policy form review, conduct market examinations and analysis, and investigate consumer complaints. *The Governor recommended \$0.3 million from federal funds for this initiative,*

*including \$0.2 million for salaries and benefits for 3.0 positions, authorized but not funded in the request.*  
**The Assembly concurred.**

**OHIC – Staffing and Operations.** The Department requested \$344,806 less than enacted from federal funds for all staffing and operations related to rate review activities. General revenues for remaining staff and operations are at the enacted level. The rate review grants were funded from three federal sources which were all slated to close September 30, 2016; however, the Office reported receiving a no cost extension on two of the three sources through September 30, 2017.

This request adds \$49,820 for salaries and benefits and \$2,000 for associated audit fees to reflect the extension. *The Governor recommended \$1,485 less from general revenues than requested to reflect statewide benefit savings.* **The Assembly concurred.**

**Office of Business Climate Improvement.** The Department requested \$162,500 more than enacted from general revenues to create a new Office of Business Climate Improvement to streamline business development processes. The Office was to be staffed by two existing full-time-equivalent positions, one from the Commerce Corporation and the small business ombudsman from the Office of Regulatory Reform. The Department’s request maintains the positions within their original agencies; the requested funds were reimbursements to those agencies for services rendered.

The intent of the Office was to further the improvement of the state’s business climate through the advocacy of high quality, well-administered regulatory services through the identification of unnecessary state approval and permitting requirements which have not yet been specified. The goals of the Office were enhanced customer service, increased e-governance processes and expedited permit and licensure procedures. The Department’s request identified geographic separation of these positions as a barrier to the advancement of an improved business climate.

The Office has noted that the ombudsman has new responsibilities, as a result the Office is increasing the Ombudsman’s wage by \$9,140 by requesting a position change through the budget process. The Department reported the ombudsman’s job duties expanded when a memorandum of understanding was signed between the Office of Regulatory Reform and Commerce RI in September 2015. Compared to the duties in statute, the greatest change in scope is to act as the intermediary helping navigate small businesses through the state’s regulatory process, doing process mapping for the permitting processes, and identifying and improving inefficiencies and redundancies. No other employee has been identified. *The Governor did not recommend this initiative.* **The Assembly concurred.**

**Medical Marijuana Regulation.** The Department’s revised request includes \$60,962 more than enacted from restricted receipts for staffing costs related to medical marijuana licensing. The Department has subsequently reported the supplemental request was included erroneously.

In October 2016, the Division implemented emergency regulations in recognition of possible supply-chain disruption due to the budget article passed in June 2016; the program held a public comment period on November 22, 2016 and announced final regulation on December 16, 2016. As of December 20, 2016, the Department reported the program is fully staffed, tag tracking software is currently being built and anticipated to be operational on schedule, regulations have been finalized, five cultivator applications have been approved, and the process of procuring temporary staff to begin credentialing patients has begun. *The Governor recommended the enacted level of funding. The Governor subsequently requested an amendment to decrease restricted receipt funding by \$470,000 to reflect actual expenditures for the Division’s medical marijuana plant tagging system.* **The Assembly concurred.**

**IT Programmer Transfer to DOA (1.0 FTE).** The Department requested \$57,533 less than enacted from general revenues for 1.0 full-time equivalent position to transfer to the Department of Administration. The

Department's e-licensing system was previously maintained by a Department employee who is no longer employed by the Department. It is an information technology position that has been deemed appropriate to be reassigned to the Department of Administration's Division of Information Technology. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits (10.0 FTE).** The Department requested \$145,524 more than enacted from all sources for all other salaries and benefits, including \$57,531 more from general revenues and \$87,993 more from restricted receipts to restore turnover savings. The request also included other adjustments based on current filled positions and staffing plans among programs. The changes reflect restoring turnover assumed in the enacted budget and include an additional 10.0 positions. The restored positions include three in the Insurance division, two in the Banking Division, and one in the Securities division. The new positions include three positions in the Commercial Licensing Division and one position in the Design Professionals Division.

The request includes 93.0 full-time equivalent positions, 10.0 more positions than authorized in the enacted budget including the restoration of six positions eliminated by the 2016 Assembly; no funding was removed in the enacted budget. The Department requested revised FY 2017 expenditures of \$9.8 million from general revenues for its remaining six Divisions, a 2.9 percent increase over the enacted amount, of which current salaries and benefits total \$8.8 million, 93.7 percent of general revenue expenditures. *The Governor recommended \$86,713 more than enacted from all sources, including \$1,280 less from general revenues. The recommendation is \$58,811 less than requested; it does not restore turnover savings and also includes \$13,936 in statewide benefit savings.* **The Assembly included \$0.6 million of additional general revenue turnover savings, and a staffing level of 87.0 full-time equivalent positions.**

**Other Operations.** The Department requested \$38,300 more than enacted from general revenues all other operations, including \$12,300 for Microsoft 360 licenses, and \$26,000 for security services within the Department's lobby area. The Department reported that multiple incidences between irate Department clients and staff have resulted in the Department's staff expressing concern for their personal safety; the prior director contracted security services to address the staff concerns.

The Department noted that prior to July 1, 2016 the license agreement for Microsoft products were not paid from the Department's resources and it did not include a request for the licenses in its original FY 2017 budget request. These are ongoing expenditures. *The Governor recommended funding essentially as requested. The Governor subsequently requested an amendment to increase restricted receipt funding by \$25,000 to reflect expenditures for dues and subscriptions in FY 2016, which were billed in FY 2017.* **The Assembly concurred.**

**Enhanced Fee and Assessment Collections.** The 2016 Assembly approved the Department's proposed enhanced collections of insurance fees and assessments through the active billing of insurance companies licensed to write policies in Rhode Island but domiciled in other states. The Department estimated that the impact of the proposal would be an additional \$1.1 million in revenues. At the November 2016 Revenue Estimating Conference, the Department reported revenues consistent with the enacted budget. *The Governor's recommended budget does not include any additional revenues.* **The Assembly reduced the revenue estimate for FY 2017 consistent with testimony at the May 2017 Revenue Estimating Conference that revenues will not be realized in the current year.**



## Executive Office of Commerce

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Executive Office of Commerce	\$ 718,500	\$ 1,200,198	\$ 1,255,549	\$ 955,599
Housing & Community Development	13,320,595	23,158,132	23,630,764	23,630,764
Quasi-Public Appropriations	16,418,704	13,156,714	12,717,513	12,750,830
Commerce Programs	-	5,000,000	3,500,000	3,500,000
Economic Development Initiative Funds	42,958,000	36,900,000	38,400,000	37,700,000
<b>Total</b>	<b>\$ 73,415,799</b>	<b>\$ 79,415,044</b>	<b>\$ 79,503,826</b>	<b>\$ 78,537,193</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,683,173	\$ 2,326,349	\$ 2,467,370	\$ 2,167,420
Contracted Services	-	60,000	-	-
<b>Subtotal</b>	<b>\$ 1,683,173</b>	<b>\$ 2,386,349</b>	<b>\$ 2,467,370</b>	<b>\$ 2,167,420</b>
Other State Operations	40,471	101,981	117,739	117,739
Assistance, Grants, and Benefits	12,110,688	23,020,000	22,298,954	22,298,954
Capital	8,224	1,300,000	753,933	787,250
Capital Debt Service	-	-	-	-
Operating Transfers	59,573,243	52,606,714	53,865,830	53,165,830
<b>Total</b>	<b>\$ 73,415,799</b>	<b>\$ 79,415,044</b>	<b>\$ 79,503,826</b>	<b>\$ 78,537,193</b>
<b>Sources of Funds</b>				
General Revenue	\$ 60,458,832	\$ 55,574,117	\$ 55,735,212	\$ 54,735,262
Federal Aid	10,016,268	17,790,927	18,266,931	18,266,931
Restricted Receipts	2,681,142	4,750,000	4,750,000	4,750,000
Other	259,557	1,300,000	751,683	785,000
<b>Total</b>	<b>\$ 73,415,799</b>	<b>\$ 79,415,044</b>	<b>\$ 79,503,826</b>	<b>\$ 78,537,193</b>
<b>FTE Authorization</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>
<b>FTE Average</b>	<b>11.7</b>			

**FY 2017 Revised Request.** The Executive Office of Commerce requested \$0.5 million more than enacted for FY 2017. This included \$0.4 million more from general revenues, and \$0.2 million more from federal funds. The Office requested the authorized level of 16.0 full-time equivalent positions. *The Governor recommended \$0.4 million less than requested, including \$0.2 million less from general revenues, \$0.3 million more from federal funds, and \$0.5 million less from Rhode Island Capital Plan funds. The Governor subsequently requested an amendment to include an additional \$33,317 from Rhode Island Capital Plan funds to reflect actual expenditures. The Assembly reduced general revenues by \$1.0 million and concurred with the remainder of the amended recommendation.*

**Reappropriation - I-195 Redevelopment District Commission.** The Governor reappropriated \$69,116 of unspent funds for the I-195 District Commission's operations. *The Governor recommended funding as requested. The Assembly concurred.*

**I-195 Redevelopment District Commission.** The Office requested \$179,884 more than enacted from general revenues for all other staffing and operations for the I-195 Redevelopment District Commission above the Governor's reappropriation of \$69,116. This includes \$168,054 more for salaries and benefits and \$11,830 more for other operations.

The request includes a new senior project manager position, a 50.0 percent allocation for an administrative support position currently provided by the Commerce Corporation, and an allowance for part-time staff. The Commission included this position in its original FY 2017 request; the Governor recommended the position and \$0.1 million in funding, but the Assembly did not concur. The Commission reported that increasing the staff size will expedite closing new developments. The Commission reported a larger operational allocation is necessary to cover increased costs for legal, design, and civil engineering review.

*The Governor did not recommend the requested increase and included the enacted level of funding. **The Assembly concurred.***

**Anchor Institution Tax Credit.** The 2015 and 2016 Assemblies provided a total of \$1.5 million for the Anchor Institution Tax Credit program. The Anchor Institution Tax Credit program establishes a credit of an unspecified amount that may be applied against corporate income tax liability for up to five years. The credit is available for businesses that have successfully solicited the permanent relocation of a separate business, or of at least ten employees of that separate business, to the state. No more than 75.0 percent of the total funds allowed for the program in a fiscal year may be assigned to a single recipient. The program will sunset on December 31, 2018. *The Governor included the enacted level of funding. **The Assembly eliminated the \$0.7 million included in the enacted budget as no credits have been awarded to date.***

**Commerce Corporation - Economic Impact Report.** The Office requested \$35,300 more than enacted from general revenues for an unforeseen report assessing the potential economic impact of the Access Northeast project in Rhode Island; the project is jointly owned by Spectra Energy, Eversource Energy, and National Grid. The Commerce Corporation is required by statute to provide a statewide advisory opinion on impacts from proposed contracts pursuant to Rhode Island General Law, Section 39-31-6. The Public Utilities Commission notified the Commerce Corporation of the obligation on July 1, 2016; the report was completed September 23, 2016. *The Governor recommended \$40,000 to fund this expense. **The Assembly concurred.***

**Shared Services Financial Administrator.** The Office requested \$59,393, including \$14,848 from general revenues, and \$44,545 from federal funds for a financial administrator with responsibilities in both the Executive Office of Commerce and Office of Housing and Community Development to in-house duties currently being performed by the Department of Administration. The cost to the Executive Office is 25.0 percent of the position, with Housing and Community Development responsible for the remaining 75.0 percent.

The Office reported that when Housing and Community Development was transferred to the Office in July 2015, the Department of Administration had been covering the financial operations of Housing, and has continued to perform those duties under a memorandum of agreement. The request in the current year is to provide additional functional administrative support to both agencies beyond its financial role and alleviate the usage of Commerce Corporation employees when the Office is understaffed.

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

**Chafee Center at Bryant University.** The Office's revised request includes \$60,000 more than enacted from general revenues for the Chafee Center at Bryant University. The Chafee Center is the state's designated State International Trade Office. The increase is intended to provide additional matching support for its State Trade Expansion Promotion program to increase the value of small and medium

business international exports. Rhode Island was awarded \$427,950, with a required match of \$142,650, representing a three to one in federal match funding; the Chafee Center's current appropriation is \$376,200. The Corporation reported that a larger grant award would allow the Center to apply for a larger amount from the Small Business Administration, generating greater economic impact. The Corporation provided documents demonstrating \$3.4 million in actual sales between September 2015 and September 2016 from a total award of \$344,052, with projected sales estimated at \$14.1 million. *The Governor included the enacted level of funding for this program.* **The Assembly concurred.**

**Executive Office Relocation.** The Office requested \$37,070 from general revenues to relocate the Office from its current location at the State House to 315 Iron Horse Way, which is also the location of the Rhode Island Commerce Corporation. The request includes \$25,000 assuming a March 1 start date, and \$12,050 for relocation services.

The Office currently has six staff, 5.0 full-time equivalent positions and an assistant to the Secretary of Commerce employed by the Commerce Corporation, who worked out of two rooms; the relocation expanded the functional space to six offices, a conference room and reception area. The Commerce Corporation is also relocating within the space at 315 Iron Horse Way. *The Governor recommended \$45,739, which is \$8,689 more than requested, and reflected updated costs associated with the move and a February 1 start date for the lease.* **The Assembly concurred.**

**Other Executive Office Operations.** The Office requested \$40,867 less than enacted from general revenues for all other operations. In an effort to maintain the enacted budget despite relocation the Office reduced total operating expenses by \$21,852, including 95.8 percent of its allotment for communications and 54.8 percent of its travel allotment, offset by \$1,250 in miscellaneous expenses. *The Governor recommended \$35,631 more than requested for a Governor's Office position charged to the Office.* **The Assembly did not concur with funding the Governor's Office staff and further reduced general revenues by \$0.2 million reflecting projected expenditures for the remainder of the fiscal year based on the third quarter report.**

**Other Housing and Community Development Staffing and Operations.** The Office requested \$0.1 million more than enacted from all sources for other Housing and Community Development staffing and operations, including \$1 more from general revenues and \$111,366 more from federal funds. The request shifts general revenues from salaries and benefits to operations, reflecting the request for the shared services position. It also includes an additional \$140,000 from federal grant funds for shelter grant programs and adjustments to other spending based on FY 2016 expenditures.

The Office requested \$21,735 more than enacted from all sources for salaries and benefits for 10.8 full-time equivalent positions, 0.2 less than the authorized level of 11.0 reflecting the shared services position with the Executive Office. The request restores turnover assumed in the enacted budget and reclassifies an executive assistant position to financial assistant administrator to be shared with the Executive Office.

*The Governor recommended \$0.3 million more than requested from all sources, including \$3,373 less from general revenues. Subsequent to its budget submission, the Office reported the pending expiration of federal grant funds; the additional \$0.3 million from federal funds represents all remaining funds to be spent in the current year to close out the grant.* **The Assembly concurred.**

**Capital Projects.** The Office requested the enacted amount of \$1.3 million from Rhode Island Capital Plan funds for two capital projects. *The Governor recommended \$0.8 million, \$0.5 million less than requested, primarily to reflect an updated project timeline for the Quonset Piers project. The Governor subsequently requested an amendment to include an additional \$33,317 for FY 2017 to reflect actual expenditures.* **The Assembly concurred. A detailed analysis of the projects is included in the Capital Budget section of this publication.**



## Department of Labor and Training

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Central Management	\$ 2,892,443	\$ 2,554,448	\$ 2,518,406	\$ 1,353,968
Workforce Development Services	36,169,263	36,864,600	55,646,182	56,192,205
Workforce Regulation and Safety	2,971,965	2,825,411	2,813,335	1,818,707
Income Support	375,243,644	368,318,420	374,621,921	373,799,945
Injured Workers Services	7,620,544	8,552,358	8,580,397	8,580,397
Labor Relations Board	439,709	402,491	404,549	404,549
<b>Total</b>	<b>\$ 425,337,568</b>	<b>\$ 419,517,728</b>	<b>\$ 444,584,790</b>	<b>\$ 442,149,771</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 40,264,914	\$ 39,540,030	\$ 42,500,030	\$ 39,957,152
Contracted Services	4,138,440	5,758,808	8,150,577	8,150,577
<b>Subtotal</b>	<b>\$ 44,403,354</b>	<b>\$ 45,298,838</b>	<b>\$ 50,650,607</b>	<b>\$ 48,107,729</b>
Other State Operations	7,804,453	4,476,159	4,527,850	4,556,629
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	352,913,019	361,582,771	375,487,872	376,731,390
Capital	279,954	2,012,606	2,413,185	1,248,747
Capital Debt Service	-	-	-	-
Operating Transfers	19,936,788	6,147,354	11,505,276	11,505,276
<b>Total</b>	<b>\$ 425,337,568</b>	<b>\$ 419,517,728</b>	<b>\$ 444,584,790</b>	<b>\$ 442,149,771</b>
<b>Sources of Funds</b>				
General Revenue	\$ 8,382,043	\$ 8,212,636	\$ 8,139,796	\$ 7,053,913
Federal Aid	39,141,911	38,451,580	49,186,947	48,693,285
Restricted Receipts	31,568,311	23,585,123	29,710,613	30,040,160
Other	346,245,303	349,268,389	357,547,434	356,362,413
<b>Total</b>	<b>\$ 425,337,568</b>	<b>\$ 419,517,728</b>	<b>\$ 444,584,790</b>	<b>\$ 442,149,771</b>
<b>FTE Authorization</b>	<b>409.5</b>	<b>409.5</b>	<b>436.2</b>	<b>409.5</b>
<b>FTE Average</b>	<b>401.1</b>			

**FY 2017 Revised Request.** The Department requested \$26.4 million more than enacted including \$0.7 million more from general revenues, \$10.7 million more from federal funds, \$6.1 million more from restricted receipts and \$8.9 million more from other funds. The request includes 436.2 full-time equivalent positions, or 26.7 above the enacted authorization.

*The Governor recommended \$1.3 million less than requested including \$0.8 million less from general revenues and \$0.6 million less from Rhode Island Capital Plan funds. She recommended 436.2 full-time equivalent positions as requested.*

*The Governor subsequently requested an amendment to add \$1.3 million from a new federal grant the Department received called America's Promise Grant. The grant is designed to accelerate the development and expansion of regional workforce partnerships committed to providing a pipeline of skilled workers in*

specific sectors. She also requested an amendment to add \$26,787 to reflect funding the Department received from the Social Security Administration for achieving Ticket to Work Milestones.

**The Assembly reduced general revenues by \$1.1 million to reflect savings of \$0.1 million for the Police and Fire Relief program based on updated cost projections, \$0.7 million in general revenue expenses shifted to available Tardy and Interest restricted receipts and \$0.3 million from not funding new positions. It also shifted \$1.2 million from Rhode Island Capital Plan funds to later years for the General Asset Protection project based on an updated project schedule. It authorized the enacted level of 409.5 full time equivalent positions.**

**Staffing.** The Department’s revised request includes an increase of 26.7 full time equivalent positions for a total of 436.2. The increases for various programs, both existing and new as shown in the table below, are described elsewhere in the analysis. It appears that the Department filled many of these positions by keeping other authorized positions vacant. As of the pay period ending on January 7, 2017, the Department had filled all but 4.8 of its full-time equivalent authorization.

Agency wide, the revised request includes \$43.3 million for salaries and benefits. This is \$3.8 million more than enacted and reflects use of \$2.0 million in one-time Reed Act funding for staffing costs for FY 2017 only. These funds were historically available to the Department to use for operating expenses but in March of 2009 the Department had to use the funds to pay unemployment insurance benefits after the Unemployment Insurance Trust Fund became insolvent. Under the Social Security Act, the primary purpose of Reed Act funds is the payment of cash benefits. However, a state is permitted at its discretion, to use Reed Act funds for the administration of its unemployment compensation law and public employment offices. The Department noted that since the Unemployment Insurance Trust Fund has become solvent, it is requesting restoration of these funds to support its unemployment insurance operations.

The FY 2017 revised request would fund approximately 431 positions, or five fewer than the total authorization requested. As of the pay period ending on January 7, 2017, the Department had 404.7 filled positions.

<b>FY 2017 Revised New Positions</b>			
		<b>General</b>	
	<b>FTE</b>	<b>Revenues</b>	<b>All Funds</b>
Workforce Regulation and Safety	4.0	\$ 240,431	\$ 392,801
Integrity and Compliance Unit	2.0	-	237,335
Real Jobs Rhode Island	1.0	-	81,107
Governor's Workforce Board	1.0	-	93,110
Public Relations	1.0	7,354	73,542
Hearing Unit	1.5	-	86,907
State Workforce & Ed. Alignment Project	1.0	-	108,874
Lean, Earn, Advance and Prosper	1.0	-	92,719
Unemployment Insurance	14.2	-	1,390,657
<b>Total</b>	<b>26.7</b>	<b>\$ 247,785</b>	<b>\$ 2,557,052</b>

*The Governor recommended authorization for the 26.7 new positions as requested. The revised expenditure recommendation would fund approximately 425 positions. **The Assembly did not concur and excluded the funding and positions.***

**Workforce Regulation and Safety Division Positions (4.0 FTE).** The Department requested \$0.4 million from all funds for 4.0 new full-time equivalent positions for the workforce regulation and safety division. The request includes \$0.2 million from general revenues and \$0.2 million from restricted receipts. The Department noted that in order to meet the demands of the caseloads regarding workplace fraud, the

Department hired 3.0 labor standards examiners in FY 2016 by using other vacancies within its overall authorization supported with general revenues and restricted receipt funding. These positions were requested for FY 2017 but the Assembly did not approve them. It also hired 1.0 interpreting interviewer (Spanish) in August 2016 to provide a higher level of customer service to this population. This position was not requested as part of the FY 2017 budget. *The Governor recommended funding and staffing as requested.* **The Assembly did not concur and excluded the funding and positions.**

**Integrity and Compliance Unit Positions (2.0 FTE).** The Department requested \$0.2 million from federal funds for 2.0 new full-time equivalent positions for the integrity and compliance unit. The Department noted that the integrity and compliance unit was developed after a finding from the United States Department of Labor citing a lack of required grant monitoring. Therefore, one investigative auditor and one senior monitoring and evaluation specialist were hired in July 2016 to augment existing staff to fulfill this role. *The Governor recommended staffing and funding as requested.* **The Assembly did not concur and excluded the funding and positions.**

**Real Jobs Rhode Island Coordinator (1.0 FTE).** The Department requested \$0.1 million from restricted receipts for 1.0 new coordinator of employment and training programs to handle the workload generated by the 26 partnerships established under the Real Jobs Rhode Island program. The Department noted that the workload has been spread out amongst other staff, but program growth necessitates the additional position. The goal of the program is to develop Real Jobs partnerships that convene industry employers, key stakeholders and groups in partnerships that build alliances to address business workforce demands. The budget request assumed the position would be filled by the beginning of the second quarter of FY 2017. *The Governor recommended staffing and funding as requested.* **The Assembly did not concur and excluded the funding and position.**

**Real Jobs Rhode Island.** The Department requested \$0.7 million more than enacted from all funds for expenses of the Real Jobs Rhode Island program, including \$0.7 million more from federal funds and \$5,702 less from restricted receipts. Funding includes \$3.0 million more from new sector partnership emergency grant funds, which were carried forward from FY 2016, \$2.3 million less from federal Workforce Innovation and Opportunity Act funds from incentive awards and \$5,702 less from restricted receipt funds from employer contributions into the Job Development Fund, which is awarded through the Governor's Workforce Board.

The additional funds would be used to continue supporting partnerships, which were slow to start up in FY 2016. The Department decided to expand training programs into more than just one or two cohorts. The Department noted that grants were budgeted based on available funding to allow for the flexibility to spend on various opportunities as they presented. The Real Jobs Rhode Island program aims to develop job partnerships connecting industry employers and key stakeholders to build alliances and address business workforce demands. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$1.3 million from a new federal grant the Department received called America's Promise Grant. The grant is designed to accelerate the development and expansion of regional workforce partnerships committed to providing a pipeline of skilled workers in specific sectors. The Department indicated that the grant will be used for the Real Jobs Rhode Island initiative to continue strengthening partnerships in the manufacturing sector.* **The Assembly concurred.**

**Governor's Workforce Board Chief of Planning (1.0 FTE).** The Department requested \$0.1 million from restricted receipts for 1.0 new Governor's Workforce Board chief of planning position. The Department noted that the Governor's Workforce Board Chief has been re-assigned to the Real Jobs Rhode Island Program. Therefore, this position has been added to meet the specific demands within the Governor's Workforce Board that the transfer created. The mission of the Governor's Workforce Board is to develop, implement and support strategies that increase and improve the skill base of the state's workforce to meet

the current and future demands of Rhode Island businesses. The Board also convenes and builds consensus among public and private stakeholders on devising policies that increase economic development opportunities within the state and serves as the primary advisory body to the Governor regarding Rhode Island's federal and state workforce development programs and related systems issues. The budget assumes the position would be filled at the beginning of the third quarter of FY 2017. *The Governor recommended funding and staffing as requested.* **The Assembly did not concur and excluded the funding and position.**

**Governor's Workforce Board - Grants and Operations.** The Department requested \$5.1 million more than enacted from restricted receipts to continue supporting workforce development grant awards and employment and training initiatives through the Governor's Workforce Board. The increase reflects carried forward funds from FY 2016. The Board receives 0.19 percent of the 0.21 percent for their activities and support. The 0.19 percent assessment currently generates approximately \$14.7 million due to the increased tax base. Administrative costs are currently at approximately \$2.2 million including adult education and these requested grant expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Employ Rhode Island.** The Department requested \$0.2 million from other funds for a new document manager module, which will allow the Department to switch to a paperless application process in the NetWORKri Offices. Employ Rhode Island is a free online recruiting resource for businesses and organizations wishing to fill staff vacancies by either recruiting from the database or posting a vacant position. The Department noted that it needs the document manager to ensure adequate security for personal information and to maintain files organized for audit reviews. Funding for this initiative was received from the Social Security Administration as a result of successful job placements and retention milestones for participants in the Disability Employment Initiative after the beginning of the fiscal year. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$26,787 to reflect funding the Department received from the Social Security Administration for achieving Ticket to Work Milestones, which is a program available to people ages 18 through 64 who are blind or have a disability and who receive Social Security Disability Insurance or Supplemental Security Income benefits.* **The Assembly concurred.**

**Dislocated Workers.** The Department requested \$1.8 million more than enacted from federal funds to reflect a new grant awarded from the United States Department of Labor's Employment and Training Administration. Funding will be used to train laid-off workers for available jobs. The funding may also be used to provide client services, such as job counseling, apprenticeships, and direct job placement that help connect laid-off workers, including the long-term unemployed, with jobs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Trade Readjustment Act.** The Department requested \$1.8 million more than enacted from federal funds for the trade readjustment assistance programs. The increase reflects new assistance awarded to the Department by the United States Department of Labor's Employment and Training Administration. The main objective of the Trade Readjustment Assistance Act is to provide support to qualified workers adversely affected by foreign trade and assist them to obtain suitable employment. State workforce agencies serve as an agent of the United States for administering the worker adjustment assistance benefit provisions of the Trade Act. The programs provide testing, counseling, and job placement services, job search and relocation assistance, training, and payment of weekly trade readjustment allowances. Trade impacted workers are eligible to receive job search and relocation allowances to attend approved training outside the normal commuting distance of the worker's regular place of residence. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Public Relations Position (1.0 FTE).** The Department requested \$0.1 million from all funds including \$7,354 from general revenues for 1.0 new chief of information and public relations position in the marketing



and communications unit. The Department noted that the demands of the marketing and communications unit, which is a multi-function work unit within the Department's executive office, required additional staff to handle workflow. This position would be responsible for bolstering efforts to meet customer demands by assisting with promotional event management and handling writing assignments as necessary. The request assumes the position would be filled by the first week of February. *The Governor recommended funding and staffing as requested.* **The Assembly did not concur and excluded the funding and position.**

**Hearing Unit Positions (1.5 FTE).** The Department requested \$0.1 million from restricted receipts for a new full-time administrative officer and a part-time legal counsel for the Department's new hearing unit. The Department is in the process of establishing a hearing unit and requested these two new positions to assist the current administrator with the workload. The request assumed the positions would be filled by the beginning of the third quarter of FY 2017. *The Governor recommended funding and staffing as requested.* **The Assembly did not concur and excluded the funding and positions.**

**State Workforce and Education Alignment Project Position (1.0 FTE).** The Department requested \$0.1 million from federal funds for a new principal research technician position. The Department noted that this position is requested in order to meet the demands of the state workforce and education alignment project funded by a grant from the National Skills Coalition. The position was filled in September 2016. *The Governor recommended funding and staffing as requested.* **The Assembly did not concur and excluded the funding and position.**

**Linking to Employment Activities Pre-release Position (1.0 FTE).** The Department requested \$0.1 million from federal funds for 1.0 new assistant coordinator of employment and training programs for the Linking to Employment Activities Pre-release program. This program provides employment services for formerly incarcerated individuals. The position was filled in August 2016. *The Governor recommended funding and staffing as requested.* **The Assembly did not concur and excluded the funding and position.**

**All Other Workforce Development Grants and Operations.** The Department requested \$4.2 million more than enacted from federal funds for all other workforce development grants and operations. These increases reflect unspent funds in FY 2016, which have been carried forward into FY 2017. This includes \$2.6 million more from the Workforce Investment Act incentive grant, \$1.4 million more for Workforce Investment Act programs to support employment initiatives oriented towards youth, adults and dislocated workers and \$0.2 million more for the women's paid leave grant, which is passed through to the University of Rhode Island for research around expanding access to the Department's temporary caregiver insurance program. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Unemployment Insurance Positions (14.2 FTE).** The Department requested \$1.4 million from federal funds for 14.2 new full-time equivalent positions for the unemployment insurance program. The Department's request converts the current 11.0 part-time senior employment and training interviewers to full-time positions, which adds 4.4 full-time equivalent positions to the Department's count. It would also hire an additional eight part-time senior employment and training interviewers, or 4.8 full-time equivalent positions.

In order to provide additional support to its customers, the Department would hire 1.0 employment and training interviewer (Portuguese) and 3.0 employment and training interviewers (Spanish) to assist this population of customers. Finally, 1.0 employment and training financial analyst would be hired to cross train with the current unemployment insurance assistant director to learn important aspects of the job as it relates to forecasting current and long-term trends as well as measurable economic influences pertinent to trust fund solvency and other related functions. Five of the 11.0 senior employment and training interviewers were converted to full-time employees as of November 2016; the remaining 6.0 are still considered part-time employees. The rest of the positions were hired in November or December of 2016 with the exception of one additional part-time senior employment and training interviewer. *The Governor*

*recommended funding and staffing as requested. The Assembly did not concur and excluded the funding and positions.*

**Unemployment Insurance Benefits.** The Department requested \$1.5 million less than enacted from other funds for unemployment insurance benefits. This includes \$3.0 million more for benefit payments to other states and \$4.5 million less for traditional benefit payments. There have been both fewer individuals collecting benefits overall and lower total benefit payments per individual, primarily from individuals finding employment before exhausting their 26 weeks of benefits. *The Governor recommended funding as requested. The Assembly concurred.*

**Unemployment Insurance Information Technology System.** The Department requested \$2.4 million more than enacted from federal funds for expenses related to the replacement of the unemployment benefit and tax system. The increase reflects funds carried forward from FY 2016. The Department indicated that it received an extension to expend these funds through September of 2018. The benefit system is currently scheduled to go live in February of 2018 and the tax system will most likely go live before August of 2018.

Rhode Island joined into a consortium with Maine and Mississippi to develop new automated unemployment insurance tax and benefit systems, based on Mississippi's systems. The United States Department of Labor awarded the consortium \$90.0 million for the project, \$60.0 million for the centralized program development and \$10.0 million to each state to develop the program to its specific needs. The Department was able to secure \$4.4 million for FY 2015 through FY 2017 in additional federal funds to support staffing expenses related to developing the system. *The Governor recommended funding as requested. The Assembly concurred.*

**Police and Fire Relief Fund.** The Department requested \$67,861 less than enacted from general revenues for police and fire benefits paid to surviving spouses of deceased police and firefighters and education benefits for spouses and children of deceased or disabled officers and firefighters, as well as the disabled workers based on projected expenditures. This consisted of \$39,393 less for the Firemen's relief fund and \$28,468 less for the Policemen's relief fund. *The Governor recommended funding as requested. The Assembly reduced general revenues by \$0.1 million based on updated cost projections.*

**Temporary Disability Insurance Benefits.** The Department requested \$2.0 million more than enacted from the Temporary Disability Insurance Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. Requested benefits increase 2.0 percent from the enacted level and 2.1 percent from FY 2016 expenditures. The Department is projecting higher benefit levels because benefits have been steadily increasing each year since a low of \$156.8 million during the great recession. *The Governor recommended funding as requested. The Assembly concurred.*

**Temporary Disability Insurance Administration.** The Department requested \$0.8 million more than enacted from the Temporary Disability Insurance Fund for administration of the Temporary Disability Insurance program of which \$0.3 million is for work on the interactive web response system, which was supposed to be completed in FY 2016. Funds were carried forward into FY 2017. It also includes \$0.4 million more in staffing costs to fully fund the program's 65.9 full-time equivalent positions and adjusts medical benefit costs consistent with Budget Office instructions. *The Governor recommended funding as requested. The Assembly concurred.*

**Temporary Caregiver Benefits.** The Department requested \$3.0 million more than enacted from the Temporary Disability Insurance Fund for benefits for the temporary caregiver insurance program based on the Department's belief that benefit payments will continue to increase slightly as more workers become aware of the program and feel more confident in their employment status to access the time off. The FY 2017 revised request is 31.6 percent above the FY 2017 enacted budget and 22.6 percent above FY 2016 expenditures. The program began on January 1, 2014, and allows eligible claimants up to four weeks of

benefits to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law or grandparent, or to bond with a newborn child, new adopted child or new foster care child. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Temporary Caregiver Administration.** The Department requested \$8,013 less than enacted from the Temporary Disability Insurance fund for the administration of the temporary caregiver program. The request fully funds the 7.9 full-time equivalent positions in the program and includes increased medical benefit costs consistent with Budget Office instructions. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Workers' Compensation.** The Department requested \$53,675 less than enacted from workers' compensation restricted receipts for administration of the workers' compensation program. This includes \$0.2 million more for building renovations and minor adjustments to other expenses such as utilities, office supplies and information technology services. This is offset by \$0.4 million less for the operations of the Second Injury Fund program. This program provides services to individuals that are injured for the second time and the injury is related to the first injury. The incident must occur while the individual is in the course of job operations. The fund provides for continuance of compensation and medical expense payments at the prevailing rate to any employee who has suffered a work related injury resulting in total incapacity. These expenditures can fluctuate significantly from year to year. However, the Department's request brings expenditures in line with FY 2016 expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Improvements.** The Department requested \$0.2 million more than enacted from Rhode Island Capital Plan funds for the Center General Asset Protection project and for the Center General Slate Roof project. The Department's request for asset protection is \$61,884 more than its capital request to reflect that some of the projects were expected to be completed in FY 2016 but were delayed into FY 2017. *The Governor recommended \$0.6 million less than requested from Rhode Island Capital Plan funds.* **The Assembly shifted \$1.2 million from FY 2017 to the FY 2018 through FY 2022 period for the Center General Asset Protection project based on an updated project schedule. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

**Operating Transfers.** The Department requested \$2.1 million more than enacted from federal funds for expenditures classified as operating transfers. Almost all of this, \$2.0 million, is from Reed Act funds for which the enacted budget includes no funding. These funds were historically available to the Department to use for operating expenses but in FY 2010 the Department used the funds to pay unemployment insurance benefits after the Unemployment Insurance Trust Fund became insolvent. Under the Social Security Act, the primary purpose of Reed Act funds is for the payment of cash benefits. However, a state is permitted at its discretion, to use Reed Act funds for the administration of its unemployment compensation law and public employment offices. The Department noted that since the Unemployment Insurance Trust Fund has become solvent, it is requesting restoration of these funds for FY 2017 only to support its unemployment insurance staffing costs.

The request also includes \$17,962 less for trade readjustment act programs, \$1,804 less for the Workforce Investment Act's adult program and \$50,623 more for the Workforce Investment Act's dislocated worker program. These amounts relate to payments to the state's colleges and university for training of eligible participants. These are shown for accounting purposes to reflect transfers of funds in and out of the state's general fund, out of the temporary disability insurance and employment security funds and among state agencies. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Department requested \$0.8 million more than enacted from all funds, which includes \$0.6 million more from general revenues, for salaries and benefits of the remaining 335.7

full-time equivalent authorized positions to reflect current staffing levels and include medical costs consistent with Budget Office instructions. The revised request reflects use of \$2.0 million in one-time Reed Act funding for staffing costs for FY 2017 only. *The Governor recommended \$0.2 million less than enacted from general revenues and \$0.8 million less than requested. This reflects \$4,979 of statewide benefit savings and turnover savings equivalent to approximately 3.0 positions including 1.5 positions from retirements in the Board of Review.* **The Assembly shifted \$0.7 million in general revenue expenses to available Tardy and Interest restricted receipts.**

**All Other Operations.** The Department requested \$0.5 million more than enacted from all funds for all other operations. This includes \$64,341 less from general revenues and \$121,647 more from other funds. The majority of the increase is for contracted information technology support for unemployment insurance administration. The increase also includes \$73,060 more from other funds for Short Time Compensation programs, which provide funding to states with existing programs to reimburse benefit costs paid under the program, upgrade existing systems, and market the program to new employers. *The Governor recommended funding as requested and added \$43,334 from general revenues for unidentified operating expenses within the Workforce Regulation and Safety program, which represents reallocation of some of the turnover savings from the retirement of 1.5 positions in the Board of Review.* **The Assembly concurred.**

## Department of Revenue

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Office of Director	\$ 872,227	\$ 1,147,047	\$ 1,222,848	\$ 1,222,848
Office of Revenue Analysis	488,662	806,836	807,744	807,744
Lottery Division	341,711,943	362,367,224	370,210,160	370,210,160
Division of Municipal Finance	2,200,715	3,053,887	3,097,334	3,042,299
Taxation	23,004,285	23,731,898	25,191,322	25,191,322
Registry of Motor Vehicles	22,793,972	28,565,229	25,244,889	25,244,889
State Aid	67,705,327	65,845,475	65,982,815	65,982,815
<b>Total</b>	<b>\$ 458,777,131</b>	<b>\$ 485,517,596</b>	<b>\$ 491,757,112</b>	<b>\$ 491,702,077</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 46,719,779	\$ 49,821,261	\$ 49,289,524	\$ 49,234,489
Contracted Services	2,138,740	4,328,281	7,132,685	7,132,685
<b>Subtotal</b>	<b>\$ 48,858,519</b>	<b>\$ 54,149,542</b>	<b>\$ 56,422,209</b>	<b>\$ 56,367,174</b>
Other State Operations	339,156,230	361,302,605	366,513,979	366,513,979
Aid to Local Units of Government	67,657,254	65,974,514	66,111,854	66,111,854
Assistance, Grants, and Benefits	563,596	959,326	1,685,949	1,685,949
Capital	2,041,403	3,063,508	955,020	955,020
Operating Transfers	500,129	68,101	68,101	68,101
<b>Total</b>	<b>\$ 458,777,131</b>	<b>\$ 485,517,596</b>	<b>\$ 491,757,112</b>	<b>\$ 491,702,077</b>
<b>Sources of Funds</b>				
General Revenue	\$ 109,737,194	\$ 113,893,951	\$ 110,882,648	\$ 110,827,613
Federal Aid	2,740,506	2,145,367	4,375,213	4,375,213
Restricted Receipts	3,591,584	5,947,043	5,033,373	5,033,373
Other	342,707,847	363,531,235	371,465,878	371,465,878
<b>Total</b>	<b>\$ 458,777,131</b>	<b>\$ 485,517,596</b>	<b>\$ 491,757,112</b>	<b>\$ 491,702,077</b>
<b>FTE Authorization</b>	<b>514.5</b>	<b>523.5</b>	<b>523.5</b>	<b>523.5</b>
<b>FTE Average</b>	<b>488.3</b>			

**FY 2017 Revised Request.** The Department of Revenue requested \$735,222 less than enacted from all sources for FY 2017. This includes \$137,340 more from general revenues, \$498,465 more from federal funds, \$913,670 less from restricted receipts, and \$457,357 less from other sources, the majority of which are Lottery funds. *The Governor recommended \$7.0 million more than requested from all sources, including \$3.1 million less from general revenues, \$0.1 million more from federal funds, and \$8.4 million more from Lottery funds.* **The Assembly provided \$55,035 less than recommended to reflect turnover savings associated with a delay in the implementation of the municipal transparency portal.**

**Director and Revenue Analysis Staffing and Operations.** The Department requested \$79,893 more than enacted from general revenues for staffing and operations in the Offices of the Director and Revenue Analysis. The request includes 10.0 positions in the Office of the Director, 1.0 more than assumed in the enacted budget, and 6.0 positions in the Office of Revenue Analysis as enacted.

The request includes \$78,251 more for salaries and benefits for the Director's office, and \$10,880 less for salaries and benefits for the Office of Revenue Analysis. The Director's office requested \$500 less for supplies. The Office of Revenue Analysis requested \$10,000 more for expanded functionality on its modeling software and an additional \$3,225 for staff training.

Excluding the enumerated items, the request for all other operations is consistent with actual FY 2016 spending; the variance in salaries and benefits reflects movement within the Office of the Director resulting in turnover savings, overestimation of other salaries, and the addition of a new revenue analyst position within the Office of the Director for direct analytical support; the position is filled, having been reassigned from a vacancy within the Department. *The Governor recommended funding as requested including the new position, offset by statewide benefit savings.* **The Assembly concurred.**

**Lottery Staffing and Operations.** The Department's request includes \$0.7 million less than enacted from Lottery funds primarily representing increased turnover savings. It should be noted that final FY 2016 expenditures for salaries and benefits were \$0.2 million less than requested, reflective of four vacancies and long-term leave. Through the first six months of FY 2017, the Division reported six vacancies. *The Governor recommended the requested amount for staffing and operations, and included an additional \$0.1 million in capital projects, and \$8.4 million for commission payments.* **The Assembly concurred.**

**Lottery Building Renovations.** The Department requested \$159,112 more than enacted from Lottery funds for Lottery Building Renovations related to a prior asset protection effort. This includes \$119,112 for Lottery building heating, ventilation, and air conditioning improvements, and \$40,000 more for other building repairs discovered during that project.

The HVAC system was largely completed in FY 2016, though final payment of some issues was anticipated in early FY 2017 as complications arose related to the electrical system in place which needed to be addressed to pass inspection; however, additional necessary expenses were uncovered during the process. *The Governor recommended \$40,000 for this initiative.* **The Assembly concurred.**

**Municipal Finance - Transparency Portal.** The 2016 Assembly enacted funding of \$0.2 million, including \$60,000 from general revenues for a one-time software purchase and installation costs and \$0.1 million for a programming services officer position to establish a municipal transparency portal. The Department requested \$56,244 less than enacted from general revenues, including turnover savings of \$53,994, and \$2,250 for the portal buildout. The Division of Municipal Finance reported that the portal was scheduled to launch in January 2017, consistent with the original plan, and is filling the position concurrently with the portal's launch. *The Governor recommended \$80 less than requested to reflect additional statewide benefit savings.* **The Assembly included an additional \$55,035 in turnover savings to reflect further delays launching the portal.**

**Legal Services for Receiverships.** The request includes \$20,000 less than enacted from general revenues for contracted legal services associated with receiverships established under the Fiscal Stability Act. The request includes \$30,000 more for legal costs associated with the Rhode Island Supreme Court appeal related to the Fiscal Stability Act with respect to the Woonsocket Budget Commission, and \$50,000 less for expenses related to the Central Coventry Fire District.

The request includes \$50,000 less for the Central Coventry Fire District reflecting the termination of the receivership. The acting Director of the Department of Revenue and the Receiver determined it was not likely that a viable restructuring plan could be achieved and successfully implemented, the U.S. Bankruptcy Court for the District of Rhode Island granted the motion and the dismissal was effective on October 1, 2015, effectively terminating the receivership on that date. The receivership and legal costs, which were paid by the state, amounted to approximately \$1.2 million. No reimbursement of these costs has been received.

The request also includes \$30,000 more than enacted for legal costs associated with the bankruptcy and receivership actions of the Woonsocket Budget Commission, which was dissolved as of March 19, 2015. A number of retired municipal employees filed suit against the City and the Budget Commission, challenging the alteration of the healthcare benefits set by prior collective bargaining agreements; the Superior Court found in favor of the petitioners in February 2016. The Department retained counsel to represent the Woonsocket Budget Commission and the interests of the state in the appeal of the Superior Court decision, as the result directly impacts the interpretation of the Fiscal Stability Act and the powers of officials or bodies appointed under the Act in the future. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Local Government Assistance.** The Department requested \$80,000 from general revenues for actuarial services to review and provide analysis of the City of Providence employee retirement system for the Department.

Rhode Island General Law, Section 45-13.2-2 finds the fiscal health of its municipalities is of paramount importance to the state; that retirement plans represent significant cost drivers for municipal budgets; and that unfunded liabilities jeopardize the fiscal stability of municipalities which has a direct adverse effect on the state's financial interests. Under that authorization, the Department contracted the analysis in September 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Staffing and Operations.** The Department requested \$42,542 more than enacted from general revenues for all other Division of Municipal Finance staffing and operations. The request includes \$46,093 more for salaries and benefits for 16.0 full-time equivalent positions, and \$3,551 less for operational expenses. The request includes a reduction in telecommunications expenses to reflect FY 2016 actual spending and a reduction of training costs. *The Governor's request includes \$2,771 less than requested, reflective of statewide benefit savings.* **The Assembly concurred.**

**Reappropriation - Municipal Incentive Aid.** The Governor reappropriated Johnston's \$137,340 share of FY 2016 Municipal Incentive Aid consistent with state law. The Town of Johnston failed to meet eligibility requirements for FY 2016. If it fails to meet the FY 2016 eligibility requirements by the third quarter of the current year, its FY 2016 payment will be distributed amongst the qualifying municipalities.

A municipality qualifies to receive aid if its pension plans were in the state-administered Municipal Employee Retirement System by June 30, 2014; if it implemented the original or an amended Funding Improvement Plan that had been approved by the plan sponsor and local governing body for every locally administered pension plan within 18 months of an actuary's determination of critical status; or, if it is not required to submit a Funding Improvement Plan and it is making 100 percent of its annually required contribution. *The Governor recommended funding as requested.* **Johnston failed to meet eligibility requirements. Consistent with current law, its FY 2016 share was distributed amongst the qualifying communities in May 2017.**

**Multistate Tax Commission Dues.** The Department's request includes \$95,626 more than enacted from general revenues for dues for the Multistate Tax Commission's Joint Audit Program. Under the Joint Audit Program, states enter essentially into a third-party auditor contract with the Multistate Tax Commission, which allows multiple states to jointly audit a single multistate taxpayer to produce efficiencies to both taxpayers and the states.

The Division reported it has been a member of the Joint Audit program since FY 2015. The Division has paid dues during the last two fiscal years, using savings from other areas to cover the expense; this is the first time since joining the program that the Division has requested funding for dues. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Taxation - Salaries and Benefits.** The Department requested \$0.4 million more than enacted from all sources to fund the Division of Taxation's 231.0 full-time equivalent positions. This includes \$89,055 more from general revenues, \$122,656 more from federal funds, \$85,863 more from restricted receipts, and \$90,346 more from Temporary Disability Insurance funds. The request reflects the current staffing level and updated benefit rates.

The 2016 Assembly authorized the creation of 6.0 new positions, including three revenue officer I positions and two revenue agent I positions associated with enhanced compliance and collection initiatives, and a revenue policy analyst associated with the Nexus portal. These positions were associated with increased revenues assumed in the budget. The Department reported that those positions have been filled. *The Governor recommended \$27,819 less than requested, reflective of statewide benefit savings.* **The Assembly concurred.**

**Taxation - Other Operations.** The Department requested \$22,603 less than enacted from all funds for all other Division of Taxation expenses, including \$21,778 less from general revenues, \$2,653 less from federal funds, \$1,361 more from other funds, and \$467 more from restricted receipts. The request is largely consistent with historical trends and expenditures. The federal fund change relates to groundfish federal disaster assistance.

The 2016 Assembly enacted an initiative enabling the Division of Taxation to partner with third party vendors to evaluate potential liabilities owed by tax filers conducting transactions with related companies prior to the institution of combined reporting. The Department reported at the November Revenue Estimating Conference that the vendor contract had been finalized and that notices were being sent to auditees in January 2017; the estimated revenue remains \$6.7 million.

*The Governor recommended \$1.0 million more than requested, including \$55,081 less from general revenues, to reflect FY 2016 actual expenditure levels. The all funds increase is related to two federal funds increases, \$0.7 million for a new groundfish disaster assistance grant, and \$0.4 million allocated to Taxation to build out information technology associated with its information technology modernization.* **At the May 2017 Revenue Estimating Conference, the Division of Taxation reported a delay in the project noted above; notices were sent in March 2017. The Assembly concurred with the Governor's recommendation.**

**License Plate Reissuance.** The Department requested \$150,000 less than enacted from general revenues to reflect delaying the stamping of license plates based on delays in implementing the ongoing information technology modernization efforts. The 2015 Assembly enacted legislation postponing the reissuance of the plates from September 2015 to July 2016; the Governor's revised FY 2016 recommendation shifted the funds to FY 2017, and included legislation to delay production until April 2017. Each plate set is anticipated to cost up to \$12.50 to produce; the Department anticipates producing approximately 36,500 plate sets per month over a period of 24 months. Current law allows a \$6 per plate fee, which remains unchanged. The \$150,000 represents a payment to Correctional Industries for initial costs. The Budget also includes \$3.0 million for expenses when plate production is under way. *The Governor excluded all funding and included Article 4 of 2017-H 5175 postponing the start of the license plate reissuance to April 1, 2018. The \$3.0 million is shifted to FY 2018, but the \$150,000 was not included with that.* **The Assembly enacted Article 4 of 2017-H 5175 Substitute A, as amended, which delayed the reissuance until January 1, 2019; the Assembly adjusted revenues and expenditures accordingly.**

**Extended Hours.** The enacted budget includes \$0.1 million for an initiative to implement extended hours at the Registry of Motor Vehicles. The Department requested \$54,409 less than enacted from general revenues for staffing costs associated with operating two registry branch offices for extended hours. The Department reported a stalemate in negotiations has prevented them from moving forward with the initiative. The request includes half of the funding in the enacted budget.



The request includes salary and benefit costs for three customer service representatives and one supervisor position, as well as an additional capitol police officer, per branch. No operations costs were included in the request, as those costs are contingent upon the locations chosen. As of December 2016, no branch locations have been chosen to pilot the extended hours. *The Governor recommended funding as requested.*  
**The Assembly concurred.**

**Motor Vehicles - Information Technology Modernization.** The Department requested \$1.0 million less than enacted from all funds for the modernization of information technology hardware and software for the Registry of Motor Vehicles. This includes \$0.3 million less from general revenues, \$0.4 million more from federal funds, and \$1.0 million less from restricted receipts. The project, which began in 2006, is intended to expand available online functions and reduce overall registry wait times. The project was anticipated to be completed in December 2016; delays with the vendor have led to adjudication. The request includes a shift in restricted receipt funds reflecting an increased need for contracted programming professionals pending the litigation between the state and the vendor. The Department reported the system build is nearly complete, with only interfaces, data migration and testing efforts remaining as of November 2016.

The changes include \$0.4 million more than enacted from federal funds reflecting the closure of two grants. One to allow the State Police to monitor commercial vehicles on the highway, and one related to compliance with commercial driver's license mandates, reflecting the closure. *The Governor recommended \$0.7 million more than requested representing all remaining federal funds to be spent in the current year to close out the grant.* **The system was further delayed, it launched July 5, 2017. The Assembly concurred.**

**Driver's License Imaging.** The Department requested \$55,000 more than enacted from general revenues for a software licensing agreement associated with a prior upgrade to the cameras used by the registry branches for photo imaging for driver's licenses and other credentials, such as state identification cards. In the first quarter of FY 2016, the Division of Information Technology approved the purchase of new cameras; the cameras and associated software upgrade are anticipated to assist the Division with lowering wait times for licenses, other forms of identification and meeting federal Real ID program standards. The request reflects a new contract for annual service fees associated with updated hardware and software; the new contract was signed during FY 2016, the requested amount is consistent with FY 2016 spending. It is unclear why this was excluded from the Department's FY 2017 request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Motor Vehicles - Other Salaries and Benefits.** The Department requested \$0.2 million less than enacted from all fund sources for all other Division of Motor Vehicles salaries and benefits. The request reflects turnover savings consistent with current staffing levels and updated benefit rates. *The Governor recommended funding as requested and included additional statewide benefit savings.* **The Assembly concurred.**

**Motor Vehicles - Other Operations.** The Department requested \$0.4 million more than enacted from general revenues for all other expenses for the Division of Motor Vehicles. This includes \$170,000 for postage and \$90,000 more for printing based on FY 2016 experience. It also includes \$8,500 more than enacted for a ticketing system at the new Woonsocket location, \$49,200 more than enacted for general office supplies and equipment, \$29,800 more for contracted services, and \$2,500 more for facilities and utilities consistent with FY 2016 expenditures. *The Governor recommended \$38,150 less than requested including \$50,000 less than requested for ongoing license plate expenses, and \$11,850 more than requested to reflect anticipated utility increases.* **The Assembly concurred.**



## Legislature

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
General Assembly	\$ 5,442,154	\$ 5,725,048	\$ 7,972,363	\$ 7,972,363
Fiscal Advisory Staff	1,405,837	1,893,563	1,946,864	1,946,864
Legislative Council	3,683,314	5,357,247	5,225,644	5,225,644
Joint Comm. on Legislative Affairs	22,296,146	24,114,329	27,022,477	25,122,477
Office of the Auditor General	4,833,990	5,645,215	5,366,566	5,366,566
Special Legislative Commissions	8,475	13,900	13,900	13,900
<b>Total</b>	<b>\$ 37,669,916</b>	<b>\$ 42,749,302</b>	<b>\$ 47,547,814</b>	<b>\$ 45,647,814</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 31,599,113	\$ 36,089,542	\$ 35,225,911	\$ 33,325,911
Contracted Services	382,085	529,500	886,500	886,500
<b>Subtotal</b>	<b>\$ 31,981,198</b>	<b>\$ 36,619,042</b>	<b>\$ 36,112,411</b>	<b>\$ 34,212,411</b>
Other State Operations	3,179,171	3,092,760	7,262,289	7,262,289
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,238,865	2,300,000	2,300,000	2,300,000
Capital	270,682	737,500	1,873,114	1,873,114
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 37,669,916</b>	<b>\$ 42,749,302</b>	<b>\$ 47,547,814</b>	<b>\$ 45,647,814</b>
<b>Sources of Funds</b>				
General Revenue	\$ 36,219,919	\$ 41,052,730	\$ 45,936,290	\$ 44,036,290
Federal Aid	-	-	-	-
Restricted Receipts	1,449,997	1,696,572	1,611,524	1,611,524
Other	-	-	-	-
<b>Total</b>	<b>\$ 37,669,916</b>	<b>\$ 42,749,302</b>	<b>\$ 47,547,814</b>	<b>\$ 45,647,814</b>
<b>FTE Authorization</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>	<b>298.5</b>
<b>FTE Average</b>	<b>256.5</b>			

**FY 2017 Revised Request.** The Legislature's revised budget of \$47.6 million includes \$4.9 million from the \$6.3 million reappropriation and 298.5 full-time equivalent positions. *The Governor recommended \$50,536 less from general revenues than requested to reflect statewide benefit savings.* **The Assembly included \$1.9 million of general revenue personnel and operating savings for FY 2017.**



## Office of the Lieutenant Governor

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 929,907	\$ 1,045,167	\$ 934,952	\$ 934,952
Contracted Services	64,404	750	76,000	76,000
<b>Subtotal</b>	<b>\$ 994,311</b>	<b>\$ 1,045,917</b>	<b>\$ 1,010,952</b>	<b>\$ 1,010,952</b>
Other State Operations	32,051	32,909	41,586	41,586
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	750	750	750
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,026,362</b>	<b>\$ 1,079,576</b>	<b>\$ 1,053,288</b>	<b>\$ 1,053,288</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,026,362	\$ 1,079,576	\$ 1,053,288	\$ 1,053,288
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,026,362</b>	<b>\$ 1,079,576</b>	<b>\$ 1,053,288</b>	<b>\$ 1,053,288</b>
<b>FTE Authorization</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>
<b>FTE Average</b>	<b>7.2</b>			

**FY 2017 Revised Request.** The Office of the Lieutenant Governor’s revised request is \$20,572 more than enacted from general revenues. *The Governor recommended \$26,288 less than enacted and \$46,860 less than requested.* **The Assembly concurred.**

**Staffing.** The Office’s revised request includes \$12,963 less than enacted from general revenues for staffing costs, primarily from use of incorrect benefit rates. Adjusting for this, the request is \$1,001 more than enacted to properly budget employee medical expenses inadvertently excluded in the enacted budget. This fully funds all 8.0 authorized positions.

It should be noted that the revised request does not appear to reflect turnover consistent with current staff levels. Vacancies have occurred and the savings from these are not included. *The Governor recommended \$110,215 less than enacted. This is \$97,252 less than requested to reflect additional turnover savings noted above as well as \$1,464 for statewide benefit savings.* **The Assembly concurred.**

**Legal Services.** The Office’s revised request includes \$24,000 to hire an outside legal firm for general legal services. The Office indicated that this request is based upon costs for a law firm that the Office keeps on retainer at a cost of \$2,000 per month. This firm performs a variety of tasks for the Office, including providing advice related to the Office’s responsibilities for various statutory committees the Lieutenant Governor chairs or sits on including the Small Business Advisory Council, Long Term Care Coordinating Committee, and the Emergency Management Advisory Council. Another major service this firm provides is offering legal guidance regarding Access to Public Records Act requests. The Governor had

recommended \$30,000 in additional funding for legal services, but the Assembly did not include the appropriation. *The Governor recommended total funding of \$76,000 for legal services, which is \$52,000 more than requested based upon a request made by the Office subsequent to its budget submission. The additional funding is related to the Office's ongoing participation in Public Utilities Commission hearings concerning utility rate increases. It should be noted that as of late January 2017, the Office had spent \$68,081 for outside legal services.* **The Assembly concurred.**

**State Fleet Revolving Loan Fund Repayment.** The Office's revised request includes \$9,535 from general revenues for the first of three annual repayments to the State Fleet Replacement Revolving Loan Fund for a vehicle purchased in February 2016, for which the enacted budget included no funding. The new vehicle was purchased at a total cost of \$28,785 and arrived in March 2016. The Office anticipates the first payment to be made in March 2017. This funding was mistakenly excluded from the Office's original FY 2017 request, upon which the enacted budget was based. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Office's revised request for all other operations is consistent with the enacted budget. *The Governor recommended \$1,608 less from general revenues than requested to adjust funding for these items to FY 2016 spending levels.* **The Assembly concurred.**

## Office of the Secretary of State

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Administration	\$ 2,545,884	\$ 3,539,219	\$ 3,302,338	\$ 3,302,338
Corporations	2,145,535	2,192,627	2,118,776	2,118,776
State Archives	539,730	750,240	652,423	652,423
Elections and Civics	1,282,184	3,377,103	3,280,615	3,280,615
State Library	554,048	554,149	630,151	630,151
Office of Public Information	450,744	524,232	549,703	549,703
<b>Total</b>	<b>\$ 7,518,125</b>	<b>\$ 10,937,570</b>	<b>\$ 10,534,006</b>	<b>\$ 10,534,006</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 5,361,409	\$ 5,994,759	\$ 5,920,539	\$ 5,920,539
Contracted Services	244,982	781,067	558,208	558,208
<b>Subtotal</b>	<b>\$ 5,606,391</b>	<b>\$ 6,775,826</b>	<b>\$ 6,478,747</b>	<b>\$ 6,478,747</b>
Other State Operations	1,313,747	3,676,173	3,513,058	3,513,058
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	149,635	143,976	143,976	143,976
Capital	448,352	341,595	398,225	398,225
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 7,518,125</b>	<b>\$ 10,937,570</b>	<b>\$ 10,534,006</b>	<b>\$ 10,534,006</b>
<b>Sources of Funds</b>				
General Revenue	\$ 6,690,089	\$ 10,281,051	\$ 9,920,874	\$ 9,920,874
Federal Aid	-	-	22,859	22,859
Restricted Receipts	397,868	556,519	440,273	440,273
Other	430,168	100,000	150,000	150,000
<b>Total</b>	<b>\$ 7,518,125</b>	<b>\$ 10,937,570</b>	<b>\$ 10,534,006</b>	<b>\$ 10,534,006</b>
<b>FTE Authorization</b>	<b>57.0</b>	<b>59.0</b>	<b>59.0</b>	<b>59.0</b>
<b>FTE Average</b>	<b>53.5</b>			

**FY 2017 Revised Request.** The Office of the Secretary of State requested revised FY 2017 expenditures of \$11.8 million from all sources, which is \$0.9 million more than the FY 2017 enacted budget. This includes \$0.3 million less from general revenues, \$22,859 more from federal funds, \$0.1 million less from restricted receipts and \$1.3 million more from other funds.

*The Governor recommended total expenditures of \$10.5 million, including \$9.9 million from general revenues. The recommendation is \$0.4 million less than enacted and \$1.3 million less than requested. The Assembly concurred.*

**Regulatory Reform Initiative.** The Office requested \$293,980 less than enacted from general revenues to support the state's regulatory reform initiative. The FY 2017 enacted budget includes \$706,652 from general revenues to create an online, indexed and searchable Code of State Regulations. The funding

includes \$325,307 for two contractors, a Senior Level Developer and a Data Architect, \$300,000 for hardware, licensing, and maintenance agreements and \$81,345 for two full-time equivalent positions, a Junior Application Developer and a Copy Editor. The Department requested to shift \$293,980 of the contracted and technology expenses to FY 2018 to align spending with the project timeline. *The Governor recommended funding as requested and shifted \$0.1 million to the Office of Regulatory Reform in the Department of Administration to provide legal assistance to agencies working to update and revise rules and regulations.* **The Assembly concurred.**

**eGov Initiative.** The Office requested \$79,152 more than enacted from general revenues for information technology expenditures for which the enacted budget includes \$194,519. After the new Secretary was sworn in, a new Chief Innovation Officer was hired, an agency-wide information technology review was conducted, and subsequently, priorities and projects were rearranged, resulting in the need for less funding in FY 2016 and additional funding for FY 2017. The request includes \$65,520 more for two contract Junior Developer positions to assist with the workload and \$10,450 more for staff training in order to keep current on changing technology. The eGov information technology initiative is comprised of several projects including the redesign of the lobby tracker application, the redesign of the open meeting user interface, the redesign of the Boards and Commissions database and webpage, the reimagining of the Rhode Island Government Owner's Manual and restructuring of the business services database. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Voter Rolls.** The Office requested \$222 less than enacted from general revenues for maintaining and updating the state's voter rolls. The revised FY 2017 request includes \$21,778 for annual dues from the Electronic Registration Information Center, \$20,000 for mailings to people who have moved and \$4,000 for printing expenses. The request is less than enacted to reflect a reduction in annual dues from the Electronic Registration Information Center. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Online Voter Registration.** The Office requested \$40,000 less than enacted from general revenues for the new online voter registration portal for which the enacted budget includes \$130,000 based on updated project costs. The new online voter registration portal, which went live on Monday, August 1, 2016, allows residents to register to vote and/or change their voter registration information online, which is intended to improve the accuracy of the voter rolls. *The Governor recommended funding as requested.* **The Assembly concurred.**

**E-Poll Books.** The FY 2017 enacted budget includes \$195,000 from general revenues to implement a pilot project to purchase 200 electronic poll books for the September and November elections. The funding would also cover the maintenance charges for the first year of the service contract. The Office's original plan was to increase the number of e-poll books up to 1,600 and deploy them statewide over the course of FY 2017 through FY 2019.

The Office requested \$2.4 million from the Information Technology Investment Fund over FY 2017 and FY 2018 to lease the remaining 1,400 e-poll books needed throughout the state instead of over three years as assumed in the enacted budget. The Office requested an additional of \$1.2 million in its FY 2017 revised request and \$1.2 million in its FY 2018 budget request. *The Governor recommended the enacted amount of \$195,000 from general revenues only.* **The Assembly concurred.**

**Other Election Expenses.** The Office requested \$55,862 less than enacted from all funds, including \$78,721 less from general revenues and \$22,859 more from federal funds. The request is less than enacted from general revenues to reflect \$23,561 less for a lease agreement. The Office renewed the lease of the West River Street building in January 2016, which resulted in a lesser amount than what was included in the FY 2017 enacted budget and \$50,000 less for information technology support since voters are now able to register to vote or change their voter registration information on the new online voter registration system.



The Office noted that federal funds were carried forward from FY 2016 and will be used to offset general revenue expenditures. This is a one-time fund shift. *The Governor recommended funding as requested.*  
**The Assembly concurred.**

**Relocation of State Archives.** The Office requested \$50,000 more than enacted from Rhode Island Capital Plan funds for a study that will build upon the preliminary work funded by the Rhode Island Foundation, which indicated a need for an appropriate building that is designed for archival standards and that meets the functional requirements for such a facility. The increase reflects a more accurate cost of this expense. The study will provide the necessary information for the Office to then seek voter approval of general obligation bonds in November of 2018 for the construction of the building. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Archives - All Other.** The Office requested \$53,270 less than enacted, which includes \$2,734 more from general revenues and \$56,004 less from restricted receipts from the Historical Records Trust Fund. The request primarily reflects \$54,688 less for rental costs at Westminster Street in Providence where the Office stores its archival records. Rent at Westminster Street is paid through the state archives and records center divisions. The Office noted that it used to occupy over 10,000 square feet at this location at a rental price of \$266,700, but it recently moved all records out of the basement so it now occupies only 8,000 square feet at a rental price of \$160,960. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Records Center.** The Records Center is an internal service program that does not appear in the Appropriations Act. Its expenses are budgeted in user agencies that pay a portion of their operating costs into this fund for record storage and retrievals. The Office requested \$28,104 less than enacted from other funds, which includes \$56,293 less for rental costs at Westminster Street in Providence where the Office stores its archival records. Rent at Westminster Street is paid through the state archives and records center divisions. The Office noted that it used to occupy over 10,000 square feet at this location at a rental price of \$266,700, but it recently moved all records out of the basement so it now occupies only 8,000 square feet at a rental price of \$160,960. This is offset by \$28,761 more for records storage and retrieval, based on FY 2016 expenditures. The request is 7.3 percent less than the FY 2017 enacted budget and 7.0 percent less than FY 2015 expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Office requested \$0.1 million less than enacted including \$21,702 more from general revenues, \$70,625 less from restricted receipts and \$70,546 less from other funds to reflect its updated hiring schedule for the year. The Office noted that the State Library currently has three vacancies, a director of state archives and a state librarian who were expected to be hired by October 2016 and an administrative assistant, who is expected to be hired by January 2017. *The Governor recommended \$8,654 less than requested to reflect statewide benefit savings.* **The Assembly concurred.**

**State House Tour Program.** The Office requested \$10,000 more than enacted from general revenues to continue to expand tour offerings and enhance visitor experience at the Rhode Island State House. The Office uses the tour program as a means to increase knowledge among children and adults of Rhode Island history and how government works. State House guides tour approximately 15,000 people per year, the majority of whom are elementary and middle school students. The Department is actively working to encourage every school district in the state to include a visit to the State House in their social studies curriculum. The Office noted that for FY 2017, it now offers more tours, has a much better guide to group ratio for a better learning experience for school groups, and offers better content and guide training. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State House Visitor's Center.** The Office requested \$14,383 more than enacted from restricted receipts to fund the State House Visitor's Center and Gift Shop, which opened in December 2013. Staffing is

provided by unpaid interns from Johnson and Wales University and merchandise sales are used to fund the restricted receipt account. The request reflects an increased promotion of the visitor's center, which began in FY 2016, and is expected to increase foot traffic and sales, requiring more frequent replenishment of the merchandise. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Library Upgrades.** The Office requested \$15,000 from general revenues to purchase audio visual equipment and kiosks to provide information about State House hearings and events. Funding was not included in the original FY 2017 request. Over the course of the last fiscal year, the Secretary revised the use of space in the State Library and continues to rethink how to connect the State House users with the Library. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Office requested \$221 less than enacted from all sources for all other operations. The reduction includes \$19,000 less for subscription expenses at the State Library. The Office noted that the Library staff reviewed the subscriptions and determined that it did not need as many as it had. The Office recently renewed the lease agreement of the West River Street building in March of 2016. The request reflects a more accurate estimate of this expense for the Corporations division, and \$8,860 more for a loan repayment of a vehicle the Administration division acquired in 2016. The payment includes the one percent service fee of \$88.60 and the principal payment of \$8,771. *The Governor recommended funding as requested.* **The Assembly concurred.**

## Office of the General Treasurer

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
General Treasurer	\$ 10,878,721	\$ 3,386,783	\$ 11,432,629	\$ 3,432,629
Unclaimed Property	27,634,370	22,348,728	24,443,953	26,526,635
Employees' Retirement System	9,123,466	9,841,650	11,281,927	11,281,927
Crime Victim Compensation	1,640,761	1,983,272	1,988,388	2,188,388
<b>Subtotal</b>	<b>\$ 49,277,318</b>	<b>\$ 37,560,433</b>	<b>\$ 49,146,897</b>	<b>\$ 43,429,579</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 8,735,147	\$ 9,530,750	\$ 9,564,966	\$ 9,564,966
Contracted Services	4,077,580	3,930,250	5,703,205	5,703,205
<b>Subtotal</b>	<b>\$ 12,812,727</b>	<b>\$ 13,461,000</b>	<b>\$ 15,268,171</b>	<b>\$ 15,268,171</b>
Other State Operations	27,069,624	22,246,658	24,008,451	26,091,133
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,307,005	1,785,000	1,785,000	1,985,000
Capital	60,195	67,775	85,275	85,275
Capital Debt Service	-	-	-	-
Operating Transfers	8,027,767	-	8,000,000	-
<b>Total</b>	<b>\$ 49,277,318</b>	<b>\$ 37,560,433</b>	<b>\$ 49,146,897</b>	<b>\$ 43,429,579</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,271,575	\$ 2,736,231	\$ 2,733,044	\$ 2,733,044
Federal Aid	741,266	952,881	905,808	1,105,808
Restricted Receipts	37,730,574	33,320,911	36,859,237	38,941,919
Other	8,533,903	550,410	8,648,808	648,808
<b>Total</b>	<b>\$ 49,277,318</b>	<b>\$ 37,560,433</b>	<b>\$ 49,146,897</b>	<b>\$ 43,429,579</b>
<b>FTE Authorization</b>	<b>84.0</b>	<b>88.0</b>	<b>87.0</b>	<b>87.0</b>
<b>FTE Average</b>	<b>76.0</b>			

**FY 2017 Revised Request.** The Office of the General Treasurer requested \$1.1 million more than enacted from all sources and 87.0 full-time equivalent positions, which is 1.0 less than the authorized level based on current projections of staffing needs. General revenues are at the enacted level.

*The Governor recommended \$49.1 million from all funds, which is \$10.4 million more than requested. This includes an additional \$2.4 million for unclaimed property to reflect the estimate of the November Revenue Estimating Conference and \$8.0 million more based on an audit finding to show tuition savings from the CollegeBound Saver program used for state scholarships in the Office of Postsecondary Commissioner's budget as an operating transfer in the Office of the Treasurer's budget. General revenues are \$3,187 less than enacted and requested to reflect statewide benefit savings. She recommended 87.0 full-time equivalent positions as requested.*

*The Governor subsequently requested an amendment to add \$200,000 from federal funds for crime victim compensation grants and to make an adjustment to avoid double counting the CollegeBound Saver transfer*

to the Division of Higher Education Assistance Authority. **The Assembly concurred and added \$2.1 million from restricted receipts to reflect the May unclaimed property estimate of the Revenue Estimating Conference.**

**CollegeBound Saver Transition Costs.** The 2015 Assembly enacted legislation to transfer administrative responsibility of the tuition savings program to the Office of the General Treasurer from the Rhode Island Higher Education Assistance Authority. Prior to FY 2017, the investments were managed by AllianceBernstein. A contract for a new plan manager went out to bid during FY 2016 and Ascensus and Invesco were selected as the new plan managers. The transition from AllianceBernstein to Ascensus and Invesco occurred on July 12, 2016. As part of the transition, the name of the plan was changed from the CollegeBoundfund to CollegeBound Saver. The Office requested \$90,500 from tuition savings fees in one-time costs for FY 2017 related to the transition to a new plan manager. Oversight and plan selection is still under the purview of the State Investment Commission. *The Governor recommended funding as requested.* **The Assembly concurred.**

**CollegeBound Saver Personnel and Operations.** The Office requested an additional \$33,770 from tuition savings fees for costs associated with operating the CollegeBound Saver program. This includes an additional \$87,270 in salary and benefit costs to fund 1.8 full-time equivalent positions. The enacted budget included authorization for 2.0 positions. The enacted budget did not fund the new program director position requested by the Office. The additional personnel costs are partially offset by savings in information technology support and computers based on projected expenditures for the year. *The Governor recommended funding as requested.* **The Assembly concurred.**

**CollegeBound Saver Transfer to Office of Postsecondary Commissioner.** The Office of Postsecondary Commissioner administers two state grant programs that are funded either in whole, or in part by tuition savings fees from the CollegeBound Saver program. The state's Auditor General recently advised that Governmental Accounting Standards Board standards require the revenue transferred to the Office of Postsecondary Commissioner be matched by an expenditure in the Office of the General Treasurer's budget. Showing this transfer as an expenditure will double count the expenditures as it also appears in the budget of the Office of Postsecondary Commissioner. *The Governor's budget includes \$8.0 million in operating transfers.*

*The Governor requested an amendment to make an adjustment to avoid double counting this expense.* **The Assembly concurred.**

**Business Processing Performance Analysis.** The revised request includes \$15,000 from general revenues to conduct a performance analysis of the business processing unit and the investment unit in order to streamline cash management and reconciliation functions between the two units. The goal is to have fraud resistant deposit and reconciliation activities that meet all government accounting standards requirements. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Bank Fees.** The revised budget removes \$30,000 from general revenues for bank analysis charges based on the state's improving cash position and efforts to improve cash management techniques for the state's short term investments. The revised request is \$93,760 more than spent in FY 2016 and essentially the same as spent in FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Defined Contribution Plan Administration Rebid.** Since the Retirement System's defined contribution plan's inception in FY 2012, the plan's administrator has been TIAA Financial Services (formerly TIAA Cref). Its five-year contract ends on June 30, 2017. The Office requested \$30,000 from general revenues for FY 2017 to hire a consultant to assist in the issuance of a request for proposals for a new plan administrator. The consultant will also review the bids and assist the State Investment Commission and

Retirement Board in negotiating terms of the contract including fee arrangements. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Office of Debt Management.** The FY 2017 enacted budget added \$0.3 million from general revenues to fund a new Office of Debt Management. The funding supports 1.0 full-time equivalent position responsible for monitoring and managing the process by which the state and other governmental units issue and manage public debt. Funding also supports contracted services and technology upgrades for a public web portal to track Rhode Island's public debt and enhancements to the state's internal debt management software. The revised request is essentially consistent with the enacted budget but reduces expenditures for computers and personnel in order to provide additional funding for the debt affordability study and the annual retainer for the state's financial advisor. *The Governor recommended \$436 less than requested to reflect statewide benefit adjustments.* **The Assembly concurred.**

**Unclaimed Property.** The Office requested \$0.4 million less from restricted receipts for unclaimed property. This includes an additional \$0.1 million for audit expenses based on previous year's activity, \$13,344 more in transfer to the General Fund and a decrease of \$0.5 million in the amount of revenues set aside for future claims liability. Although this represents the agency's estimate, these expenditures will be based on the estimate adopted by the Revenue Estimating Conference that meets in November and May. *The Governor recommended \$2.4 million more than requested to reflect the November Revenue Estimating Conference estimate of a \$11.0 million transfer to the General Fund.* **The Assembly added \$2.1 million from restricted receipts to reflect the estimate of the May Revenue Estimating Conference. This reflects an FY 2017 transfer of \$12.1 million.**

**Unclaimed Property Computer System.** The revised request includes an additional \$85,000 from restricted receipts for six months of costs for a new computer system for the Unclaimed Property program. The Office reported that the existing system, which is 16 years old, runs on an obsolete platform and vendor support is limited. The new system will have on-line holder reporting, an imaging platform, and the ability for claimants to file claims on-line and receive status updates in real-time. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Retirement System Governance Study.** The revised request includes an additional \$119,000 from Retirement System restricted receipts for costs associated with a review of the governance procedures of the Retirement Board that began in late FY 2016 and continues into FY 2017. The vendor has reviewed the current Board structure, identified key policy and process issues and conducted workshops with Board members and staff. It has developed draft policies for the Board's review. The goal of the study is to improve the effectiveness of the Board and its committees. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Retirement System Computer System.** The revised request includes an additional \$1.3 million from Retirement System restricted receipts in costs associated with the implementation of the new computer system. Of the increases, \$0.4 million is associated with delayed payments from FY 2016 and \$0.2 million is from revisions to the original contract based on pension settlement changes and a delay in full implementation. Because the pension settlement agreement makes changes to benefits and contribution rates for certain employees, the Office had to make modifications to the original contract. This caused a delay in full implementation of the new system. The remaining \$0.8 million is a holdback payment included in the contract that will be paid upon implementation. The Office indicated that depending on the timing of final sign-off by program administrators, this may be fully expended in FY 2017. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Retirement System Personnel.** The Office requested an additional \$0.1 million from Retirement System restricted receipts to fill 2.0 vacant positions for part of the year. The FY 2016 Assembly increased the authorization for the System by 2.0 new positions as requested but did not include funding. Those new

positions, a junior accountant and a customer experience manager, were filled during FY 2016. The revised request includes funding to hire an account manager in December 2016 and a legal counsel position in November. As of October 2016, a candidate has accepted the legal counsel position. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Retirement System E-Board Books.** Based on a recommendation from the consultant conducting a review of the governance procedures of the Retirement Board, the Office requested \$17,500 from Retirement System restricted receipts to implement electronic board books for the Retirement Board. The new electronic board books are intended to provide additional security of confidential financial and medical information on active and retired members that board members review for committee and subcommittee meetings. This request represents six months of funding. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Retirement System Adjustments.** The Office requested \$0.1 million less from Retirement System restricted receipts for all other expenses for the Retirement System. The request includes \$60,000 less for insurance and \$38,000 less for office supplies, consistent with FY 2016 spending. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Crime Victim Compensation Grants.** The FY 2017 revised request includes \$1.5 million for crime victim compensation claims, which is consistent with the enacted budget and includes \$0.9 million from restricted receipts and \$0.6 million from federal funds. The program pays claims from restricted receipts and federal grant awards. Restricted monies come from fees collected by the state courts. Federal funds come from the Victims of Violent Crimes program administered by the United States Department of Justice and are drawn down on a reimbursement basis after awards are paid or administrative expenses are incurred. The grant award is 60.0 percent of the court receipts disbursed for claims from the previous federal period. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$200,000 from federal funds based on projected FY 2017 expenditures.* **The Assembly concurred.**

**Other Adjustments.** The Office requested \$0.1 million less than enacted for all other operating expenses including \$15,001 less from general revenues. Additional turnover savings offset increased expenditures for Unclaimed Property advertising and cell phones, postage and printing elsewhere throughout the Office. Turnover is equivalent to 1.5 percent; as of the pay period ending October 15, 2016, the Office had 6.5 vacant positions. *The Governor recommended \$2,751 less than requested from general revenues to reflect statewide benefit savings.* **The Assembly concurred.**

## Rhode Island Board of Elections

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,109,741	\$ 1,439,944	\$ 1,333,358	\$ 1,333,358
Contracted Services	65,143	79,883	133,788	133,788
<b>Subtotal</b>	<b>\$ 1,174,884</b>	<b>\$ 1,519,827</b>	<b>\$ 1,467,146</b>	<b>\$ 1,467,146</b>
Other State Operations	-	-	579,930	579,930
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	28,345	-	-	-
Capital	38,130	8,000	21,600	21,600
Capital Debt Service	-	-	-	-
Operating Transfers	473,153	454,880	-	-
<b>Total</b>	<b>\$ 1,714,512</b>	<b>\$ 1,982,707</b>	<b>\$ 2,068,676</b>	<b>\$ 2,068,676</b>
<b>Sources of Funds</b>				
General Revenue	1,714,512	1,982,707	2,068,676	2,068,676
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,714,512</b>	<b>\$ 1,982,707</b>	<b>\$ 2,068,676</b>	<b>\$ 2,068,676</b>
<b>FTE Authorization</b>	<b>11.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>
<b>FTE Average</b>	<b>9.2</b>			

**FY 2017 Revised Request.** The Rhode Island Board of Elections requested \$2.2 million from general revenues, or \$0.2 million more than enacted. The Board requested 12.0 full-time equivalent positions, which is consistent with the enacted authorization. *The Governor recommended \$0.1 million more than enacted, which is \$0.1 million less than requested.* **The Assembly concurred.**

**Reappropriation.** The Governor reappropriated \$11,500 from FY 2016 for enhancements to the electronic reporting tracking system for campaign finance reports that was not completed until early July. This reappropriation is not included in the Board's request. *The Governor's budget included the reappropriation.* **The Assembly concurred.**

**Campaign Finance Position (1.0 FTE).** The Board requested \$5,711 more than enacted from general revenues for a new position to work on campaign finance for which the enacted budget includes \$68,839. The position has been requested at a higher pay grade than assumed in the enacted budget since it will be responsible for ensuring compliance with the new campaign finance laws, which were enacted by the 2015 Assembly. The Board noted that it had not begun the process of filling the position because of workflow related to the elections, but it plans to fill it by the end of the third quarter of FY 2017. *The Governor's budget included funding for one third of the year.* **The Assembly concurred.**

**Board Member Compensation.** The Board requested \$18,884 more than enacted from general revenues to increase compensation for the members of the Board. Presently, the Board is comprised of six members and there is one vacant position, which the Board expects to be appointed by April of 2017. Three of the

members of the Board do not accept compensation since they receive a pension from the State of Rhode Island and therefore are not eligible to collect compensation. Each Board member who receives compensation receives \$7,000 annually. The Board's request increases compensation from \$7,000 to \$15,400 to be equal to the amount paid to the legislators. The change in compensation requires legislation. *The Governor did not concur with the proposal.* **The Assembly concurred.**

**Seasonal Staff.** The Board requested \$69,973 more than enacted from general revenues for wages of additional seasonal temporary employees to cope with the multiple responsibilities of the Board during the state's primary and presidential elections in FY 2017. The increase reflects the hiring of six additional temporary staff for a total of eleven. The revised request is 31 percent more than the enacted budget and 44 percent more than FY 2015 expenditures. The 2016 Assembly added \$1.3 million from general revenues for a total of \$1.4 million in the Office of the Secretary of State's budget to allow the Secretary of State to enter into a multi-year purchase and maintenance agreement for new voting equipment. It reduced funding in the Board of Election's budget by \$0.3 million. However, the Board noted that it is still responsible for assisting the Secretary of State with training and performing general maintenance on the new voting equipment. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Board requested \$78,026 less than enacted from general revenues for all other salaries and benefits to fund the remaining 11.0 full-time equivalent positions during FY 2017. The Board currently has two vacancies, which include the executive director, and the planning and program development specialist. The request includes turnover savings equivalent to the vacancies being filled at the end of the first quarter; however, the Board did not plan to fill all positions until the end of the third quarter. *The Governor recommended \$124,157 less than enacted to accurately account for current vacancies and statewide benefit savings.* **The Assembly concurred.**

**Legal Services.** The Board requested \$53,905 more than enacted from general revenues for legal services. The increase includes \$27,803 for an investigation requested by the Board. The remaining \$26,102 corresponds to a pending legal litigation with the executive director, who was dismissed on August 31, 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Printer.** The Board requested \$13,600 from general revenues to replace its 10-year-old color printer, which experienced multiple failures during the preparation of the state's primary and presidential elections in FY 2017. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Election Expenses.** The Board requested \$0.1 million more than enacted from general revenues for election supplies and expenses. The 2016 Assembly included \$1.3 million from general revenues for a total of \$1.4 million in the Office of the Secretary of State's budget to allow the Secretary of State to enter into a multi-year purchase and maintenance agreement for new voting equipment. It reduced funding in the Board of Election's budget by \$0.3 million making the net increase to the state in FY 2017 \$1.0 million. The Board noted that the state's new voting equipment has required the Board to purchase additional supplies and services in order to properly perform the duties of the state's primary and presidential elections in FY 2017.

The increase includes \$10,000 for additional express delivery and pick up costs of voting equipment from the Board of Elections to the designated polling places during both elections; \$24,000 for wireless transmission costs of election results from the new voting equipment at each polling place to the Board of Elections on election night, which it did not anticipate when it submitted its original budget; \$20,000 for additional poll worker training manuals, signs, ballot applications, and election related instructions; and \$55,000 for miscellaneous expenses such as ink cartridges for the new voting equipment, supply boxes, training tables, labels to be posted on the voting equipment instructing voters the proper way to mark the ballot and other election cycle material. *The Governor recommended funding as requested.* **The Assembly concurred.**



## Rhode Island Ethics Commission

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,368,067	\$ 1,452,796	\$ 1,422,523	\$ 1,422,523
Contracted Services	20,720	27,000	35,000	35,000
<b>Subtotal</b>	<b>\$ 1,388,787</b>	<b>\$ 1,479,796</b>	<b>\$ 1,457,523</b>	<b>\$ 1,457,523</b>
Other State Operations	154,218	169,261	169,261	169,261
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	3,326	4,326	4,826	4,826
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,546,331</b>	<b>\$ 1,653,383</b>	<b>\$ 1,631,610</b>	<b>\$ 1,631,610</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,546,331	\$ 1,653,383	\$ 1,631,610	\$ 1,631,610
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,546,331</b>	<b>\$ 1,653,383</b>	<b>\$ 1,631,610</b>	<b>\$ 1,631,610</b>
<b>FTE Authorization</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>
<b>FTE Average</b>	<b>11.5</b>			

**FY 2017 Revised Request.** The Commission requested \$14,532 less than enacted from general revenues. *The Governor further reduced expenses by \$7,241.* **The Assembly concurred.**

**Salaries and Benefits.** The Commission requested \$27,948 less than enacted from general revenues for salaries and benefits based on unanticipated turnover savings. *The Governor's recommendation is \$2,325 less than requested, reflecting a statewide reduction to benefit rates.* **The Assembly concurred.**

**Legal Services.** The Commission requested \$5,000 more from general revenues for legal services in its revised request, for a total of \$20,000 for FY 2017 and \$9,202 more than spent in FY 2016.

The Commission reported in its budget submission that it is no longer receiving a 15.0 percent courtesy discount from its independent legal counsel, Edmund Alves Jr. from Blish and Cavanagh. This accounts for \$2,000 of the \$5,000 increase in legal contracts. The remaining relates to potential increases in advisory opinions and complaints, as well as potential litigation from the recent ballot measure restoring authority over legislative activities. *The Governor recommended \$830 less than requested based on expenditures through the first quarter of FY 2017.* **The Assembly concurred.**

**All Other Operations.** The Commission requested \$8,416 more than enacted for all other operations. This includes \$4,100 more for additional stenography services, \$500 more for a new printer, and \$3,816 more for all other operating expenditures. *The Governor's recommendation is \$4,086 less than requested,*

*including \$500 less for stenography services and \$3,586 less for all other operating expenses. **The Assembly concurred.***

## Office of the Governor

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 4,443,748	\$ 4,554,702	\$ 4,547,115	\$ 4,547,115
Contracted Services	56,514	500	500	500
<b>Subtotal</b>	<b>\$ 4,500,262</b>	<b>\$ 4,555,202</b>	<b>\$ 4,547,615</b>	<b>\$ 4,547,615</b>
Other State Operations	250,030	265,967	557,967	507,967
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	250	250,000	250,000	-
Capital	4,560	19,900	19,900	19,900
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 4,755,102</b>	<b>\$ 5,091,069</b>	<b>\$ 5,375,482</b>	<b>\$ 5,075,482</b>
<b>Sources of Funds</b>				
General Revenue	\$ 4,755,102	\$ 5,091,069	\$ 5,375,482	\$ 5,075,482
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 4,755,102</b>	<b>\$ 5,091,069</b>	<b>\$ 5,375,482</b>	<b>\$ 5,075,482</b>
<b>FTE Authorization</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>
<b>FTE Average</b>	<b>40.1</b>			

**FY 2017 Revised Request.** The Office of the Governor requested \$292,000 more from general revenues than enacted to reflect the discretionary reappropriation of unused contingency funds from FY 2016. Accounting for a significant increase in personnel costs allocated to other agencies, the revised request is \$0.7 million more than enacted. *The Governor recommended funding as requested, with the exception of \$7,587 less from general revenues to reflect statewide benefit savings.* **The Assembly provided \$300,000 less from general revenues.**

**Contingency Fund.** The Office's revised request includes \$0.5 million from general revenues, including a reappropriation of \$292,000 from FY 2016 unexpended contingency funds for which the FY 2016 final budget included \$410,800. The contingency fund may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an unusual nature. According to the Budget Office, all expenses incurred in FY 2016 were paid. Expenditures through December 19, 2016, totaled \$11,444. *The Governor recommended funding as requested.* **The Assembly provided \$300,000 less than recommended.**

**Staff Allocation to Other Agencies.** The Office's revised request lowers direct expenditures by \$0.7 million from general revenues to reflect its plan to allocate staff costs to other state agencies. The Office reported that it provides staff support to agencies for various initiatives, such as Real Jobs RI and RhodeWorks. It proposed allocating the cost of these staff members to the agencies to reflect time spent on agency initiatives. This proposal shifted some personnel costs from the Office of the Governor to eight other state agencies, including the Departments of Administration, Elementary and Secondary Education,

Labor and Training, Public Safety, and Transportation, as well as the Executive Office of Commerce, Executive Office of Health and Human Services, and the Office of Postsecondary Commissioner. The enacted budget assumes cost allocations equivalent to 0.5 full-time positions; the revised request includes allocations equivalent to 6.3 positions. *The Governor recommended funding as requested.* **The Assembly did not concur with the Governor's proposal to allocate personnel expenditures for positions within the Office.**

**Other Salaries and Benefits.** Excluding staff allocations noted above, the Office requested \$0.7 million more than enacted from general revenues to fully fund all remaining authorized positions, restoring enacted turnover savings. This is equivalent to filling 6.8 additional full-time equivalent positions. *The Governor provided \$7,587 less than requested from general revenues to reflect statewide benefit savings.* **The Assembly concurred.**

## Rhode Island Commission for Human Rights

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,262,756	\$ 1,308,501	\$ 1,351,222	\$ 1,351,222
Contracted Services	4,650	8,550	24,370	24,370
<b>Subtotal</b>	<b>\$ 1,267,406</b>	<b>\$ 1,317,051</b>	<b>\$ 1,375,592</b>	<b>\$ 1,375,592</b>
Other State Operations	254,031	264,372	270,416	270,416
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,521,437</b>	<b>\$ 1,581,423</b>	<b>\$ 1,646,008</b>	<b>\$ 1,646,008</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,242,374	\$ 1,258,128	\$ 1,247,603	\$ 1,247,603
Federal Aid	279,063	323,295	398,405	398,405
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 1,521,437</b>	<b>\$ 1,581,423</b>	<b>\$ 1,646,008</b>	<b>\$ 1,646,008</b>
<b>FTE Authorization</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>	<b>14.5</b>
<b>FTE Average</b>	<b>14.0</b>			

**FY 2017 Revised Request.** The Commission requested \$62,609 more than enacted, including \$39,612 more from general revenues and \$22,997 more from federal funds. *The Governor recommended \$1,976 more than requested including \$50,137 less from general revenues to reflect shifting staff costs from general revenues to available federal funds.* **The Assembly concurred.**

**Federal Receipts.** The enacted budget assumes that federal receipts available to be spent in FY 2017 will be \$323,295. The Commission's revised budget includes expenses totaling \$346,292 to reflect additional federal funds carried forward from FY 2016. *The Governor's budget assumes \$398,405 in available federal receipts for FY 2017, which is \$52,113 more than requested based on actual receipts through the first quarter of FY 2017 and updated projections for the remainder of the year.* **The Assembly concurred.**

**Pay Increases.** The Commission requested an additional \$48,285 in FY 2017 for agency-wide pay increases that went into effect at the end of FY 2016 after approval by the Department of Administration and a public hearing process consistent with current law requirements. This includes an increase of \$41,812 from general revenues and \$6,473 from federal funds. *The Governor included pay increases as requested, but recommended funding exclusively from federal funds based on revised federal receipt estimates.* **The Assembly concurred.**

**Other Salaries and Benefits.** The Commission requested \$7,540 less than enacted from all funds for all other salaries and benefits, including \$6,714 more from general revenues and \$14,254 less from federal funds. This reflects turnover savings from filling a position at a lower rate than the incumbent and charging

a larger portion of the cost for a staff attorney position to general revenues. *The Governor recommended \$5,564 less than enacted including \$1,611 less from general revenues to reflect statewide benefit savings. The Assembly concurred.*

**Other Operations.** The Commission requested \$21,864 more than enacted from all funds for all other operations, including \$8,914 less from general revenues and \$30,778 more from federal funds. The request shifts a portion of general revenue expenditures to federal funds and includes an additional \$15,120 from federal funds for temporary investigators to work on cases. The Commission estimates that it will process approximately 407 cases for both FY 2017 and FY 2018, which is 7 cases more than the FY 2016 level. There is also a \$5,000 increase in rent to reflect a five-year lease extension effective September 1, 2016 approved by the 2016 General Assembly as part of the FY 2017 enacted budget and by the State Properties Committee at its August 30, 2016 meeting. The enacted budget assumed that the Commission would make reductions elsewhere to accommodate the additional lease costs. It should be noted that when the Commission negotiated the new lease, it entered into a new parking agreement with the Convention Center for annual savings of \$8,100. *The Governor recommended funding as requested. The Assembly concurred.*

## Public Utilities Commission

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 5,755,075	\$ 6,266,580	\$ 6,254,072	\$ 6,127,062
Contracted Services	872,753	1,658,525	1,868,525	1,868,525
<b>Subtotal</b>	<b>\$ 6,627,828</b>	<b>\$ 7,925,105</b>	<b>\$ 8,122,597</b>	<b>\$ 7,995,587</b>
Other State Operations	580,032	951,531	975,204	975,204
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	337	-	-
Capital	70,129	50,000	80,000	80,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 7,277,989</b>	<b>\$ 8,926,973</b>	<b>\$ 9,177,801</b>	<b>\$ 9,050,791</b>
<b>Sources of Funds</b>				
General Revenue	-	-	-	-
Federal Aid	107,180	104,669	128,000	128,000
Restricted Receipts	7,170,809	8,822,304	9,049,801	8,922,791
Other	-	-	-	-
<b>Total</b>	<b>\$ 7,277,989</b>	<b>\$ 8,926,973</b>	<b>\$ 9,177,801</b>	<b>\$ 9,050,791</b>
<b>FTE Authorization</b>	<b>50.0</b>	<b>51.0</b>	<b>54.0</b>	<b>51.0</b>
<b>FTE Average</b>	<b>46.1</b>			

**FY 2017 Revised Request.** The Public Utilities Commission requested \$250,828 more than enacted from all sources and 54.0 full-time equivalent positions, which is three more than the authorized level. *The Governor recommended funding and staffing as requested. This does not appear to reflect statewide benefit savings. The Assembly recommended staffing at the enacted level and \$0.1 million less than recommended from restricted receipts.*

**Administrative Assistant (2.0 FTE).** The Commission requested \$91,426 from restricted receipts for partial year funding and authorization for 2.0 new full-time administrative assistants. Both positions would work for senior staff on a variety of issues; one for the Division and one for the Commission. In addition to normal administrative duties, these positions would coordinate meetings and other projects, prepare documents for staff, and interact with consumers, expert witness consultants, and other state officials. The Commission anticipates several new large projects for the Division in the next 12 to 18 months including, but not limited to, a request for information for 5G broadband, Transportation Network Service Company rulemaking, and work related to its position as a stakeholder in the Rate Modernization docket(s). For the Commission, there is an anticipated increase in activity related to the Energy Facilities Siting Board, rate modernization, and grid modernization.

These positions were not requested in the original FY 2017 request. As of November 28, neither position had been filled; however, the budget assumes that one of the positions will be hired October 30, 2016 and the other will be hired on March 5, 2017. *The Governor recommended funding and staffing as requested. The Assembly excluded both the funding and the authorization.*

**Chief of Program Development (1.0 FTE).** The Commission requested \$35,584 from restricted receipts and authorization for one new full-time chief of program development position for one quarter of FY 2017. This position would be responsible for program development and research around net metering and net metering options. The position would also coordinate current and new programs with other state agencies such as the Office of Energy Resources and will be responsible for tracking national and state legislation and participating in the preparation of any requests for federal grants. It would also assist in the coordination, research and development of dockets for the Energy Facilities Siting Board. The budget request assumes the position will be filled in March 2017.

The annualized cost of the position is \$117,488 based on FY 2017 revised planning values. This position was not requested in the original FY 2017 request. *The Governor recommended funding and staffing as requested.* **The Assembly excluded both the funding and the authorization.**

**Other Salaries and Benefits.** The Commission requested \$139,518 less than enacted from all sources for salaries and benefits for the Commission's remaining 51.0 full-time equivalent positions. The FY 2017 enacted budget includes turnover savings of \$0.1 million which is equivalent to one vacant position. The revised request includes additional turnover savings equivalent to 1.3 vacant positions. As of the pay period ending November 26, the Commission had 3.0 vacancies. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Energy Facility Siting Board.** The Commission requested an additional \$225,000 from restricted receipts to support the work of the Energy Facility Siting Board based on expenditures for the first quarter of the fiscal year and a projection of expenditures for the remainder of the year for two controversial dockets expected to be resolved during FY 2017. The Energy Facility Siting Board regulates the issuance of licenses to construct major energy facilities. All expenditures related to the investigation are billed back to the applicants. Through the first quarter of the fiscal year, the Commission had spent \$0.2 million, which is approximately \$0.1 million more than the enacted budget, for expert witnesses, stenographers, print advertising notices and advisory opinions. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Operations.** The Commission requested \$38,336 more than enacted from all sources for all other operations for FY 2017. The majority of the increase, \$30,000, is for the purchase of a new electric Chevy Volt. The FY 2017 enacted budget did not include funding for the purchase of any vehicles as the final FY 2016 budget included funding to replace a sport utility vehicle that had reached the end of its useful life. *The Governor recommended funding as requested.* **The Assembly concurred.**



## Executive Office of Health and Human Services

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Central Management	\$ 175,148,947	\$ 146,441,762	\$ 170,756,679	\$ 144,786,636
Medical Assistance	2,185,152,190	2,251,750,823	2,318,276,974	2,357,088,909
<b>Total</b>	<b>\$ 2,360,301,137</b>	<b>\$ 2,398,192,585</b>	<b>\$ 2,489,033,653</b>	<b>\$ 2,501,875,545</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 22,868,915	\$ 22,892,326	\$ 24,241,560	\$ 23,457,102
Contracted Services	128,305,091	92,921,539	116,436,833	89,258,985
<b>Subtotal</b>	<b>\$ 151,174,006</b>	<b>\$ 115,813,865</b>	<b>\$ 140,678,393</b>	<b>\$ 112,716,087</b>
Other State Operations	5,084,584	6,074,864	7,252,294	9,244,557
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	2,203,891,007	2,275,900,315	2,340,116,880	2,378,928,815
Capital	151,540	403,541	986,086	986,086
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 2,360,301,137</b>	<b>\$ 2,398,192,585</b>	<b>\$ 2,489,033,653</b>	<b>\$ 2,501,875,545</b>
<b>Sources of Funds</b>				
General Revenue	\$ 911,535,815	\$ 936,987,012	\$ 945,360,040	\$ 949,973,952
Federal Aid	1,433,337,164	1,447,676,171	1,527,858,521	1,536,086,501
Restricted Receipts	15,428,158	13,529,402	15,815,092	15,815,092
Other	-	-	-	-
<b>Total</b>	<b>\$ 2,360,301,137</b>	<b>\$ 2,398,192,585</b>	<b>\$ 2,489,033,653</b>	<b>\$ 2,501,875,545</b>
<b>FTE Authorization</b>	<b>187.0</b>	<b>179.0</b>	<b>178.0</b>	<b>178.0</b>
<b>FTE Average</b>	<b>165.2</b>			

**FY 2017 Revised Request.** The Executive Office included \$24.3 million more from all sources for total funding of \$2,244.5 million in its FY 2017 revised request. This includes \$0.3 million more from general revenues, \$21.7 million more from federal funds and \$3.3 million more from restricted receipts. The majority of the increase is related to the Unified Health Infrastructure Project.

*The Governor recommended \$66.6 million more than requested, including \$8.1 million more from general revenues; she lowered the November caseload estimate by \$3.1 million, including \$1.5 million from general revenues to reflect updated federal Medicare Part B premium rates. She requested several amendments that added Health System Transformation Project federal funding which was excluded from the recommendation, added federal funds for HIV prevention and shifted funding for the Unified Health Infrastructure Project from FY 2017 to FY 2018.*

**The Assembly provided \$2,501.9 million, including \$950.0 million from general revenues, \$1,536.1 million from federal funds and \$15.8 million from restricted receipts. This is \$12.8 million more than the Governor's recommendation, including \$8.2 million from federal funds and \$4.6 million more from general revenues. The Assembly included updated spending based on the May caseload**

conference and concurred with amendments to add federal funds and adjust Unified Health Infrastructure Project costs. Each change is explained separately.

**Federal Poverty Guidelines.** The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office of Health and Human Services. The 2016 guidelines are shown in the following table.

Percent of Federal Poverty Level Based on Annual Income								
Family Size	100%	138%	150%	180%	185%	200%	225%	250%
1	\$ 11,880	\$ 16,394	\$ 17,820	\$ 21,384	\$ 21,978	\$ 23,760	\$ 26,730	\$ 29,700
2	16,020	22,108	24,030	28,836	29,637	32,040	36,045	40,050
3	20,160	27,821	30,240	36,288	37,296	40,320	45,360	50,400
4	24,300	33,534	36,450	43,740	44,955	48,600	54,675	60,750
5	28,440	39,247	42,660	51,192	52,614	56,880	63,990	71,100
6	32,580	44,960	48,870	58,644	60,273	65,160	73,305	81,450
7	36,730	50,687	55,095	66,114	67,951	73,460	82,643	91,825
8	40,890	56,428	61,335	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.*

**Health System Transformation Program.** The 2015 Assembly added Section 10 of Article 5 of 2015-H 5900, Substitute A, as amended, for the hospital and nursing facility incentive programs and authorized the Secretary of Health and Human Services to seek the federal authority required to implement a hospital and nursing home incentive program. The program would provide participating licensed hospitals and nursing facilities the ability to obtain certain payments for achieving performance goals established by the Secretary; payments were to be made no sooner than July 1, 2016. This was part of the Governor's Reinventing Medicaid initiative.

The 2016 Assembly included Section 9 of Article 7 of 2016-H 7545, Substitute A, as amended to seek federal authority to fund the Rhode Island Health System Transformation Program, for new cost not otherwise matchable programs, also called CNOMs, and the Designated State Health Programs to seek Medicaid match through a health workforce development partnership with the University of Rhode Island, Rhode Island College and the Community College of Rhode Island. The amended request retains the language to use hospital resources if federal approval is denied.

On May 16, 2016, the Executive Office held the final public hearing and sought federal approval; however, that decision was not made before the Assembly adjourned in late June. The Assembly did include \$18.8 million from federal funds in the Medical Assistance program in the event that the program was approved. The fall Caseload Estimating Conference, which met on November 7, 2016, did not provide a funding estimate since the program is not considered an entitlement.

The state received approval on October 20, 2016 for a five-year grant that totals \$129.7 million for the Health System Transformation Project. Through this demonstration, approved by the Centers for Medicare and Medicaid Services, the state, along with accompanying changes to its managed care contracts, will develop shared savings agreements between the managed care health plans and the certified affordable entities. The shared savings incentive programs are: Hospital and Nursing Home Incentive Program and the Accountable Entity Incentive Arrangement. Supporting documentation indicates that the Hospital and Nursing Home Incentive Program will operate for nine months and it is the intent to prepare hospitals and nursing homes for participation in affordable entities in order to manage long term services and supports through a rebalancing strategy that includes the introduction of an affordable entity payment.

It also should be noted that the Executive Office requests \$0.2 million from all sources, including \$0.1 million from general revenues for the University of Massachusetts Medical School to provide technical

assistance to establish a partnership between Rhode Island’s three public institutions for higher education, University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, and the Executive Office of Health and Human Services’ Medicaid Health System Transformation Program. This is discussed separately.

*The Governor’s revised budget did not include any funding for the Hospital and Nursing Home Incentive Program or the Accountable Entity Incentive Arrangement for FY 2017 or FY 2018. She did fund the contract with the University of Massachusetts Medical School. She subsequently requested an amendment to add \$7.3 million for payments to nursing facilities and \$1.0 million for administrative expenses, discussed separately. Payment to the nursing facilities were made in June 2017. **The Assembly concurred with the amended recommendation.***

### **Reinventing Medicaid**

Governor Raimondo signed an executive order establishing the Working Group to Reinvent Medicaid, which was 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.

The Governor included \$92.3 million in savings in her FY 2016 recommended budget, including \$46.4 million from general revenues in the health and human service agencies from the initiative. She then proposed revisions to those savings that included increased revenues as well as expenditure reductions. The Assembly enacted the FY 2016 budget with a majority of the proposals.

The following table shows only the expenditure savings assumed for the Executive Office from Reinventing Medicaid. A majority of the \$72.1 million in savings from all sources that is included in the FY 2017 enacted budget is from a reduction to rates paid to hospitals, nursing facilities and the managed care plans. There are over 40 initiatives and the table aggregates some of the program efficiencies, such as residency verification and coordinated coverage for those with Medicare or other third party coverage. The table shows updated savings based on the testimony provided at the November Caseload Estimating Conference at the end of October 2016 by the Executive Office of Health and Human Services and included in the Governor’s recommendation for the FY 2017 revised budget.

**The Assembly included savings totaling \$109.7 million, including \$49.0 million from general revenues based on the Executive Office’s updated testimony at the May Caseload Estimating conference for specific proposals and updated savings.**

Proposal	FY 2017 Final		Status*
	Gen. Rev.	All Funds	
Hospital/Nursing Home & Managed Care Payments	\$ (30,943,766)	\$ (70,988,688)	On Target
Pilot Coordinated Care Program	(3,846,985)	(12,077,294)	On Target
Community Health Teams	(1,035,000)	(2,083,333)	On Target
Adult Day Services	(593,338)	(1,207,690)	On Target
Coordinated Care Management for SPMI	(2,563,601)	(6,000,000)	On Target
Medicaid Eligible Adults to Expansion	(1,500,000)	-	On Target
Electronic Visit Verification	(745,200)	(1,500,000)	On Target
Enhanced Residency	(150,000)	(301,933)	Delayed
Automate Patient Share	(500,000)	(1,017,708)	Delayed
Predictive Modeling	-	-	On Target
Other Program Efficiencies	(7,155,989)	(14,496,108)	On Target
<b>Total</b>	<b>\$ (49,033,879)</b>	<b>\$ (109,672,754)</b>	

*\*As of May 2017 Caseload Estimating Conference*

## Medical Assistance

The Caseload Estimating Conference met on November 7, 2016 and based on current law, set the FY 2017 medical assistance expenditures at \$2,302.4 million, including \$914.0 million from general revenues, which is \$88.4 million more than enacted from all funds and \$9.6 million more from general revenues. The Executive Office's revised request, which was submitted in October, is consistent with the enacted budget and does not reflect the adopted estimate.

The following table itemizes medical assistance expenditures in FY 2015 and FY 2016, as enacted by the 2016 Assembly, and adopted by the caseload estimators. As mentioned, the Executive Office's FY 2017 revised request is consistent with the enacted budget. The Executive Office's testimony at the caseload conference reallocated funding included for behavioral healthcare services programmed in Rhody Health Partners into the other medical services. Each category is discussed separately. *The Governor recommended funding consistent with the caseload estimate.*

**The Assembly provided \$2,330.8 million from all sources and included \$921.3 million from general revenues, consistent with the May estimate. This is \$31.5 million more than the Governor's recommendation, including \$8.8 million from general revenues and \$22.7 million more from federal funds.**

**This is \$20.7 million more for RItE Care, \$17.0 million more for the Medicaid expansion, \$11.6 million more for long term care, \$2.3 million more for pharmacy and \$2.8 million more for Rhody Health Options. This is offset by \$5.1 million less for hospitals, \$6.9 million less for Rhody Health Partners and \$7.8 million less for other medical services. Each change is explained separately.**

Medical Assistance	FY 2015 Spent	FY 2016 Spent	FY 2017 Enacted*	FY 2017 Gov. Rec.	FY 2017 May CEC	FY 2017 Final
<b>Hospitals</b>						
Regular Payments	\$ 75.7	\$ 61.6	\$ 48.8	\$ 59.1	\$ 54.0	\$ 54.0
DSH Payments	138.3	140.5	140.5	140.5	140.5	140.5
Total	\$ 214.0	\$ 202.1	\$ 189.3	\$ 199.6	\$ 194.5	\$ 194.5
<b>Long Term Care</b>						
Nursing and Hospice Care	\$ 181.0	\$ 175.3	178.4	\$ 177.0	\$ 190.5	\$ 190.5
Home and Community Care	68.5	63.6	\$ 67.4	56.4	54.5	54.5
Total	\$ 249.4	\$ 238.9	\$ 245.8	\$ 233.4	\$ 245.0	\$ 245.0
<b>Managed Care</b>						
RItE Care	\$ 554.6	\$ 562.4	\$ 569.1	\$ 589.6	\$ 610.9	\$ 610.9
RItE Share	6.8	8.1	9.4	7.1	6.8	6.8
Fee For Service	60.8	73.4	69.6	60.3	60.0	60.0
Total	\$ 622.2	\$ 643.9	\$ 648.0	\$ 657.1	\$ 677.8	\$ 677.8
<b>Rhody Health Partners</b>	\$ 260.7	\$ 211.3	\$ 251.0	\$ 240.4	\$ 233.5	\$ 233.5
<b>Rhody Health Options</b>	\$ 273.9	\$ 303.7	\$ 338.6	\$ 347.9	\$ 350.7	\$ 350.7
<b>Pharmacy</b>	\$ (1.2)	\$ (1.0)	\$ (1.3)	\$ (0.9)	\$ (1.4)	\$ (1.4)
<b>Pharmacy Part D Clawback</b>	\$ 50.1	\$ 53.1	\$ 57.5	\$ 59.2	\$ 59.0	\$ 59.0
<b>Medicaid Expansion</b>	\$ 411.0	\$ 374.3	\$ 390.9	\$ 450.0	\$ 467.0	\$ 467.0
<b>Other Medical Services</b>	\$ 110.7	\$ 137.9	\$ 94.1	\$ 112.5	\$ 104.7	\$ 104.7
Federal Funds	\$ 1,309.2	\$ 1,270.2	\$ 1,300.0	\$ 1,377.2	\$ 1,399.9	\$ 1,399.9
General Revenues	888.8	883.4	904.4	912.5	921.3	921.3
Restricted Receipts	11.4	10.5	9.6	9.6	9.6	9.6
<b>Total**</b>	<b>\$ 2,190.7</b>	<b>\$ 2,164.1</b>	<b>\$ 2,214.0</b>	<b>\$ 2,299.3</b>	<b>\$ 2,330.8</b>	<b>\$ 2,330.8</b>

\*Does not reflect funding for Health System Transformation Program that is not part of the caseload estimate

\*\*Expenditures in millions

## Hospitals

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$199.6 million, \$97.9 million from general revenues. It includes \$59.1 million for direct medical services and \$140.5 million for uncompensated care payments to community hospitals. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The caseload conference estimate excludes \$18.7 million from Medicaid funds appropriated to support the Health Transformation Program; this includes \$11.9 million in the hospital program and \$6.8 million in long-term care. *The Governor included funding consistent with the conference estimate.* **The Assembly provided \$194.5 million consistent with the May caseload conference, including \$95.6 million from general revenues which is \$5.1 million less than recommended, of which \$2.4 million is from general revenues.**

**Hospitals.** The November Caseload Estimating Conference estimate includes FY 2017 expenditures at \$59.1 million, including \$28.2 million from general revenues. The estimate also includes the \$19.8 million upper payment limit reimbursement payment made to the community hospitals and \$2.0 million for general graduate medical education activities. The estimate adds \$6.2 million from all sources, including \$2.9 million from general revenues to pay \$850 a day for up to 20 individuals to reside at Fatima Hospital's inpatient psychiatric unit; funding was not included in the FY 2017 enacted budget for the expense.

The estimate lowers fee-for-service hospital spending by \$3.6 million from all funds, including \$1.7 million from general revenues in the current fiscal year to reflect fewer inpatient and outpatient days. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor included funding consistent with the conference estimate.*

**The Assembly provided \$54.0 million, including \$25.9 million from general revenues consistent with the May caseload conference to reflect updated hospital expenses.**

**Upper Payment Limit Reimbursements.** The enacted budget includes \$19.2 million from all sources, of which \$9.5 million is from general revenues, to make the inpatient and outpatient upper payment limit reimbursements to the state's community hospitals. The caseload estimate includes \$19.8 million for updated projections which is \$0.5 million more than enacted. The total includes \$8.0 million from general revenues, \$1.4 million less than enacted. The enacted budget included Medicaid funding at the regular rate; however, a portion of the payment is for individuals enrolled in the Medicaid expansion program for which the state is able to claim the higher Medicaid rate, so state funds have been adjusted accordingly. *The Governor included funding consistent with the conference estimate which included \$19.8 million, including \$8.0 million from general revenues.* **The Assembly concurred.**

**Graduate Medical Education.** The enacted budget includes \$2.0 million from general revenues for graduate medical education at the state's community hospitals. The Executive Office's revised request and the November caseload estimate include the funding. *The Governor included funding consistent with the conference estimate.* **The Assembly concurred.**

**Disproportionate Share Payments to Hospitals.** The Executive Office requested \$140.5 million from all sources for the disproportionate share payments for uncompensated care costs to hospitals, consistent with the enacted budget. This includes \$70.3 million from general revenues and matching federal funds. Funding is provided to Eleanor Slater Hospital and the state's community hospitals through the Executive Office of Health and Human Services.

The November caseload conference estimate includes the enacted level of funding for uncompensated care payments to the state and community hospitals; the November caseload estimate adjusted for the state and federal funding. *The Governor included funding consistent with the conference estimate.* **The Assembly**

provided \$140.5 million, including \$69.7 million from general revenues, consistent with the May caseload estimate.

Hospital Payments	FY 2016 Reported	FY 2017 Enacted	FY 2017 Gov. Rev.	FY 2017 May CEC	FY 2017 Final	Change to Governor
<b>Community Hospitals</b>						
State	\$ 62,549,661	\$ 69,493,490	\$ 68,900,439	\$ 68,900,439	\$ 68,900,439	\$ -
Federal	65,747,555	69,506,585	70,099,636	70,099,636	70,099,636	-
Subtotal	\$ 128,297,216	\$ 139,000,074	\$ 139,000,074	\$ 139,000,074	\$ 139,000,074	\$ -
<b>Eleanor Slater Hospital</b>						
State	\$ 755,119	\$ 774,421	\$ 774,421	\$ 774,421	\$ 774,421	\$ -
Federal	793,722	774,421	774,421	774,421	774,421	-
Subtotal	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ 1,548,841	\$ -
<b>Upper Payment Limit</b>						
State	\$ 5,482,285	\$ 9,457,259	\$ 8,041,601	\$ 8,041,603	\$ 8,041,601	\$ -
Federal	5,570,152	9,792,199	11,742,704	11,742,702	11,742,704	-
Subtotal	\$ 11,052,437	\$ 19,249,458	\$ 19,784,305	\$ 19,784,305	\$ 19,784,305	\$ -
<b>Graduate Medical Education</b>						
State	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -
<b>Total</b>	<b>\$ 142,898,494</b>	<b>\$ 161,798,373</b>	<b>\$ 162,333,220</b>	<b>\$ 162,333,220</b>	<b>\$ 162,333,220</b>	<b>\$ -</b>

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

**Hospital License Fee.** The 2016 Assembly included Section 7 of Article 13 of 2016-H 7454, Substitute A, as amended, which set the FY 2017 license fee at 5.652 percent based on 2015 revenues for all hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital, which will pay a lower 3.55 percent fee, subject to federal approval of a waiver. *The Governor included funding consistent with the FY 2017 enacted level.* **The Assembly concurred.**

FY 2017 Hospital License Fee	FY 2017 Enacted	FY 2017 Gov. Rev.	FY 2017 Final	Change to Governor
<i>Base Year</i>	<i>2015</i>	<i>2015</i>	<i>2015</i>	
<i>Tax Rate</i>	<i>5.652%</i>	<i>5.652%</i>	<i>5.652%</i>	-
Community Hospital License Fee	\$ 166,621,903	\$ 166,621,903	\$ 166,621,903	\$ -
Washington County Hospitals Waiver	(4,236,468)	(4,236,468)	(4,236,468)	-
Subtotal Licensing fee	162,385,435	162,385,435	162,385,435	-
Slater License Fee	6,573,237	6,573,237	6,573,237	-
<b>Total</b>	<b>\$ 168,958,672</b>	<b>\$ 168,958,672</b>	<b>\$ 168,958,672</b>	<b>\$ -</b>

### Long Term Care

The November Caseload Estimating Conference estimate includes long term care expenses at \$233.4 million, of which \$114.7 million is from general revenues. This includes \$177.0 million for nursing facilities and hospice care and \$56.4 million for home and community care. The Executive Office’s revised request is consistent with the enacted budget and does not reflect the adopted estimate.

The revised estimate is \$12.4 million less than the enacted budget. The fee-for-service costs total \$233.4 million and which combined with the \$347.9 million in Rhody Health Options total \$581.3 million,

including \$285.7 million from general revenues. The conference lowered expenses by \$3.1 million, including \$1.5 million from general revenues for services to the elderly.

*The Governor included funding consistent with the conference estimate. **The Assembly provided funding consistent with the May caseload estimate, which included \$245.0 million from all sources, including \$120.4 million from general revenues. Combined with Rhody Health Options, the Assembly provided \$595.7 million, including \$292.8 million from general revenues in FY 2017 for long term care services.***

Nursing Facilities and Hospice Care. The November Caseload Estimating Conference estimate includes FY 2017 expenditures of \$177.0 million, of which \$87.0 million is from general revenues for the state's 84 nursing facilities. The estimate reduces nursing home costs by \$1.4 million in the current year, including \$0.7 million from general revenues. *The Governor included funding consistent with the conference estimate. **The Assembly included \$190.5 million, of which \$93.6 million is from general revenues, consistent with the May caseload estimate. This is \$13.5 million more than the Governor's recommendation and includes \$6.3 million for payments for services provided to beneficiaries whose applications are pending for more than 90 days.***

Home and Community Care. The November Caseload Estimating Conference estimate includes \$56.4 million for home and community care expenses, including \$27.7 million from general revenues in the FY 2017 estimate. This is \$11.0 million less than enacted, including \$5.4 million less from general revenues to reflect current spending projections. *The Governor included funding consistent with the conference estimate. **The Assembly included \$54.5 million, of which \$26.8 million is from general revenues consistent with the May caseload estimate. This is \$1.9 million less than the Governor's recommendation to reflect decreased utilization in the fee-for-service program and expanded enrollment in Rhody Health Options.***

### Managed Care

The November Caseload Estimating Conference estimate includes managed care expenses of \$657.1 million, including \$294.9 million from general revenues; the estimate adds \$9.1 million from all sources, including \$0.1 million from general revenues. The estimate includes \$294.9 million from general revenues and \$362.2 million from federal funds and includes RItE Care expenses at \$593.9 million, RItE Share at \$7.1 million and fee-for-service expenses at \$56.1 million; a discussion of each follows. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor included funding consistent with the conference estimate.*

**The Assembly provided \$677.8 million, including \$306.6 million from general revenues consistent with the May caseload conference estimate. This is \$20.6 million more than the November estimate primarily due to technical issues surrounding the implementation of the Unified Health Infrastructure Project. The estimate adjusts for an increased enrollment trend related to unachieved savings from conducting post eligibility verification assumed in November. Also as a result of system issues, RItE Care beneficiaries have not been terminated which has resulted in increased enrollment and program costs. Those impacts were partially offset by adjustments for pharmacy rebates and other trends.**

RItE Care. The November Caseload Estimating Conference estimated RItE Care expenditures at \$589.6 million including \$262.8 million from general revenues and revisions to the caseload enrollment demographics that influence program costs. The estimate assumes higher than anticipated monthly capitated rates offset by a projected decrease in enrollment, accounting for \$4.1 million of the increase. Payments to the federally qualified health centers add \$4.9 million, and the estimate includes higher than anticipated rebates.

The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate, which is \$4.1 million above the enacted budget for the capitated payments to the health plans for enrollees. This is offset by \$13.8 million less in the fee-for-service payments for out-of-plan services. The Executive Office reported that part of the reduction in the fee-for-service expenses is the shift to in-plan benefits or a benefit moving into plan; it does not necessarily analyze the shift from one "bucket" to another. *The Governor included funding consistent with the conference estimate. **The Assembly included \$610.9 million consistent with the May conference estimate, which is \$21.3 million more than the Governor's recommendation. As noted, issues with post eligibility verification and other system issues resulted in higher than projected enrollment and program costs.***

RItE Share. The Caseload Estimating Conference estimate includes RItE Share expenditures of \$7.1 million, including \$3.6 million from general revenues. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate, which is \$2.3 million less than enacted to reflect lower enrollment. The Executive Office testified that there has been a decrease in the number of RItE Share enrollees, lowering program costs. *The Governor included funding consistent with the conference estimate.*

The RItE Share program allows families who are eligible for medical assistance to remain on their employer based health insurance plan. The state pays the health care premiums and co-payments of RItE Share eligible participants if the coverage is similar to the cost and services offered through RItE Care. Until October 1, 2011, the state also paid the co-pays and deductibles for prescriptions and doctor's visits when the charges exceeded the amount that the employer's insurance would pay. *The Governor included funding consistent with the conference estimate. **The Assembly included \$6.8 million, \$3.3 million from general revenues, consistent with the May conference estimate and \$0.4 million less than recommended.***

Fee-Based Managed Care. The November Caseload Estimating Conference estimate includes fee-based managed care expenditures of \$60.3 million from all sources, of which \$29.6 million is general revenues. The estimate is \$13.5 million less than enacted, including \$3.5 million less from general revenues which reflects the potential transition in out-of-plan expenses to in-plan benefit services or higher use of in-plan benefits paid for through the capitated rates. Fee-based managed care provides additional services to those in the contracted managed care system. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor included funding consistent with the conference estimate. **The Assembly provided \$60.0 million, including \$29.5 million from general revenues, consistent with the May conference estimate and \$0.3 million more than recommended.***

### **Rhody Health Partners**

**Rhody Health Partners.** The November Caseload Estimating Conference estimate includes expenditures of \$240.4 million from all sources, including \$118.9 million from general revenues for FY 2017 for the managed care program for adults with disabilities. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

The estimate is \$10.6 million less than enacted, including \$5.4 million less from general revenues; this includes reallocation of \$17.9 million from all sources, \$8.9 million from general revenues, for behavioral health care services appropriated to Rhody Health Partners to the other medical services programs, discussed separately. The estimate adds \$7.3 million from all sources, including \$3.5 million from general revenues, for a 0.9 percent increase in enrollment offset by a 0.5 percent reduction in the monthly capitated payment. *The Governor included funding consistent with the conference estimate. **The Assembly provided \$233.5 million, including \$115.4 million from general revenues consistent with the May caseload estimate. This is \$6.9 million less than the recommendation to reflect increased pharmacy rebates and lower program costs anticipated through the year-end settlement with the managed care plans.***



## Rhody Health Options

**Rhody Health Options.** As of November 1, 2013, the state entered into a managed care contract with Neighborhood Health Plan of Rhode Island to manage acute care and long-term care services for individuals eligible for both Medicare and Medicaid. Consistent with the Executive Office's testimony, the caseload conference estimate includes \$347.9 million from all sources, including \$171.0 million from general revenues for the Rhody Health Options program.

The estimate is \$9.3 million more than enacted for the Rhody Health Options program, including \$3.8 million from general revenues. As discussed in the long term care program section, spending on the elderly, including those eligible for Medicare and Medicaid, is estimated to be \$581.3 million in the fee-for-service and managed care programs. *The Governor included funding consistent with the conference estimate.* **The Assembly provided \$350.7 million, including \$172.4 million from general revenues consistent with the May caseload estimate. This is \$2.8 million more than the recommendation to reflect updated enrollment in the managed care program.**

## Pharmacy

The November Caseload Estimating Conference estimate includes pharmacy expenses of \$58.4 million; this includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor included funding consistent with the conference estimate.* **The Assembly included \$57.6 million consistent with the May caseload conference.**

Fee-for-Service. The November Caseload Estimating Conference estimate includes net savings of \$0.9 million for FY 2017 pharmacy expenses, which reflects fee-for-service pharmacy costs offset by federal rebates; this savings is \$0.4 million lower than assumed in the enacted budget.

The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. Elderly and disabled individuals who are not enrolled in Rhody Health receive this fee-for-service pharmacy benefit. The caseload estimate separates the actual pharmacy costs for fee-for-service clients and the state's payment for the Medicare Part D clawback, discussed below.

*The Governor included funding consistent with the conference estimate.* **As a result of the ability to realize rebates that exceed expenses, the May Caseload Conference estimate includes net savings of \$1.4 million, including \$0.4 million from general revenues. The Assembly concurred.**

Medicare Drug Benefit - Part D Clawback. The November Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$59.2 million, \$1.7 million more than enacted. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The plan provides coverage with a series of deductibles and co-payments based on the recipient's income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state previously paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible, but do pay a \$1 co-payment for generic drugs or a \$3 co-payment for brand names. *The Governor included funding consistent with the conference estimate.* **The Assembly included \$59.0 million consistent with the May caseload estimate.**

## Medicaid Expansion

**Medicaid Expansion for Certain Adults.** The November caseload estimate increases spending by \$59.1 million for total funding of \$450.0 million from federal sources to provide Medicaid coverage to adults between ages 19 to 64, without dependent children, with incomes at or below 138 percent of poverty. This includes an updated enrollment of approximately 70,000 enrollees. The estimate also includes \$11.3 million for the state match, \$1.4 million more than included in the enacted budget. *The Governor included funding consistent with the conference estimate.* **The Assembly provided \$467.0 million, which is consistent with the May caseload estimate. This is \$17.0 million more than recommended for updated medical costs related to this population. The estimate includes enrollment of 72,182 and a higher per member cost than initially projected.**

## Other Medical Services

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

*The Governor recommended funding consistent with the November caseload estimate.* **The Assembly provided \$104.7 million, including \$41.0 million from general revenues consistent with the May caseload estimate; this is \$7.8 million less than recommended to reflect lower expenditures for Medicare Part B premiums and reallocating behavioral health care expenses to managed care plans through Rhody Health Partners.**

Other Medical Services. The November Caseload Estimating Conference estimate includes expenditures for other medical services at \$115.6 million, which includes \$46.1 million from general revenues. The estimate is \$21.5 million more than the enacted budget, including \$10.2 million more from general revenues. Compared to the enacted budget, the estimate reallocates \$18.7 million for FY 2017 in behavioral healthcare spending for those not enrolled in a managed care plan to the fee for service program. It also adds \$5.5 million more than enacted for the state to make a \$61.1 million Medicare Part B payment in the revised budget.

The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The estimate also includes \$9.6 million for the children's health account, discussed separately.

*The Governor recommended \$3.1 million less than the conference estimate, including \$1.5 million less from general revenues, based on updated federal projections for the Medicare Part B payment that were released after the conference estimate was adopted.* **The Assembly included \$104.7 million, \$41.0 million from general revenues, which is consistent with the May conference estimate and \$7.8 million less than the recommendation. As noted, there was a reduction in Medicare Part B premium payments and a reallocation of behavioral health care expenses to Rhody Health Partners.**

Children's Health Account. The enacted budget includes \$9.6 million from restricted receipts, which provide direct general revenue savings, for the children's health account. Every insurance provider that delivers certain services to children with special health care needs receives an assessment equivalent to the amount paid by the Executive Office of Health and Human Services for those services, not to exceed \$7,500 per service per child per year. Expenses are paid from this account that would otherwise require general revenues. The payments from insurance providers are assessments and are deposited in a children's health restricted receipt account. The Department currently assesses program expenses in three categories: comprehensive, evaluation, diagnosis, assessment, referral and re-evaluation services; home health

services; and child and adolescent intensive treatment services. Each category has a number of specific services within it. The caseload estimate is consistent with the enacted budget. *The Governor included funding consistent with the conference estimate.* **The Assembly also included \$9.6 million, which is consistent with the May conference estimate.**

Overdose Prevention and Intervention Task Force. The enacted budget includes \$1.5 million, \$0.7 million from general revenues, to support opioid treatment services recommended by the Overdose Task Force in the RIte Care program. The budget also includes \$2.5 million in the Department of Corrections' budget for treatment and prevention activities. The Governor's Overdose Prevention and Intervention Task Force issued a final report on November 10, 2015 to address the issues of addiction and overdose. The intent is to build capacity for medication assistance treatment and develop "centers for excellence" to expand the number of providers offering treatment and expand into new settings. The center would provide comprehensive evaluations, stabilization services and enhanced treatment services. The November caseload estimate includes \$1.5 million, \$0.7 million from general revenues.

*The Governor recommended funding consistent with the November caseload estimate. Of this amount, the Executive Office of Health and Human Services entered into an agreement to use \$340,000 from general revenues for recovery housing certification and recovery housing services.* **The Assembly reduced funding by \$250,000 from general revenues to reflect a delay in issuing the request for proposals for a recovery support center.**

### Central Management

**Reappropriation - Call Center.** The Governor reappropriated \$158,221 from general revenues to support the HealthSource RI call center activities for Phase II of the Integrated Care Initiative. Funding was not included in the enacted budget for this activity and is included in the revised budget matched by Medicaid funds. This is included as part of the contract with Automated Health Systems to operate the contact center. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Reappropriation - Predictive Modeling Analytics.** The Governor reappropriated \$99,843 from general revenues for the predictive modeling initiative and the Executive Office included this for total funding of \$2.0 million from all sources, \$0.4 million from general revenues in its revised request.

The enacted budget included \$2.0 million for BAE Systems Applied Intelligence, including \$0.3 million from general revenues and \$250,000 for HP Enterprises, including \$25,000 from general revenues. The reappropriation is for the BAE Systems Applied Intelligence's contract and funding for the HP Enterprise contract is eliminated in the revised request. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Unified Health Infrastructure Project.** The Unified Health Infrastructure Project was scheduled to be implemented on July 12, 2016; however, the start date for was delayed two months until September 13, 2016 so the state could comply with federal testing requirements for the new system. In May 2016, the Department received a memo from the United States Department of Agriculture's Food and Nutrition Service indicating its decision not to allow implementation as planned and required a full three-month pilot in a live environment follow by a phased statewide implementation. The Department offered an alternative pilot proposal, which was accepted. On September 2, 2016, the state received notification from the Food and Nutrition Services that is was unable to agree with the state's decision to proceed with the September 13 start date.

As of January 1, 2017, the Unified Health Infrastructure Project continues to function with multiple operational problems and the state has received notification from the Food and Nutrition Service of its

concern with system function. The state has submitted a Corrective Action Plan addressing issues identified by the federal authority and is still in communication to finalize an accepted corrective action plan.

Expenses for the Unified Health Infrastructure Project appear in the Executive Office of Health and Human Services' budget and the Department of Human Services and Administration which are requested at \$87.1 million from all sources, including \$11.3 million from general revenues, and \$73.7 million from federal funds in the budgets of the Executive Office and Department of Human Services. Use of \$2.1 million from the Information Technology Investment Fund is also anticipated to support the project in the revised budget.

The Executive Office requested \$76.4 million from all sources, including \$10.0 million from general revenues in its revised budget. This is \$24.4 million more from all sources of which \$43,714 is from general revenues and includes staffing costs. *The Governor recommended funding as requested, with the exception of statewide benefit savings. She subsequently requested an amendment to shift \$23.4 million including \$2.6 million from general revenues to FY 2018 to reflect concessions made by the contractor because of continuing functionality issues with the project. The Assembly concurred with the request to shift expenses to FY 2018.*

<b>Unified Health Infrastructure Project</b>				
<b>Department</b>	<b>General Revenues</b>	<b>Federal Funds</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>FY 2016 Spent</b>				
EOHHS	\$ 13,015,924	\$ 79,690,883	\$ -	\$ 92,706,807
DHS	2,883,527	4,628,457	-	7,511,984
<b>Total</b>	<b>\$ 15,899,451</b>	<b>\$ 84,319,340</b>	<b>\$ -</b>	<b>\$ 100,218,791</b>
<b>FY 2017 Enacted</b>				
EOHHS	\$ 9,990,495	\$ 41,996,278	\$ -	\$ 51,986,773
DHS	984,921	4,440,254	-	5,425,175
<b>Total</b>	<b>\$ 10,975,416</b>	<b>\$ 46,436,532</b>	<b>\$ -</b>	<b>\$ 57,411,948</b>
<b>FY 2017 Governor's Revised</b>				
EOHHS	\$ 10,034,012	\$ 66,320,886	\$ 2,785,117	\$ 79,140,015
DHS	1,275,037	7,053,288	-	8,328,325
<b>Total</b>	<b>\$ 11,309,049</b>	<b>\$ 73,374,174</b>	<b>\$ 2,785,117</b>	<b>\$ 87,468,340</b>
<b>FY 2017 Final</b>				
EOHHS	\$ 6,702,826	\$ 41,674,224	\$ 2,785,117	\$ 51,162,167
DHS	991,852	7,053,288	-	8,045,140
<b>Total</b>	<b>\$ 7,694,678</b>	<b>\$ 48,727,512</b>	<b>\$ 2,785,117</b>	<b>\$ 59,207,307</b>
<b>2 Year total</b>				
EOHHS	19,718,750	121,365,107	2,785,117	143,868,974
DHS	3,875,379	11,681,745	-	15,557,124
<b>Total</b>	<b>\$ 23,594,129</b>	<b>\$ 133,046,852</b>	<b>\$ 2,785,117</b>	<b>\$ 159,426,098</b>

**Health System Transformation Project.** The Executive Office requested \$200,000 from all sources, including \$100,000 from general revenues to amend its Xerox contract to enter into separate contract with the University of Massachusetts Medical School to provide technical assistance to establish a partnership between Rhode Island's three public institutions for higher education, University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, and the Executive Office of Health and Human Services' Medicaid Health System Transformation Program. This contract was amended on August 17, 2016 and the work was completed on September 30, 2016.

*The Governor recommended funding as requested. She subsequently requested an amendment to add \$1.0 million from federal funds for administrative expenses for the Health System Transformation Project. This includes the University of Massachusetts contract. **The Assembly concurred with the amendment and reduced shifted expenses to these resources reducing general revenues and matching Medicaid funds included in the recommended budget.***

**Health Insurance Survey.** The Executive Office requested \$400,000 from all sources, including \$200,000 from general revenues for a newly awarded contract with Freedman Healthcare to conduct research among state residents to assess trends in health insurance coverage. The enacted budget did not include funding for this activity. It should be noted that this is a one-year project; funding is not requested for FY 2018.

On March 28, 2014, Freedman Healthcare entered into a contract with HealthSource RI for technical and analytical support and that contract has been amended so that Freedman Healthcare can conduct the survey research, to be paid for by the Executive Office. *The Governor recommended funding as requested. **The Assembly concurred.***

**Medicaid Information Technology Assistance Assessment.** The Executive Office requested \$950,000 from all sources, including \$95,000 from general revenues, to conduct a Medicaid Information Technology Assistance Assessment. Supporting documentation indicates that this is intended to be a three-state collaboration between Rhode Island, New Hampshire and Massachusetts to perform the assessment; however, the contractor is still to be determined. The Executive Office reported that this activity will begin no earlier than March or April 2017, but has not yet identified the contractor. *The Governor recommended funding as requested. **The Assembly concurred.***

**Quality Improvement Grant.** The revised budget includes \$247,586 from newly awarded federal funds for the Adult Quality Measures Grant. Funding will support new contracts including \$124,964 for the University of Rhode Island Department of Pharmacy to fund staffing and analytical activities to be used to assist the Medicaid program in instituting cost effective mechanisms for measuring and improving quality and effectiveness for Medicaid members.

The other contract is \$120,917 for Freedman Healthcare to conduct an assessment of the Executive Office's data warehouse to identify gaps in the current system and determine potential opportunities for improvement. The request also includes \$1,705 for operating expenses. *The Governor recommended funding as requested. **The Assembly concurred.***

**State Innovation Models Grant.** The Executive Office was awarded a four-year \$20.0 million federally funded State Innovation Models Grant to address health care delivery. The revised request includes the enacted level of \$4.0 million for contracted financial services and reduces staffing and operating expenses by \$0.1 million and \$0.2 million, respectively. Funding supports one position and includes \$1.5 million for the Rhode Island Quality Institute to implement a statewide common provider directory that is needed in order to increase the health information technology infrastructure in the state to support health care reform and value based payment initiatives in its revised request. *The Governor recommended funding as requested. **The Assembly concurred.***

**HIV Services and Administration.** The Executive Office's revised request is \$2.6 million more than enacted for HIV services and administration expenses for five positions that total \$10.2 million.

The revised request increases funding from rebates generated from pharmaceutical expenses paid for through federal funds and reduces expenses paid for through the Ryan White federal grant. It also eliminates Medicaid resources included in the enacted budget.

It should also be noted that at the end of FY 2016, there was a \$6.1 million balance in the rebate account. The revised budget uses an additional \$2.2 million to cover an expanded formulary for pharmaceuticals including prescriptions for those with behavioral healthcare needs and other medical needs of HIV positive individuals, such as treating diabetes. *The Governor recommended funding as requested. She subsequently requested an amendment to add \$2.0 million from federal funds for updated spending that was included in the third quarter report.* **The Assembly concurred.**

**Race to the Top Funding.** The Executive Office's request excludes the \$0.1 million from federal Race to the Top funds included in the enacted budget, as funding from the time-limited grant has been spent. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Electronic Health Records.** The Executive Office reduced federal funding for its electronic health records payments by \$3.2 million for total funding of \$4.9 million to reflect updated reimbursements paid to providers participating in the electronic health records initiative. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Demonstration Ombudsman Program - Phase II Integrated Care Initiative.** The Executive Office's revised request includes \$165,623 for the demonstration ombudsman program, which provides services to individuals enrolled in Phase II of the Integrated Care Initiative. This is \$124,217 more than enacted to reflect unspent funds from FY 2016. Funding has been awarded to the Rhode Island Parent Information Network. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Central Management Staffing.** The Executive Office's revised request adds \$1.0 million for salaries and benefits, including \$43,714 less from general revenues and \$1.1 million more from federal funds for the remaining 173.0 full-time equivalent positions. FY 2016 was the first year that the Executive Office used a new cost allocation plan to more accurately budget personnel costs and realized general revenue savings. For the revised budget, the request shifts \$1.1 million in state savings to Medicaid funds to restore funding for approximately ten vacant positions and includes updated medical benefit costs.

*The Governor recommended \$25,839 more than requested, including \$79,796 more from general revenues. She adjusted expenses for statewide benefit savings and shifted requested expenses back to general revenues and lowered corresponding Medicaid funds. The recommendation also adds \$0.2 million for general revenues related to members of the Governor's staff. First, 1.0 position is eliminated to reflect the movement of a former staff member to the Governor's Office roster. Partial funding for that position, formerly a shared federal funds expense, remains with the Executive Office. Second, half the cost for the Governor's Chief Operating Officer is now allocated to the Executive Office.* **The Assembly did not concur with funding the staff assigned to the Governor's Office and reduced funding accordingly. The Assembly also reduced general revenues by \$0.6 million based on third quarter projections for all other staffing expenses.**

**Other Central Management Operations.** The Executive Office requested \$3.6 million less than enacted including \$0.4 million less from general revenues and \$3.2 million less from Medicaid funds for all other central management expenses including claiming costs, contracted services and other operating expenses.

The revised request includes \$0.4 million from general revenues savings that the Executive Office has reprogrammed to support new contracts previously discussed. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Special Education.** The Office requested \$28.0 million from federal funds for special education services provided by the local education agencies. This includes the enacted level of \$19.0 million for direct services and \$9.0 million for administration costs; this is \$1.0 million more than enacted based on updated projections. *The Governor recommended funding as requested.* **The Assembly concurred.**

## Department of Children, Youth and Families

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Central Management	\$ 8,406,011	\$ 9,882,523	\$ 9,447,119	\$ 9,047,688
Child Welfare	171,432,790	171,115,510	173,222,984	172,069,389
Juvenile Corrections	24,283,893	25,208,465	23,894,243	22,937,518
Children's Behavioral Health	10,630,241	10,083,325	11,519,691	12,201,202
Higher Education Incentive Grants	200,000	200,000	200,000	200,000
<b>Total</b>	<b>\$ 214,952,935</b>	<b>\$ 216,489,823</b>	<b>\$ 218,284,037</b>	<b>\$ 216,455,797</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 66,701,229	\$ 71,901,196	\$ 70,412,973	\$ 70,649,289
Contracted Services	3,092,584	4,972,437	4,899,404	5,203,088
<b>Subtotal</b>	<b>\$ 69,793,813</b>	<b>\$ 76,873,633</b>	<b>\$ 75,312,377</b>	<b>\$ 75,852,377</b>
Other State Operations	7,122,348	8,126,897	7,585,937	6,850,183
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	137,556,602	130,649,293	134,426,050	133,619,564
Capital	480,172	840,000	959,673	133,673
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 214,952,935</b>	<b>\$ 216,489,823</b>	<b>\$ 218,284,037</b>	<b>\$ 216,455,797</b>
<b>Sources of Funds</b>				
General Revenue	\$ 154,742,352	\$ 151,773,764	\$ 156,296,331	\$ 156,296,331
Federal Aid	57,416,767	60,409,483	57,877,731	56,801,020
Restricted Receipts	2,227,542	3,466,576	3,150,302	3,224,773
Other	566,274	840,000	959,673	133,673
<b>Total</b>	<b>\$ 214,952,935</b>	<b>\$ 216,489,823</b>	<b>\$ 218,284,037</b>	<b>\$ 216,455,797</b>
<b>FTE Authorization</b>	<b>672.5</b>	<b>629.5</b>	<b>628.5</b>	<b>628.5</b>
<b>FTE Average</b>	<b>548.8</b>			

**FY 2017 Revised Request.** The Department of Children, Youth and Families requested \$4.2 million more than enacted from all sources, including \$4.8 million more from general revenues, \$0.2 million less from federal funds, \$0.4 million less from restricted receipts, and \$45,000 more from Rhode Island Capital Plan funds. The increased request primarily reflects cost increases for placement services and unachieved savings from initiatives included in the enacted budget. The request also includes 630.0 full-time equivalent positions, 0.5 more than authorized.

The Department's first quarter report projected an FY 2017 deficit of \$4.8 million, consistent with the revised request. Subsequently, the Department submitted a corrective action plan which identified a number of initiatives it estimates will lead to \$3.2 million in general revenue savings, reducing the projected deficit to \$1.6 million.

*The Governor recommended \$2.4 million less than requested from all sources, including \$0.2 million less from general revenues, \$2.3 million less from federal funds, \$0.1 million more from Rhode Island Capital Plan funds, and \$36,905 more from restricted receipts. The staffing recommendation includes 628.5 full-time equivalent positions, 1.5 fewer than requested and 1.0 fewer than enacted to reflect the elimination of one position now funded through the Office of the Governor. **The Assembly further reduced expenses by \$1.8 million, including \$1.1 million from federal funds, \$0.8 million less from Rhode Island Capital Plan funds and \$0.1 million more from restricted receipts.***

### **Staffing**

The Department of Children, Youth and Families requested \$1.3 million less than enacted from all sources for all salaries and benefits, including \$1.2 million less from general revenues and \$0.1 million less from federal funds. This primarily reflects the elimination of funding for vacant positions. The enacted budget eliminated 43.0 positions or approximately one-third of positions vacant at the end of FY 2016, but did not remove associated funds. The Department also laid off 9.0 full-time equivalent teacher positions at the Training School in September 2016. Additional changes include the restoration of some turnover savings assumed in the enacted budget. The revised request includes 630.0 full-time equivalent positions, 0.5 more than authorized.

*The Governor's staffing recommendation includes 628.5 full-time equivalent positions, 1.5 fewer than requested and 1.0 fewer than enacted to reflect the elimination of one position now funded through the Office of the Governor. She also recommended savings from the elimination of the 9.0 full-time equivalent teacher positions at the Training School and the elimination of vacant but funded positions in Juvenile Corrections, as requested. **The Assembly concurred.***

**Training School Teacher Layoffs (9.0 FTE).** The revised request includes \$0.8 million less than enacted from general revenues for staffing costs associated with the Training School's educational programs. This reflects the elimination of 9.0 filled positions in September and October of 2016 to reflect the continuing reduction of the Training School population. Eliminated positions include 1.0 special education academic teacher and 2.0 academic teachers in September 2016 and 1.0 industrial arts academic teacher, 3.0 special education academic teachers, and 2.0 academic teachers in October 2016. In addition, the Department's revised request eliminates 1.0 vacant academic teacher/health nurse position. *The Governor recommended funding as requested. **The Assembly concurred.***

**Juvenile Corrections Vacancies (16.2 FTE).** The revised request includes \$0.9 million less than enacted from all sources for other Juvenile Corrections staffing, including \$0.9 million less from general revenues and \$28,102 less from federal funds. This largely reflects the elimination of 16.2 non-education related vacancies at the Training School and in the Juvenile Probation unit. Eliminated positions include probation and parole officers, social workers, juvenile program workers, cottage managers, and various administrative staff positions. The Department indicated that these vacancies were reduced based on staffing levels at the end of FY 2016 and to reflect the continuing decline of the Training School population and the Department's probation and parole caseload. This is in addition to the elimination of 12.8 positions as part of the vacancy reduction included in the enacted budget. The revised request for these staffing costs is \$749 more than FY 2016 spending and \$0.5 million more than FY 2015 spending. *The Governor recommended funding and the elimination of the vacancies as requested. **The Assembly reduced staffing expenses by \$0.6 million to reflect the Department's third quarter projected spending.***

**Other Salaries and Benefits.** The revised request includes \$0.4 million more than enacted from all sources for all other staffing costs, including \$0.5 million more from general revenues and \$0.1 million less from federal funds. This includes \$0.3 million less for Central Management staffing to reflect additional turnover savings, equivalent to approximately three vacant positions. Child Welfare staffing costs increase by \$0.1 million from all sources, including \$0.4 million more from general revenues and \$0.3 million less from



federal funds, primarily to reflect the expiration of the Department's Early Education Race to the Top federal grant. Lastly, the revised request includes \$0.6 million more from all sources for Children's Behavioral Health staffing, including \$0.2 million more from general revenues and \$0.4 million more from federal funds, to reflect the restoration of turnover savings equivalent to approximately six positions and updated employee benefit selections. All other changes are largely consistent with updated Budget Office planning values for FY 2017.

*The Governor recommended \$0.1 million less than requested to reflect the transfer of 1.0 interdepartmental project manager from the Department to the Office of the Governor as well as \$72,006 of additional statewide benefit savings. **The Assembly added \$0.8 million from general revenues for increased staffing costs including \$0.6 million for child welfare and \$0.3 million for central management.***

### **Placements and Services**

**Unachieved Savings - Medicaid Reimbursement.** The enacted budget assumes general revenue savings of \$2.1 million through additional federal funding from increased billings for Medicaid eligible services. These services are primarily community-based and home-based services provided to children and teens with serious behavioral and emotional health issues. The savings assumed a 75.0 percent Medicaid eligibility rate for the services the Department intends to claim. The revised request includes unachieved savings of \$0.7 million from general revenues from this initiative during FY 2016. The Department indicated that these FY 2016 savings were not achieved primarily because many of its vendors lacked proper documentation to complete the reimbursement process for prior years. The Department further indicated that this unachieved savings estimate may change depending upon the array of Medicaid-eligible services it identifies subsequent to its congregate care contract procurement, which is slated to be completed in January 2017. *The Governor concurred with the Department's revised request and restored the savings. **The Assembly concurred.***

**Unachieved Savings - SSI Recovery.** The enacted budget assumed general revenue savings of \$550,000 by shifting additional expenditures to restricted receipts for the children's trust account based on a new initiative that would increase claiming of Supplemental Security Income funds administered by the Social Security Administration. The Department's revised request includes unachieved savings of \$246,718 from general revenues from this initiative. The Department experienced similar difficulties in collecting anticipated Supplemental Security Income benefits during FY 2016. The Department attributed these unachieved savings primarily to a lack of proper documentation for many of the children deemed potentially eligible for these benefits. Additionally, the Department's review process with the Public Consulting Group for this savings initiative did not begin until April of 2016. *The Governor concurred with the Department's revised request and restored the savings. **The Assembly concurred.***

**Unachieved Savings - Contracts Not Utilized.** The enacted budget assumes general revenue savings of \$1.7 million through the elimination of redundant or underperforming provider services. The Department's request restores the full \$1.7 million from general revenues from this initiative as the Department is currently undergoing a comprehensive contract procurement for its congregate care service array. Completion of the contract procurement is anticipated for January 2017, after which time it is possible that the Department will recoup some savings from placement contract renegotiations. *The Governor concurred with the Department's revised request and restored the savings. **The Assembly concurred.***

**Foster Care and Adoption.** The Department requested \$0.7 million more than enacted from all sources, including \$0.4 million more from general revenues and \$0.3 million more from federal funds for foster care and adoption services. This is largely consistent with FY 2016 spending of \$27.7 million for these same services, upon which the Department's revised request was based. It should be noted that the Department's average monthly foster care caseload was 1,301 during FY 2016, while the monthly average for the first five months of FY 2017 is 1,227. Though the total caseload has decreased relative to FY 2016, the level of

need for some children in foster care placements is higher than in past years. This is related to the Department's efforts to decrease reliance on higher cost, more intensive congregate care placements by shifting more children and youth in its care to foster care and other lower cost placement types. Many of these children and youth may have more intensive needs than the foster care population in past years. It should also be noted that this does not include payments for private agency foster care placements, which typically provide a more intensive level of care and are tracked separately.

As part of the Department's efforts to produce placement cost savings, it has identified a series of goals it hopes to achieve to reform its foster care service delivery system. These goals include increasing the Department's foster care retention and recruitment rates by improving support services for foster parents through "support centers," which will provide round-the-clock assistance to foster families in need of advice and resources. Additional steps include increasing contact between Department staff and families that are assigned to them and further improving the Department's assessment processes to ensure that children are placed into the proper level of care as quickly and seamlessly as possible. The Department indicated that approximately \$1.1 million of total additional funding in FY 2017 and FY 2018 would be needed to implement these reforms. The funding would be used for start-up costs to establish the new support centers, train staff and contractors to work with these new support centers to increase access to support services for foster families, and pay additional foster families that would be recruited through this effort.

*The Governor recommended \$0.7 million more than requested, including \$0.7 million from general revenues and \$77,110 from federal funds. The Governor's recommendation includes \$0.8 million to establish new support centers and for staff training identified as needed by the Department but not specifically included in the request. The recommendation also includes a decrease of \$0.1 million based on updated caseload projections. The monthly average for the first seven months of FY 2017 is 1,235, which is 66 less than FY 2016 experience used as the baseline for the request. **The Assembly concurred.***

**Daycare.** The revised request includes \$0.6 million more than enacted for daycare subsidies provided to children in the Department's care, including \$0.3 million more from general revenues and \$0.3 million more from federal funds. This reflects FY 2016 caseload experience, when the Department's daycare caseload was higher than anticipated. The revised request is \$0.2 million less than FY 2016 spending, including \$0.3 million less from general revenues and \$0.2 million more from federal funds. The Department indicated that the request is less than FY 2016 spending due entirely to a delay in processing \$0.2 million in payments from FY 2015 that were not reflected as expenditures until FY 2016, which inflated the FY 2016 spending figure somewhat.

In addition to an overall increase in caseload, the Department has also seen more full-time daycare subsidies for infants, toddlers, and pre-school aged children than in previous years. Full-time subsidies are more expensive than part-time subsidies. It is likely that as the Department continues to transition children from congregate care placements into foster care and adoption placements, daycare subsidy costs will continue to increase. *The Governor recommended funding essentially as requested from all sources but included \$1,588 more from general revenues to reflect an updated federal matching rate. **The Assembly concurred.***

**Juvenile Corrections Services.** The revised request includes \$0.2 million more than enacted from all sources for services associated with the Juvenile Corrections program, including \$0.1 million from general revenues and \$0.1 million from federal funds. This includes \$0.1 million more for services provided to youth incarcerated at the Rhode Island Training School and \$0.1 million more for probation and parole services for youth involved with the Department. It should be noted that both the population of youths at the Training School as well as the Department's parole and probation caseload have declined significantly in recent years; however, the projection for the FY 2017 probation and parole caseload is only slightly less than FY 2016 experience.

Based upon the Training School population for the first five months of FY 2017, the Department's FY 2017 projected population is 73 youths. This is 13 fewer than FY 2016 and 25 fewer than FY 2015. The revised request for services at the Training School is \$31,918 more and \$0.3 million less than spending in FY 2016 and FY 2015, respectively. The revised request for probation and parole services is also \$82,103 more than FY 2016 spending and \$43,438 more than FY 2015 spending, when the Department's probation and parole caseloads were similar to the FY 2017 projections. The Department indicated that the increased request for these services primarily reflects slight cost increases for certain types of services for youth on probation and parole and is based upon caseload experience for the last six months of FY 2016.

*The Governor recommended \$52,458 less than requested from federal funds to reflect updated award estimates for two federal grants that provide educational support services and mental health services for youths at the Training School based on a request by the Department subsequent to its budget submission. She subsequently requested an amendment to add \$38,700 from restricted receipts for a grant from the Rhode Island Foundation for a pilot program at the Training School for students to participate in a blended, personalized learning program. **The Assembly concurred with the amended recommendation and include authority for the restricted receipts in Section 7 of Article 7 of 2017-H 5175 Substitute A, as amended.***

**Adoption Opportunities Grant.** The revised request includes \$0.6 million more from the Adoption Opportunities federal grant. The Department received this award from the federal Children's Bureau in FY 2016 to promote foster care and adoption for children with special needs. These funds provided several services for families that adopt youth with disabilities like adoption incentives, support services, adoption resources, and trauma response. *The Governor recommended \$0.3 million less than requested to reflect an updated award estimate based on a request by the Department subsequent to its budget submission. **The Assembly concurred.***

**Child Abuse and Neglect Grant.** The revised request includes \$0.2 million more from the Child Abuse and Neglect federal grant. These funds support programs aimed at improving states' child protective services response systems by increasing the quality and quantity of support services for children in foster care. *The Governor recommended \$0.2 million less than requested to reflect an updated award estimate based on a request by the Department subsequent to its budget submission. **The Assembly concurred.***

**Postsecondary Education Grants.** The revised request includes \$0.4 million more from federal funds for grants that support postsecondary educational opportunities for youths exiting the Department's caseload. Funding includes \$0.6 million from federal funds for the Chafee Education and Training Vouchers program and \$0.2 million from general revenues for the state's Higher Education Incentives program. These programs support postsecondary education for youths aged 16 or older that are transitioning out of the Department's care. *The Governor recommended \$0.4 million less than requested from federal funds to reflect an updated award estimate based on a request by the Department subsequent to its budget submission. She subsequently requested an amendment to increase the federal grant for educational services by \$196,407. **The Assembly concurred.***

**Family Preservation and Support Services.** The revised request includes \$0.6 million more from the Promoting Safe and Stable Families federal grant. These funds provide support services for foster families including monthly caseworker visits, training for foster parents to improve the quality of care for children, and the promotion of adoption to establish permanency. *The Governor recommended \$0.4 million less than requested to reflect an updated award estimate based on a request by the Department subsequent to its budget submission. **The Assembly concurred.***

**Mental Health Block Grant.** The revised request includes \$0.2 million more from federal funds for the Mental Health Block Grant, which the Department receives from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. This grant supports programs that provide services for children

with serious emotional and mental health issues. *The Governor recommended \$0.2 million less than requested to reflect an updated award estimate based on a request by the Department subsequent to its budget submission.* **The Assembly concurred.**

**All Other Placements and Services.** The revised request includes \$1.1 million more than enacted from all sources for all other placements and services provided by the Department to client populations, including \$3.0 million more from general revenues, \$1.8 million less from federal funds, and \$0.1 million less from restricted receipts. These services include congregate care placements formerly provided through the System of Care Networks, community-based services to children and families such as in-home parenting training, individual and family counseling, and emergency services, private agency foster care placements, higher education scholarships for youths 18 to 21, and a variety of other placement types. The Department indicated that its cost estimate for these services is based upon caseloads experienced in the last six months of FY 2016. The increased request reflects increases in average per diem costs for services formerly provided through the System of Care Networks.

Services formerly provided through the Networks include placements in emergency shelters, private agency foster care, group homes, independent and semi-independent living arrangements, and residential treatment centers. Though the Department utilized a new caseload estimating methodology in developing its revised request, it did not indicate which if any of these service types is driving the increased request. Using the old, population-based methodology for estimating service costs, costs for emergency shelter placements and group home placements are decreasing by \$0.6 million and \$1.5 million, respectively, due to significant declines in caseloads for those placement types. However, these savings are offset entirely by increases for other placement types. The most significant driver of the increased costs is \$4.4 million more for residential treatment center placements, by far the most expensive type of care. Placement costs for private agency foster care, semi-independent and independent living arrangements are also projected to increase.

*The Governor recommended \$1.6 million less than requested from all sources, including \$0.7 million less from general revenues. This is \$0.5 million less than enacted, including \$2.3 million more from general revenues. The reduction from the request reflects savings anticipated from the recent reprocurement of provider contracts, primarily for congregate care services, as well as updated federal award grant projections. As previously mentioned, the Governor's recommendation also includes \$0.8 million of additional support for investments to increase support services for foster families as part of the Department's strategy to shift more children into lower-level, less costly placement types. The Governor subsequently requested an amendment to add \$35,771 from restricted receipts for a grant received from the Casey Foundation, previously deposited as general revenues.* **The Assembly concurred with the new restricted receipts and also reduced expenses by \$1.0 million from federal funds based on the Department's third quarter report.**

### **Other Operations**

**Cost Allocation Contract.** The revised request includes \$0.2 million more from federal funds for the Department's contract with the Public Consulting Group for consultation in developing and improving the Department's cost allocation plans. This organization has worked with the Department to identify issues with and ultimately improve the Department's federal funds and restricted receipts claiming processes. The Department indicated that the increased request reflects unpaid balances from FY 2016 related to efforts to improve the Department's Title IV-E federal fund claiming processes. The payment delay is due to the Department's efforts to review contracts as part of a FY 2016 savings initiative to reduce redundant and underperforming contracted services. After the review, the Department determined that the services were fulfilled, and the increased funding in the revised request reflects full payment for the services provided in FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

**RIC Child Welfare Institute Contract.** The revised request includes \$0.4 million from all sources, of which \$0.2 million is from general revenues, for social caseworker training through the Child Welfare Institute at Rhode Island College. This is \$0.4 million less from federal funds for the training program that prepares caseworkers for field work before taking on a client caseload. Rhode Island College did not renew its social worker training contract with the Department when it expired in late FY 2016 and officially closed the Child Welfare Institute. The College indicated that this decision was made because program costs continued to grow from year-to-year and the College actually experienced a net loss for the Child Welfare Institute in FY 2016. The funding included in the revised request will support the development of in-house capacity for the Department to perform the staff training previously conducted through the Child Welfare Institute. *The Governor recommended funding as requested.* **The Assembly reduced general revenues by \$0.2 million to reflect updated staff training costs included in the Department's third quarter report.**

**Capital Projects.** The Department's revised request includes \$45,000 more than the enacted level of \$0.8 million from Rhode Island Capital Plan funds for capital projects, consistent with the capital budget request. Changes to the enacted budget include \$250,000 more for repairs and improvements to the Training School, \$0.4 million more to refurbish the former North American Family Institute building into a new storage and maintenance facility for the Training School, and \$0.6 million less to upgrade fire detection and sprinkler systems in provider group homes and residential facilities.

*The Governor recommended \$0.1 million more than enacted and \$74,673 more than requested, consistent with her capital budget recommendation. She requested an amendment to adjust several projects in the current year at the Training School.* **The Assembly eliminated funding for the maintenance facility and shifted funding for repairs from FY 2017 to FY 2018, based upon a subsequent request from the Department. These projects are discussed in detail in the Capital Budget section of this publication.**

**Rent.** The revised request includes \$0.2 million less from all sources for lease costs, including \$0.2 million less from general revenues and \$27,216 less from federal funds. This reduction in part reflects savings of \$0.1 million from a recent renegotiation of the Department's lease for its main office at 101 Friendship Street in downtown Providence. Adjusting for that, the request is largely consistent with FY 2016 spending. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The revised request includes \$0.2 million less from all sources for all other operations, including \$0.3 million less from general revenues and \$0.1 million more from federal funds. Reductions in the revised request include \$0.2 million less from general revenues for mileage reimbursements for Department staff and other transportation costs associated with the Department's declining caseload. Funding for staff training also decreases by \$0.2 million from federal funds, reflecting the Department's intent to bring responsibility for more staff training in-house rather than through contracting with third parties. These decreases are partly offset by \$0.3 million more for computer purchases, including \$28,187 from general revenues. The Department indicated that this additional funding will be dedicated towards the purchase of computer and mobile technology upgrades to facilitate the work of frontline staff and reduce travel time and data entry.

*The Governor recommended \$1,975 less than requested to reflect utility savings from a new natural gas contract.* **The Assembly reduced expenses by \$0.3 million from general revenues to reflect projections in the Department's third quarter report. This is \$0.2 million less from federal funds and \$0.1 million less from general revenues and includes \$0.8 million less for computers and \$0.5 million more for contracted clerical, interpreter and temporary services.**



## Department of Health

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Central Management	\$ 10,982,991	\$ 4,851,117	\$ 4,894,139	\$ 5,144,139
State Medical Examiner	2,850,462	-	-	-
Environmental & Health Serv. Reg.	17,562,641	-	-	-
Health Laboratories	8,903,739	-	-	-
Public Health Information	3,660,999	-	-	-
Community, Family Health, & Equity	79,322,023	-	-	-
Infectious Disease & Epidemiology	-	-	-	-
Community Health and Equity	-	105,984,171	108,084,901	108,084,901
Environmental Health	-	11,704,513	12,740,569	12,615,569
Health Lab. & Medical Examiner	-	12,157,638	12,391,957	12,141,957
Customer Services	-	10,997,783	11,807,781	11,842,781
Policy, Information & Communications	-	3,148,479	3,266,362	3,347,362
Preparedness, Response, Infectious Disease & Emergency Services	5,599,214	14,040,951	16,755,206	16,755,206
<b>Total</b>	<b>\$ 128,882,069</b>	<b>\$ 162,884,652</b>	<b>\$ 169,940,915</b>	<b>\$ 169,931,915</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 48,914,972	\$ 56,346,275	\$ 56,471,218	\$ 56,242,647
Contracted Services	6,773,198	9,059,334	10,206,421	10,206,421
<b>Subtotal</b>	<b>\$ 55,688,170</b>	<b>\$ 65,405,609</b>	<b>\$ 66,677,639</b>	<b>\$ 66,449,068</b>
Other State Operations	50,900,926	51,611,375	57,119,389	57,336,344
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	21,340,330	45,674,276	45,231,017	45,231,017
Capital	952,643	193,392	912,870	915,486
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 128,882,069</b>	<b>\$ 162,884,652</b>	<b>\$ 169,940,915</b>	<b>\$ 169,931,915</b>
<b>Sources of Funds</b>				
General Revenue	\$ 25,468,221	\$ 25,931,822	\$ 25,999,235	\$ 25,499,235
Federal Aid	69,157,857	100,365,021	103,507,285	103,588,285
Restricted Receipts	34,255,991	36,587,809	40,434,395	40,844,395
Other	-	-	-	-
<b>Total</b>	<b>\$ 128,882,069</b>	<b>\$ 162,884,652</b>	<b>\$ 169,940,915</b>	<b>\$ 169,931,915</b>
<b>FTE Authorization</b>	<b>503.6</b>	<b>503.6</b>	<b>503.6</b>	<b>503.6</b>
<b>FTE Average</b>	<b>443.1</b>			

**FY 2017 Revised Request.** The Department requested \$10.3 million more and 0.2 full-time equivalent positions less than enacted. The request includes increases of \$5.9 million from federal funds and \$4.5 million from restricted receipts. General revenues are at the enacted level.

*The Governor recommended \$3.3 million less from all funds than requested, including \$2.7 million from federal funds, reflective of historical expenditures. The recommendation adds \$100,000 from general revenues to fund legal costs and includes statewide benefit savings of \$32,587. She recommended the authorized level of staffing.*

*She subsequently requested two amendments, adding \$160,000 from available restricted receipts for licensing software related expenses and \$81,000 from federal funds, based on anticipated expenditures for the Behavioral Risk Surveillance System grant. **The Assembly concurred, with the exception of shifting general revenue staffing expenses of \$250,000 to available restricted receipts and assuming additional general revenue turnover savings of \$250,000.***

**New Scene Investigator Position.** The Department requested \$0.1 million from general revenues to fund a new scene investigator position for the Office of State Medical Examiners. It assumed turnover savings equivalent to a quarter. The Department indicated that this position is being requested per recommendation from the National Association of Medical Examiners, pursuant to an accreditation performed in April 2015. The Department further noted that this position will improve follow up time for case preparation and case closure. The position would be filled within the Department's current staffing authorization. The Governor recommended funding for this position as part of the FY 2017 budget; however, the Assembly did not concur and removed the funding. It appears that the position has been filled. *The Governor recommended funding as requested. **The Assembly assumed turnover savings elsewhere in the Department and did not fund this position in FY 2018.***

**Medical Marijuana.** The Department requested \$0.2 million more than enacted from restricted receipts for costs associated with the Medical Marijuana program. This includes \$26,091 less for salaries and benefits, reflective of a revised staffing allocation for 5.9 full-time equivalent positions. This is offset by operating costs, including \$175,000 for software maintenance associated with the medical marijuana regulation system and \$50,608 for program expenditures including printing and postage costs.

*The Governor recommended \$175,000 less than requested for the software maintenance; the expense is included in the Department of Business Regulation. The Department of Health indicated that there are plans to have a shared database; however, it has already incurred \$0.1 million in expenditures. The Governor also proposed legislation in Article 7 of 2017-H 5175 to annually transfer to state general revenues any remaining balances from medical marijuana receipts collected by the Department of Business Regulation and the Department of Health. The budget assumes transfers of \$0.3 million and \$0.7 million in FY 2017 and FY 2018, respectively.*

*She subsequently requested an amendment to decrease restricted receipts by \$0.5 million in the Department of Business Regulation to reflect actual expenses for the medical marijuana plant tagging system. **The Assembly concurred.***

**Other Salaries and Benefits.** The Department requested \$0.8 million more than enacted from all sources for all other salary and benefit expenditures. This includes \$0.4 million less from general revenues to reflect turnover savings and staff time allocated to other federal funds and restricted receipts. The Department averaged 50.3 vacancies through the end of December 2016. The request includes \$0.1 million more for overtime costs and it reflects benefit rates consistent with FY 2017 revised planning values.

*The Governor recommended \$0.1 million more than enacted; however, it is \$0.8 million less than requested, to primarily reflect additional turnover savings, including a deputy director position and several others that the Department indicated would remain vacant. The recommendation also includes statewide benefit savings. **The Assembly concurred, with the exception of shifting general revenue staffing expenses of \$250,000 to available restricted receipts and assuming additional general revenue turnover savings of \$250,000.***



**Blood Lead Poisoning Prevention.** The Department requested \$130,267 more than enacted, including \$55,227 from general revenues and \$75,040 more from federal funds for blood lead poisoning prevention activities. The Centers for Medicare and Medicaid Services decreased the guidelines for safe blood level for children under six, which would result in an increase in the number of inspections.

The program provides state staff to investigate complaints and inquiries about lead poisoning, arrange inspections when elevated blood lead levels are found, make referrals for case management and provide follow up after the inspection to ensure the lead abatement was completed and the individual's blood lead level has returned to a reasonable level. The request includes the enacted amount of \$150,000 from general revenues to support certified lead centers, which provide case management to lead poisoned children, \$25,000 for the Lead Elimination Surveillance system, which tracks blood lead levels, screening and case management, and \$12,000 to the Providence Plan for data analysis. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Immunizations.** The Department requested \$4.5 million more than enacted from all sources for immunization expenses, including \$1.3 million more from federal funds based on the anticipated amount of free vaccines provided by the Centers for Disease Control and Prevention's federal immunization program and \$3.2 million more from restricted receipt expenditures for child and adult immunizations based on vaccine purchasing projections. The increase reflects the purchase for an additional vaccine that was recently approved by the Centers for Disease Control and Prevention. *The Governor recommended \$0.2 million less from federal funds than requested, reflective of historical expenditures.* **The Assembly concurred.**

**Women, Infants, and Children Nutrition Assistance Program.** The revised request includes \$1.5 million less from federal funds than enacted for the Women, Infants, and Children nutrition assistance program, which provides supplemental foods, nutrition education and information, referral and coordination services for eligible women and children under the age of five, who are at risk of poor health and development because of inadequate nutrition or health care or both. The revised request is based on FY 2016 reported expenditures, which were \$2.8 million less than the final appropriation. The 2016 Assembly adopted legislation as part of the budget to transfer the program from the Department of Human Services to the Department of Health. *The Governor further reduced the request by \$0.7 million, reflective of historical expenditures.* **The Assembly concurred.**

**Prescription Drug Overdose Prevention.** The Department requested \$0.8 million more from federal funds for prescription drug overdose prevention activities reflective of additional funds it received subsequent to the enacted budget. Funds will be used to support community recovery centers to provide peer-to-peer recovery coach services. The Department indicated that funds will also be used to increase the percent of electronic health records and pharmacy operating systems in the state that are connected to the Prescription Drug Overdose Monitoring database. Funds were previously received from the Department of Justice to establish the database. The system provides information regarding prescription of controlled substances in order to prevent improper or illegal use of controlled substances, pursuant to Rhode Island General Law Section 21-28.3-1. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Obesity and Other Diseases Prevention Grant.** The revised request includes \$0.8 million more from federal funds than enacted for the prevention of obesity, diabetes, and heart disease and stroke among adults, with particular focus on priority populations to reduce health disparities. Of this, \$0.4 million will be awarded to various community-based organizations, \$0.3 million is to reflect contract costs with the Rhode Island Chronic Care Collaborative and the remaining \$0.1 million will be used for program expenses, including a marketing campaign, a worksite wellness initiative and program costs, such as printing and travel expenditures. In 2015, the Department received this \$7.2 million grant for a four-year project cycle through September 2018. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Health Professional Loan Repayment Program.** Based on FY 2016 reported expenditures, the Department requested \$0.8 million more than enacted from federal funds and restricted receipts for the health professional loan repayment program. The program pays a portion of an eligible health care professional's student loan if the participant agrees to work for two years in a health professional shortage area. Reported expenditures in FY 2016 were \$0.6 million below the final appropriation. The Department indicated that there was a delay in issuing the payments. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Health Laboratory Operations.** The Department requested \$155,718 more than enacted, all but \$9,649 is from general revenues for operating expenses of the Health Lab programs. It includes \$50,500 to purchase test kits, including HIV and DNA. It appears that federal funds that the Department previously used to purchase these kits have ended. The Department indicated that prior to receiving the federal funds, these expenditures were incurred with general revenues. The request also includes \$25,000 to purchase a new vehicle, which will replace a 2007 vehicle. The Department indicated that the vehicle has experienced mechanical failure. The labs use this vehicle to transport materials and chemicals. The request also includes an increase for temporary services due to current vacancies. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Vital Records Operations.** The Department requested \$54,511 more than enacted, including \$48,084 from general revenues for the operations of the Vital Records program. This includes \$30,733 more for the maintenance of the Vital Records system, reflective of the current contract amount. It also includes \$10,587 more for printing costs. It should be noted that this expense was reduced as part of a statewide initiative. The FY 2016 final budget included \$5,000 for printing expenses and reported expenditures were \$1,849. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Contracted Dental Board Administrator.** The Department requested new expenditures of \$62,000 from general revenues for contracted services to perform the duties of a dental administrator. Pursuant to Rhode Island General Law 5-31.1-5, the director is required to appoint this position, who is responsible for administering and supervising the investigatory and other activities of the Board of Examiners in Dentistry. Other duties of the dental administrator include coordinating licensing to ensure timely renewals, and leading the process for updating regulations pertaining to dentists and dental hygienists. It appears that the legislation pertaining to the dental board administrator was enacted in 1987; however, the position has never been funded. The Department indicated that the cost to fill this position is \$0.1 million. For FY 2015, there was no contract in place and for FY 2014, the Department indicated contractual costs were \$3,700 for this purpose. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Infectious Disease Grant Adjustment.** The Department requested \$1.2 million more from federal funds, reflective of additional funds received primarily for Zika related educational training, surveillance and monitoring. This includes \$0.7 million for training to promote prompt response; \$0.2 million for indirect cost surcharges and \$0.3 million for medical supplies, travel and other program expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Federal Grant Adjustments.** The revised request includes \$2.5 million more than enacted from federal funds primarily in the Division of Community Health and Equity, which provides leadership, planning and infrastructure for the Department's efforts to eliminate health disparities, to assure healthy child development, and to reduce, prevent and control chronic diseases and disabilities.

This includes \$0.4 million more for the preventive block grant, which the Department utilizes to support health prevention programs that are community based, and \$0.3 million for several chronic disease prevention and control grants. It also includes increases for suicide and rape prevention and wellness programs. The Department routinely overestimates its ability to spend federal funds. *The Governor recommended \$1.5 million less than requested, reflective of historical expenditures. She subsequently*

*requested an additional \$81,000 from federal funds for the annual survey that measures changes in the health of people in the state as part of the Behavioral Risk Surveillance System. **The Assembly concurred.***

**Other Expenses.** The Department requested \$0.2 million less than enacted for all other expenses, including an increase of \$59,403 from general revenues, primarily for temporary services, reflective of vacancies. Expenditures from restricted receipts are \$236,129 less, reflective of anticipated receipts for newborn screening services, software maintenance costs and legal services. *The Governor concurred and added \$100,000 from general revenues for legal costs, as a result of a grievance filed pertaining to the Department's use of temporary staff. She subsequently requested an amendment to allow the Department to spend an additional \$160,000 from available restricted receipts for licensing software related expenses. **The Assembly concurred.***



## Department of Human Services

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Central Management	\$ 9,978,103	\$ 9,528,059	\$ 8,357,441	\$ 8,767,561
Child Support Enforcement	9,231,104	9,521,790	9,919,520	9,454,593
Individual and Family Support	144,642,687	109,372,215	134,898,420	134,487,660
Veterans' Affairs	29,178,861	40,649,727	40,569,999	79,713,984
Health Care Eligibility	21,098,519	19,177,655	16,662,263	16,362,655
Supplemental Security Income	18,459,143	18,496,913	18,500,260	18,915,663
Rhode Island Works	86,940,650	92,950,945	88,706,588	92,409,013
Other Programs	277,083,510	283,667,800	283,672,031	283,632,134
Elderly Affairs	18,692,544	18,722,019	19,329,431	19,240,037
<b>Total</b>	<b>\$ 615,305,121</b>	<b>\$ 602,087,123</b>	<b>\$ 620,615,953</b>	<b>\$ 662,983,300</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 91,038,641	\$ 92,682,701	\$ 92,647,035	\$ 91,597,824
Contracted Services	17,554,989	15,010,927	19,150,914	18,944,168
<b>Subtotal</b>	<b>\$ 108,593,630</b>	<b>\$ 107,693,628</b>	<b>\$ 111,797,949</b>	<b>\$ 110,541,992</b>
Other State Operations	19,335,454	15,785,385	16,265,021	15,832,126
Aid to Local Units of Government	2,906	-	-	-
Assistance, Grants, and Benefits	484,082,468	462,051,697	476,132,672	480,188,871
Capital	450,165	10,625,667	10,414,623	50,414,623
Capital Debt Service	-	-	-	-
Operating Transfers	2,840,498	5,930,746	6,005,688	6,005,688
<b>Total</b>	<b>\$ 615,305,121</b>	<b>\$ 602,087,123</b>	<b>\$ 620,615,953</b>	<b>\$ 662,983,300</b>
<b>Sources of Funds</b>				
General Revenue	\$ 96,094,578	\$ 97,636,314	\$ 93,147,617	\$ 91,700,364
Federal Aid	511,615,020	497,644,896	519,019,535	562,834,135
Restricted Receipts	2,659,361	1,712,435	3,444,789	3,444,789
Other	4,936,162	5,093,478	5,004,012	5,004,012
<b>Total</b>	<b>\$ 615,305,121</b>	<b>\$ 602,087,123</b>	<b>\$ 620,615,953</b>	<b>\$ 662,983,300</b>
<b>FTE Authorization</b>	<b>959.1</b>	<b>937.1</b>	<b>937.1</b>	<b>937.1</b>
<b>FTE Average</b>	<b>869.4</b>			

**FY 2017 Revised Request.** The Department of Human Services requested increases of \$42.4 million from all sources of funds, including \$40.7 million more from federal funds, \$1.7 million more from restricted receipts along with \$0.1 million less from other funds and \$12 less from general revenues. Of the \$40.7 million federal funds increase, \$38.1 million is for low income heating assistance programs.

The revised request includes \$8.6 million from all sources, including \$1.3 million from general revenues for the Unified Health Infrastructure Project; this is \$3.2 million more than enacted from all sources, including \$0.3 million from general revenues.

The Department requested 978.1 full-time-equivalent positions, 41.0 more than enacted.

*The Governor recommended \$23.8 million less than requested, primarily to reflect historical spending for heating and weatherization projects and \$4.5 million less from general revenues primarily to reflect changes at the November caseload conference. She included the authorized level of full-time equivalent positions. She requested an amendment to shift, from FY 2018 to FY 2017, \$40.0 million from federal funds to finalize construction at the new Veterans Home. **The Assembly concurred with the amendment and also added \$4.1 million for updated cash assistance program expenses adopted at the May caseload conference and realized \$1.7 million in savings from other adjustments.***

**Federal Poverty Guidelines.** The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office of Health and Human Services. The 2016 guidelines are as follows.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	133%	138%	150%	180%	185%	225%	250%
1	\$ 11,770	\$ 15,654	\$ 16,243	\$ 17,655	\$ 21,186	\$ 21,775	\$ 26,483	\$ 29,425
2	15,930	21,187	21,983	23,895	28,674	29,471	35,843	39,825
3	20,090	26,720	27,724	30,135	36,162	37,167	45,203	50,225
4	24,250	32,253	33,465	36,375	43,650	44,863	54,563	60,625
5	28,410	37,785	39,206	42,615	51,138	52,559	63,923	71,025
6	32,570	43,318	44,947	48,855	58,626	60,255	73,283	81,425
7	36,730	48,851	50,687	55,095	66,114	67,951	82,643	91,825
8	40,890	54,384	56,428	61,335	73,602	75,647	92,003	102,225

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

**Staffing.** The Department requested 978.1 full-time equivalent positions in FY 2017, which is 41.0 positions above the enacted authorization. The request also moves numerous other positions among programs. The Department requests \$1.3 million less than enacted from all sources including decreases of \$1.5 million from general revenues, \$1.4 million less from federal funds, and an increase of \$1.5 million from restricted receipts. The revised request also includes \$0.2 million less for overtime. The Department has not responded to the requested information explaining the staffing changes among programs.

The enacted budget includes authorization for 937.1 positions and provides funding for approximately 804 positions, leaving approximately 133 positions unfunded. As of December 24, 2016, the Department had 802.6 filled positions, and has been averaging 839.0 filled positions in FY 2017. The Department averaged 840.0 filled positions in FY 2014, 856.5 positions in FY 2015 and 869.4 in FY 2016, although the number of filled positions has been slowly increasing from a low of 781.2 in November 2011.

*The Governor recommended the enacted level of 937.1 full-time equivalent positions; she added funding for temporary positions under the existing staffing authorization to address administrative backlogs for the implementation of the Unified Health Infrastructure Project. **The Assembly concurred.***

**Unified Health Infrastructure Project.** The Unified Health Infrastructure Project was scheduled to be implemented on July 12, 2016; however, the start date was delayed two months until September 13, 2016 so the state could comply with federal testing requirements for the new system. In May 2016, the Department received a memo from United States Department of Agriculture’s Food and Nutrition Service indicating its decision not to allow implementation as planned and required that a full three-month pilot in a live environment follow by a phased statewide implementation. The Department offered an alternative pilot proposal, which was accepted. On September 2, 2016, the state received notification from the Food and Nutrition Service that it was unable to agree with the state’s decision to proceed with the September 13 start date.

As of January 1, 2017, the Unified Health Infrastructure Project continues to function with multiple operational problems and the state has received notification from the Food and Nutrition Service of its concern with system function. The state submitted a corrective action plan addressing issues identified by the federal authority and is still in communication to finalize an accepted corrective action plan.

Expenses for the Unified Health Infrastructure Project appear in the Executive Office of Health and Human Services' budget and the Department of Human Services, which totaled \$57.4 million in the FY 2017 enacted budget, including \$11.0 million from general revenues, \$46.6 million from federal funds.

FY 2016 actual expenses were \$100.2 million from all sources, \$116.0 million from general revenues and \$84.3 million from federal funds. The Assembly included \$4.9 million from the Information Technology Investment Fund in the Executive Office and Department of Human Services' budgets; however, no expenses were made in FY 2016 by either agency.

The FY 2016 final budget included \$123.3 million from all sources, including \$103.0 million from federal funds, \$15.5 million from general revenues and \$4.9 million from Information Investment Technology funds. Final FY 2016 expenses were \$23.1 million less than appropriated, including \$18.6 million less from federal funds, \$4.9 million less from Information Technology Investment funds and \$0.4 million less from general revenues. The available federal and technology funds have been carried forward to be used in FY 2017.

The Department of Human Services requested \$11.4 million from all sources, including \$1.3 million from general revenues for its portion of the Unified Health Infrastructure Project cost. The Department's revised request is \$6.0 million more than enacted from all sources including \$0.3 million more from general revenues, \$2.9 million more from federal funds and \$1.8 million through the Information Technology Investment Fund through the Department of Administration's budget. This includes \$3.2 million from all sources for 25.0 full-time equivalent positions. The revised request also includes \$8.3 million for contracted technology services, primarily through its main vendor Deloitte, which is \$5.8 million more than enacted, including \$0.2 million more from general revenues, \$2.9 million more from federal funds and \$2.8 million more from technology funds. The increase appears to represent unspent funding from FY 2016 based on timing of expenditures.

*The Governor recommended \$0.3 million less than requested for total spending of \$8.3 million, of which \$1.3 million is from general revenues. The recommendation includes \$0.1 million more for payments to Deloitte and inadvertently reduces federal funds by \$0.3 million for technology support. This also includes \$833 less from general revenues to reflect statewide savings from employee benefits.*

*It should be noted that the Governor's revised budget also adds \$1.3 million, including \$0.3 million from general revenues in FY 2017 to support administrative functions required to address the backlog of applications processed through the Unified Health Infrastructure Project. This includes the temporary hiring of 35.0 full-time equivalent positions for the remaining six months in FY 2017.*

*As staffing changes and issues with the vendor continue to evolve, it is likely the expenditures do not accurately capture expenses.*

*The following table shows FY 2016 final appropriation and actual FY 2016 expenses. It also includes the FY 2017 enacted, revised request and Governor's recommendation in the Department of Human Services, Executive Office of Health and Human Services and the Department of Administration. The Governor subsequently requested an amendment to reduce general revenues by \$0.3 million for concessions made by the contractor in the current year and add \$0.3 million in FY 2018 for anticipated project costs. **The Assembly concurred.***

<b>Unified Health Infrastructure Project</b>				
<b>Department</b>	<b>General Revenues</b>	<b>Federal Funds</b>	<b>Information Technology Fund</b>	<b>Total</b>
<b>FY 2016 Spent</b>				
EOHHS	\$ 13,015,924	\$ 79,690,883	\$ -	\$ 92,706,807
DHS	2,883,527	4,628,457	-	7,511,984
<b>Total</b>	<b>\$ 15,899,451</b>	<b>\$ 84,319,340</b>	<b>\$ -</b>	<b>\$ 100,218,791</b>
<b>FY 2017 Enacted</b>				
EOHHS	\$ 9,990,495	\$ 41,996,278	\$ -	\$ 51,986,773
DHS	984,921	4,440,254	-	5,425,175
<b>Total</b>	<b>\$ 10,975,416</b>	<b>\$ 46,436,532</b>	<b>\$ -</b>	<b>\$ 57,411,948</b>
<b>FY 2017 Governor's Revised</b>				
EOHHS	\$ 10,034,012	\$ 66,320,886	\$ 2,785,117	\$ 79,140,015
DHS	1,275,037	7,053,288	-	8,328,325
<b>Total</b>	<b>\$ 11,309,049</b>	<b>\$ 73,374,174</b>	<b>\$ 2,785,117</b>	<b>\$ 87,468,340</b>
<b>FY 2017 Final</b>				
EOHHS	\$ 6,702,826	\$ 41,674,224	\$ 2,785,117	\$ 51,162,167
DHS	991,852	7,053,288	-	8,045,140
<b>Total</b>	<b>\$ 7,694,678</b>	<b>\$ 48,727,512</b>	<b>\$ 2,785,117</b>	<b>\$ 59,207,307</b>
<b>2 Year total</b>				
EOHHS	19,718,750	121,365,107	2,785,117	143,868,974
DHS	3,875,379	11,681,745	-	15,557,124
<b>Total</b>	<b>\$ 23,594,129</b>	<b>\$ 133,046,852</b>	<b>\$ 2,785,117</b>	<b>\$ 159,426,098</b>

**Unified Health Infrastructure Project - Legal Fees.** The Department's request does not anticipate any funding for any legal challenges resulting from the implementation of the state's Unified Health Infrastructure Project. *The Governor included \$100,000 from general revenues for legal costs. She also included \$150,000 from general revenues in the Department of Administration's budget for total funding of \$250,000 in the revised budget.*

*It should be noted that the Department's third quarter report includes projected spending of \$0.3 million from general revenues for legal costs, which was offset by savings in other programs. The Assembly included \$0.3 million for legal costs.*

#### **Cash Assistance Programs**

The Caseload Estimating Conference estimate includes \$108.2 million from all sources, including \$29.8 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. The caseload estimate is \$4.6 million less than enacted, entirely from general revenues. The Department's request is consistent with the enacted level for cash assistance and does not reflect the estimate adopted at the November caseload conference since the request was submitted prior to the Caseload Estimating Conference.

*The Governor recommended funding consistent with the caseload estimate. The Assembly included \$112.3 million, \$31.1 million from general revenues which is \$4.1 million more than recommended and consistent with the May caseload conference. This includes \$1.4 million more from general revenues and \$2.7 million from federal funds and reflects updated programs costs that are still impacted by the limited functionality of the Unified Health Infrastructure Project.*



The following table itemizes cash assistance expenditures as enacted by the 2016 Assembly, adopted by the caseload estimators, recommended by the Governor and enacted by the 2017 Assembly, along with comparable data for FY 2015 and FY 2016. Each category is discussed separately.

Cash Assistance	FY 2015 Actual	FY 2016 Actual	FY 2017 Enacted	FY 2017 Gov. Rev.	FY 2017 May CEC	FY 2017 Final
<b>Rhode Island Works</b>						
Persons	12,941	11,031	9,920	10,044	10,675	10,675
Monthly Cost per Person	\$ 181.38	178.14	\$ 178.30	\$ 178.05	\$ 183.00	\$ 183.00
<b>Total Costs/Federal Funds*</b>	<b>\$ 30.5</b>	<b>25.4</b>	<b>\$ 23.1</b>	<b>\$ 23.3</b>	<b>\$ 25.4</b>	<b>\$ 25.4</b>
<b>Child Care</b>						
Subsidies	7,838	8,537	9,603	9,023	9,000	9,000
Annual Cost per Subsidy	\$ 6,823	7,136	\$ 7,274	\$ 7,200	\$ 7,400	\$ 7,400
General Revenue	\$ 9.7	11.37	\$ 14.7	\$ 9.9	\$ 9.9	\$ 9.9
Federal Funds	44.6	49.55	55.1	55.1	56.7	56.7
<b>Total Costs*</b>	<b>\$ 54.3</b>	<b>60.9</b>	<b>\$ 69.9</b>	<b>\$ 65.0</b>	<b>\$ 66.6</b>	<b>\$ 66.6</b>
<b>SSI</b>						
Persons	33,780	33,660	33,730	33,677	33,600	33,600
Monthly Cost per Person	\$ 44.88	45.63	\$ 45.57	\$ 45.65	\$ 46.77	\$ 46.77
<b>Total Costs/General Revenues*</b>	<b>\$ 18.2</b>	<b>18.5</b>	<b>\$ 18.5</b>	<b>\$ 18.5</b>	<b>\$ 18.9</b>	<b>\$ 18.9</b>
<b>SSI Transition/Bridge</b>						
Persons	431	394	400	400	364	364
Monthly Cost per Person	\$ 134.25	141.58	\$ 136.00	\$ 142.00	\$ 146.91	\$ 146.91
<b>Total Costs/General Revenues*</b>	<b>\$ 1.4</b>	<b>\$ 1.5</b>	<b>\$ 1.4</b>	<b>\$ 1.4</b>	<b>\$ 1.3</b>	<b>\$ 1.3</b>
General Revenue	29.3	31.3	34.6	29.8	30.1	31.1
Federal Funds	75.1	74.9	78.2	78.4	82.1	81.1
<b>Total Cash Assistance*</b>	<b>\$ 104.4</b>	<b>\$ 106.2</b>	<b>\$ 112.8</b>	<b>\$ 108.2</b>	<b>\$ 112.3</b>	<b>\$ 112.3</b>

\*Expenditures in millions

**Rhode Island Works.** The November Caseload Estimating Conference estimate includes program expenditures of \$23.3 million entirely from federal funds. The estimate increased the monthly caseload by 124 cases to a level of 10,044. The cost per case is estimated to decrease by \$0.25 to a \$178.05 monthly cost per person. The estimated program expenditures are \$0.2 million more than the enacted budget, primarily from the increased number of persons, along with minor adjustments for transportation, clothing and other supportive services. The Department's request is consistent with the enacted level for the Rhode Island Works program and does not reflect the estimate adopted at the November caseload conference.

*The Governor recommended funding consistent with the caseload estimate. The Assembly increased expenditures by \$2.1 million to reflect the May caseload estimate, which increased the number of people by 631 to 10,675 and the monthly cost per person by \$4.95 to \$183.00 for total costs of \$25.4 million.*

**Child Care.** The November Caseload Estimating Conference estimate includes child care expenditures of \$65.0 million, of which \$9.9 million is from general revenues. This is \$4.9 million less from general revenues than enacted, reflecting 580 fewer child care subsidies for a monthly level of 9,023 and an annual cost of \$7,200, which is \$74 less than enacted. The Department's request is consistent with the enacted level for the child care program and does not reflect the estimate adopted at the November caseload conference.

A family is eligible for child care assistance either through the Rhode Island Works program (if they qualify for the program, they are automatically eligible for child care assistance) or if they qualify as low income, which is at or below 180 percent of federal poverty. The 2013 Assembly passed legislation for a pilot program allowing families eligible for subsidized child care because their income is at or below 180 percent of poverty to remain eligible until the family income exceeds 225 percent of poverty, from October 1, 2013

through September 30, 2014. The 2014 Assembly extended the pilot through September 30, 2016 and the 2016 Assembly provide another one-year extension until September 30, 2017.

Reauthorization of the federal Child Care and Development Block Grant requires changes that are effective October 1, 2016. This includes a 12-month recertification period; at least three months of continued eligibility for families who lose their jobs; and expanded outreach to homeless families. Rhode Island applied for a one-year extension for several of the requirements including: 12-month recertification, three months of continued eligibility and expanded outreach.

*The Governor recommended funding consistent with the caseload estimate. The Assembly added \$1.6 million from federal funds to reflect the May caseload estimate, which reduced the number of subsidies by 23 to 9,000 and increased the annual cost per subsidy by \$200 to \$7,400 for total costs of \$66.6 million. This includes \$56.7 million from federal funds and \$9.9 million from general revenues.*

**Supplemental Security Income Payments.** The November Caseload Estimating Conference estimate includes FY 2017 direct supplemental security income expenditures at \$18.5 million from general revenues, or \$3,347 more than enacted. The caseload decreased by 53 persons to a monthly level of 33,677 and the estimators decreased the monthly cost per person by \$0.08 to \$45.65. The estimate also includes transaction fees of \$52,000, the enacted level.

The Supplemental Security Income program is a federal program authorized under Title XVI of the Social Security Act to provide payments to needy aged, blind and disabled persons based on uniform national minimum standards of assistance. Rhode Island opts to provide a state supplemental payment to the federal payment and, under an agreement with the Social Security Administration, it administers the program. Twenty-six other states also supplement the federal payment.

*The Governor recommended funding consistent with the caseload estimate. The Assembly increased expenditures by \$0.4 million to reflect the May caseload estimate, which reduced the number of people by 77 to 33,600 and increased the monthly cost per person by \$1.12 to \$46.77 for total costs of \$18.9 million. This includes transaction fees of \$58,000.*

The following table includes the separate categories and monthly payments for calendar year 2016.

Supplemental Security Income Payments Category	CY2016		
	State	Federal	Total
Individual living alone	\$ 39.92	\$ 733.00	\$ 772.92
Couple living alone	\$ 79.38	\$ 1,100.00	\$ 1,179.38
Individual living with others	\$ 51.92	\$ 488.67	\$ 540.59
Couple living with others	\$ 97.30	\$ 733.34	\$ 830.64
Resident in state licensed supportive residential care	\$ 300.00	\$ 733.00	\$ 1,033.00
Resident in assisted living	\$ 332.00	\$ 733.00	\$ 1,065.00
Resident in Medicaid certified long-term care residence with income over 120% FPL	up to \$465.00	\$ 733.00	up to \$1,198.00
Resident in Medicaid certified long-term care residence with income up to 120% FPL	\$ 797.00	\$ 733.00	\$ 1,530.00
Supplement	\$ 20.00	\$ 30.00	\$ 50.00

**Assisted Living State Supplemental Payment.** The Department requested the enacted level of \$359,198 from general revenues, which is \$32,856 more than the amount spent in FY 2016, for additional state supplemental payments of \$206 per month to individuals who receive the state supplemental security income payment and live in a state licensed assisted living facility that is not eligible to receive Medicaid.

The 2014 Assembly expanded the payment to individuals living in an assisted living facility that was financed by Rhode Island Housing prior to January 1, 2006, beginning on October 1, 2014. *The Governor recommended funding as requested. The Assembly concurred.*

**Supplemental Security Income Transition/Bridge Program.** The November 2016 Caseload Estimating Conference estimate increases the supplemental security income transition/bridge program spending by \$28,800 for total funding of \$1.4 million, from general revenues. The estimate includes \$0.7 million for both cash payments and burials. The estimate retains the enacted level of 400 persons at \$142.00 for the monthly costs, \$6.00 more than enacted. The Department's request does not reflect the conference estimate and is consistent with the enacted level. This program is designed for individuals who maintain an active application for the supplemental security income program.

*The Governor recommended funding consistent with the caseload estimate. The Assembly reduced expenditures by \$0.1 million to reflect the May caseload estimate, which reduced the number of people by 36 to 364 and increased the monthly cost per person by \$4.91 to \$146.91. Total payments include \$0.6 million for cash payments and \$0.7 million for burials.*

**Hardship Payments.** The Department requested the enacted level of \$210,000 from general revenues for hardship contingency payments, which provide temporary support to persons who do not qualify for the supplemental security income or Rhode Island Works programs. The Department spent \$70,000 for FY 2016, \$70,766 for FY 2015, \$112,775 for FY 2014 and \$151,675 for FY 2013; it has indicated that the rules and criteria for the program are strict and applicants often do not want to fill out the paperwork for the \$100 payment, especially since the applicants must reapply each month in which they request the payment. *The Governor recommended funding as requested. The Assembly concurred.*

#### **Cash Assistance Administration**

**Rhode Island Works Pilot/Workforce Training.** The Department requested \$0.8 million from federal temporary assistance for needy families block grant funds for on-the-job training programs, job search and placement services, disability assessments and services, and overall service delivery redesign. This is \$0.7 million less than enacted, but the Department has not submitted any additional information regarding what this funding supports. *The Governor recommended funding as requested. The Assembly concurred.*

**Cash Assistance Administration.** The Department requested \$0.8 million more for administrative costs related to Rhode Island Works, child care, supplemental security income and general public assistance, including \$2.9 million more from general revenues and \$0.8 million less from federal funds. This includes \$2.0 million more for staffing, including \$1.7 million more from general revenues; the Department has not provided the information for the staffing changes between programs.

The Department requested \$1.2 million less from all sources, including \$1.2 million more from general revenues, \$2.3 million less from federal funds and \$0.1 million less from one-time funding of food stamp bonus funds for all other program expenses.

The revised request also includes \$1.0 million more for continued support of the InRhodes system, \$0.8 million less for the monthly fee to process the food stamp benefits, and \$0.2 million more for rent and postage. The request also includes \$1.3 million less from federal funds to support other programs, including employment and training for total funding of \$8.3 million, \$0.6 million more than FY 2016 actual expenses, through the Child Care Development Fund; the Department has not provided a reason for this decrease.

*The Governor added \$1.9 million from all sources, including \$0.3 million from general revenues to the revised request. Of this amount, \$1.3 million, including \$0.3 million from general revenues, will fund the temporary hiring of 35.0 full-time equivalent positions for the remaining six months in FY 2017 to support*

*administrative functions required to address the backlog of applications processed through the Unified Health Infrastructure Project. The remaining \$0.6 million reflects funding available to support other programs.*

*It should be noted that the Department of Human Services testified at House Finance Committee hearings for implementation of the Unified Health Infrastructure Project that it would not be necessary to increase funding in the current year to hire temporary employees to address the short-term needs to address the backlog. **The Assembly concurred.***

### **Division of Elderly Affairs**

**Volunteer Guardianship Program.** The FY 2017 enacted budget includes \$163,024 from all sources, including \$81,512 from general revenues for the volunteer guardianship program. Funding for the program was eliminated by the Department as part of its FY 2017 request and recommended by the Governor but not accepted by the Assembly. The Assembly included the general revenues along with matching Medicaid funds. The Division issued a Request for Proposals for the program, but received no responses.

Currently, the program is being operated through the Executive Office of Health and Human Services using existing staff and there is a plan to use temporary legal staff through the Division in the current year. The Division has incurred approximately \$20,000 in administrative legal expenses. It should be noted that the Division reports that it cannot leverage Medicaid for the program and has excluded the Medicaid funding in its revised and FY 2018 requests. However, it is unclear if the Executive Office of Health and Human Services, the designated state Medicaid agency, has been consulted on whether or not this is an option. *The Governor recommended funding as requested. **The Assembly concurred.***

**Integrated Care Initiative.** The Division has been awarded a \$0.4 million federal grant to be spent during FY 2017 and FY 2018 to support the state health insurance assistance program and to provide options counseling for individuals who are eligible for Medicare and Medicaid, also called “dual eligible.” This grant is available to states that have an integrated care initiative agreement with the federal government; for Rhode Island that is the Rhody Health Options program operated through the Executive Office of Health and Human Services. The Division has programmed \$0.4 million in both the revised and FY 2018 budgets, but the grant total is \$0.4 million. *The Governor recommended funding as requested. **The Assembly concurred.***

**Pharmaceutical Assistance to the Elderly.** The request includes \$370 less from restricted receipts for funding of \$121,062 for administration expenses of the pharmaceutical assistance program. This request is for staffing; however, the program has experienced continuing annual decrease in participation and utilization, so the staff time required is minimal and there are nominal operating expenses included with the Division’s other operating expenditures for this program. The revised request inadvertently overfunds staffing when instead the restricted receipts should be used for the state’s portion of pharmacy payments made on behalf of program recipients. The Division spent \$56,006 for FY 2015 and \$72,045 for FY 2016 to make the payment. *The Governor recommended funding as requested. **The Assembly concurred.***

**Home and Community Care Program Expenses.** The Division requests \$20,563 more from all sources for home care, adult day and case management services for total funding of \$6.0 million, including \$3.0 million from general revenues. The revised request is \$0.2 million less than FY 2016 expenditures, but \$1.0 million more than FY 2015 expenditures of \$5.0 million. *The Governor recommended funding as requested. **The Assembly reduced general revenues by \$0.1 million based on third quarter reported spending.***

**Salaries and Benefits.** The Division includes \$10,640 more from all sources for salaries and benefits in the Division. This includes \$4,165 more from general revenues primarily for updated medical benefit costs

and 31.0 positions in its revised request leaving one position vacant. *The Governor recommended funding as requested, with the exception of \$1,757 from statewide benefit savings.* **The Assembly added \$44,513 from general revenues to reflect the Divisions's third quarter report.**

**Other Operations.** The Department requested \$0.1 million more than enacted for other operating expenditures within the division, including \$26,026 less from general revenues. The revised request is \$0.1 million more from federal funds for a grant to support a commodity supplemental food program; FY 2016 funding was awarded to the Rhode Island Community Food Bank. *The Governor recommended funding as requested.* **The Assembly reduced general revenues by \$0.1 million to reflect the Division's third quarter spending.**

### Other Programs

**Office of Veterans' Affairs.** The Office requests \$49,174 less than enacted from all sources for staffing and operational expenses in the Office of Veterans' Affairs. This includes \$1.1 million more from restricted receipts offset by \$1.2 million less from federal funds and \$10 less from general revenues and 246.1 positions; four more positions than enacted, which appears to be inadvertently included in the revised request.

The request decreases staffing expenses by \$0.2 million, which includes \$0.1 million from general revenues, and shifts \$1.1 million in expenses from federal per diem sources to restricted receipts. The revised request adds \$148,976 more from all sources, including \$99,076 in staff savings shifted to contracted medical services and \$49,900 more for building and maintenance expenses.

The Office includes the enacted level of \$10.0 million from federal funds for the new Veterans' Home consistent with the capital request; however, it differs from the capital request in that it does not include \$0.9 million from federal funds included in the request for new projects at the cemetery but does request \$65,000 from cemetery memorial funds, which were excluded from its the capital request. *The Governor recommended funding as requested, with the exception of \$23,787 to reflect statewide benefit savings and \$6,767 from statewide energy savings.*

[Staff Note: It should be noted that the Assembly added two outreach positions for the Office of Veterans' Affairs. The Assembly did not add a third position that was included in the Governor's recommendation; however, it appears that an outreach aid was hired, which would require that resources appropriated for staffing at the veterans' home used for this purpose instead.] **The Assembly further reduced vided staffing expenses at the Veterans Home by \$0.9 million from general revenues based on third quarter projections.**

**Child Support Services.** The revised request is \$0.4 million more than enacted including \$0.8 million more from federal funds and \$0.4 million less from general revenues for child support services. This includes \$5.6 million from all sources, or \$0.4 million more than enacted and \$1.9 million from general revenues, or \$0.1 million more than enacted for 60.0 positions, 0.8 more than enacted. There are currently seven vacant positions in the Division and the revised request includes keeping two unfilled. All other division expenses decrease by \$18,426, including \$0.5 million less from general revenues offset by an increase in federal funds. The funding shift is primarily related to the contract with Northrup Grumman for information technology support; the Department has not provided any requested detail explaining this expense.

The revised request includes the enacted level of \$0.3 million from general revenues for any Internal Revenue Service "clawbacks" that the state pays to the federal government after a state intercept of a tax return occurs and pays the custodial parent. Sometimes, after the Internal Revenue Service intercepts owed child support and the state forwards the funds onto the custodial parent, it is determined that the tax return

included errors or was fraudulent and the Internal Revenue Service recovers the funds from the state. However, if the state has already sent the funds to the family and cannot collect them back, the state pays the cost. No funds were paid during FY 2016.

*The Governor recommended funding as requested, with the exception of \$5,054 to reflect statewide benefit savings. The Department's third quarter report included no clawback payment being required for FY 2017 and the Assembly reduced general revenues by \$0.3 million. It also reduced general revenue staffing expenses by \$0.2 million based on reported spending.*

**Eligibility Administration.** The Department requested \$1.2 million less than enacted from all sources for expenses related to eligibility determinations for Medicaid and long term care services, including salaries and benefits. This includes \$1.6 million less from general revenues and \$0.4 million more from federal funds. Salary and benefit expenses decrease by \$1.7 million, including \$1.6 million from general revenues. Staff in this program work in the field offices processing Medicaid eligibility claims or determining eligibility for state long term care medical assistance services. This revision may be connected to the staffing changes for cash assistance administration, but the Department has not responded to inquiries to clarify the reasons for these changes.

All other expenses are \$0.5 million less than enacted primarily from federal funds. The request reduces contracted medical services by \$0.6 million and adds \$0.2 million for system support. *The Governor recommended funding as requested, with the exception of \$7,615 to reflect statewide benefit savings. The Assembly concurred.*

**Supplemental Nutrition Assistance Program - Benefits.** The Department requested the enacted level of \$282.0 million from federal funds for direct benefit payments for the Supplemental Nutrition Assistance Program in its revised request. This is \$6.5 million more than FY 2016 expenses and based on updated projections. *The Governor recommended funding as requested. The Assembly concurred.*

**LIHEAP and Weatherization Assistance Programs.** The Department requested \$38.4 million more than enacted from federal and restricted sources, for a total of \$50.6 million for expenses related to the low income home energy assistance and weatherization assistance programs. The revised request includes \$46,502 more for salaries and benefits, which appears to overfund the six filled positions. The revised request is \$22.2 million more than FY 2016 actuals, including \$22.0 million more for assistance programs and \$0.2 million more for staffing.

For the home energy program, expenses increase by \$37.8 million from federal funds and expenses for the weatherization assistance program increase by \$0.4 million. The primary increase is for benefit payments, which reflects unspent awards carried into FY 2017 and \$18.3 million in new awards. The Department indicates it must allocate the funds in certain fiscal years in order to carry the funds forward, even if the funds will be spent in a different fiscal year. *The Governor recommended \$21.2 million less than requested, which is \$1.5 million above FY 2016 actual expenses. The recommendation reflects historical spending. She recommended staffing expenses as requested. The Assembly concurred.*

**Race to the Top.** The Department requested \$2.2 million more than enacted for total funding of \$3.9 million from federal Race to the Top funds. The request represents \$3.7 million more for several programs and initiatives developed by the Department, but it has not provided an update for the projects in the current year. Projects include the Bright Stars quality rating and improvement system, a new professional development technical assistance center for community-based technical support to improve programs, a contract with the Community College of Rhode Island to award credits for experience to early childhood workers who want to obtain an early childhood degree, quality improvement grants to help providers improve the quality of the care provided and quality awards to providers who have a high rating in order to help them maintain high quality of care.

Changes also include \$0.3 million less than enacted for staffing and operating expenses. This includes one position, three fewer than assumed in the enacted budget and \$18,159 more for various operating expenses. The Department received the award in December 2011, made no expenditures in FY 2012 and spent \$168,879 in FY 2013, \$3.6 million in FY 2014, and \$10.8 million in FY 2015. The grant award was set to expire December 31, 2015, but the state was able to receive a no-cost extension through December 31, 2016. The Department spent \$6.3 million in FY 2016 and requests the remaining funds in FY 2017 to complete activities within the grant award. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Paratransit Services for the Elderly.** The Department requested \$6.3 million from all sources for elderly transportation services, including \$1.4 million from general revenues, \$0.5 million from federal funds and the enacted level of \$4.4 million from the Department's one-cent share of the motor fuel tax. The state leverages Medicaid funds under the global waiver for certain transportation expenses that were previously state only; the request reduces funding for this program by \$0.1 million, primarily from general revenues.

Compared to FY 2016 actual expenses, the revised request appears to overfund the state-only portion of transportation expenses by \$1.0 million and underfunds the state's ability to leverage Medicaid funds by \$1.1 million. If FY 2017 spending is consistent with FY 2016 actual expenses, the revised request overfunds the state's obligation for the transportation expenses by \$0.5 million from general revenues.

*The Governor recommended funding as requested. It should be noted that the Executive Office of Health and Human Services is using the \$1.0 million in state funds as a match to the federal funds available through the Health System Transformation program so it is not an option to leverage additional Medicaid for these services in the current year.* **The Assembly concurred.**

**Vocational Rehabilitation Services.** The Department added \$0.1 million for vocational rehabilitation services totaling \$22.0 million from all sources in its revised request. This includes \$0.6 million more from general revenues and \$0.5 million less from federal funds. *The Governor provides \$2,864 less than requested to reflect statewide benefit savings from updated rates.* **The Assembly concurred.**

**Services for Blind and Visually Impaired.** The Department requested \$0.2 million more from general revenues for total funding of \$0.8 million for services to the blind and visually impaired. This includes \$0.7 million more for staffing, an increase of \$0.3 million above the enacted budget and \$0.1 million more for all services and expenses. The Department has not provided the reason for the requested increase. *The Governor provided \$1,039 less than requested to reflect statewide benefit savings from updated rates.* **The Assembly reduced general revenues by \$0.2 million to reflect the Department's third quarter report.**

**Medicaid Rehabilitative Services.** The Department requested \$0.9 million from all sources, including \$0.5 million from general revenues for three programs managed by the Office of Rehabilitation Services that provide services eligible for federal matching funds under provisions of the global Medicaid waiver. The services include social services for the blind, personal care attendants, and home modifications; these services are aimed at helping an individual maintain independence. The request includes \$0.4 million for personal care attendants, \$0.3 million for social services for the blind and \$0.2 million for home modification services and is \$0.1 million less from federal funds than enacted.

Since this is a Medicaid program matched by state funds, any reduction in federal funds also results in a reduction in general revenues, which is not included in the revised request. The revised request should either be \$0.1 million less from general revenues further reducing program expenses or the \$0.1 million program reduction should be split between fund sources.

*The Governor recommended funding as requested; she requested an amendment to add back the Medicaid funds. The Assembly concurred with the exception of reducing general revenues by \$0.3 million for staffing and operations based on the Department's third quarter report.*

**Community Services Block Grant.** The Department includes \$0.3 million less from federal Community Services block grant funds in its revised request to reflect the current spending plan. This is \$0.2 million less than FY 2016 actual expenses with funds supporting local community agencies and programs. *The Governor recommended funding as requested. The Assembly concurred.*

**Refugee Assistance Programs.** The Department included \$0.2 million more from federal funds for refugee assistance programs totaling \$0.4 million in the revised request. This includes \$0.3 million for grants and \$0.1 million for staffing. FY 2016 grant recipients included the Diocese of Providence, Rhode Island College and Dorcas International Institute of Rhode Island. *The Governor added \$55,125 based on available funding. The Assembly concurred.*

**Other Staffing.** The Department requested \$1.5 million less from all sources for other staffing expenses. This includes \$1.9 million less from general revenues, \$0.5 million more from restricted receipts and adjustments to federal funds. It reflects 11.9 positions, transferring 10.1 positions to other programs. As noted earlier in this analysis, there are increased staffing costs for cash assistance administration. *The Governor recommended \$275 less to reflect statewide benefit savings. The Assembly added \$0.2 million from general revenues for staffing and other services based on the Department's third quarter report.*

**Other Expenses.** The Department requested \$0.2 million more from all sources, including \$54,001 more from general revenues for all expenses. *The Governor added \$0.2 million from federal funds for independent living services. The Assembly concurred.*

**Capital - Blind Vending Facilities.** The Department requested the enacted level of \$165,000 from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. There are currently 15 facilities that operate under the name COFFEE PLUS. The staff is trained through the Department's Office of Rehabilitation Services. *The Governor recommended funding as requested. The Assembly concurred. This project is discussed in greater detail in the Capital Budget section of this publication.*



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

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Central Management	\$ 1,383,520	\$ 1,695,428	\$ 1,643,023	\$ 1,643,023
Services for the Dev. Disabled	241,855,943	246,242,419	250,626,970	250,126,970
Hosp. & Comm. System Support	2,353,579	2,914,190	2,744,439	2,344,439
Hospital & Comm. Rehab. Services	116,830,015	114,329,051	119,444,105	116,343,334
Behavioral Healthcare Services	16,151,840	20,451,467	26,631,039	24,693,262
<b>Total</b>	<b>\$ 378,574,897</b>	<b>\$ 385,632,555</b>	<b>\$ 401,089,576</b>	<b>\$ 395,151,028</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 127,506,897	\$ 117,970,548	\$ 120,924,068	\$ 120,924,068
Contracted Services	3,851,080	3,542,312	4,068,708	4,068,708
<b>Subtotal</b>	<b>\$ 131,357,977</b>	<b>\$ 121,512,860</b>	<b>\$ 124,992,776</b>	<b>\$ 124,992,776</b>
Other State Operations	14,194,558	14,588,111	15,049,717	15,049,717
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	228,958,241	238,309,286	247,180,630	245,180,630
Capital	4,064,121	11,222,298	13,866,453	9,927,905
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 378,574,897</b>	<b>\$ 385,632,555</b>	<b>\$ 401,089,576</b>	<b>\$ 395,151,028</b>
<b>Sources of Funds</b>				
General Revenue	\$ 176,268,226	\$ 173,184,239	\$ 181,721,907	\$ 177,917,907
Federal Aid	189,591,271	193,038,756	198,847,973	199,051,973
Restricted Receipts	7,497,635	8,435,824	6,909,155	8,509,155
Other	5,217,765	10,973,736	13,610,541	9,671,993
<b>Total</b>	<b>\$ 378,574,897</b>	<b>\$ 385,632,555</b>	<b>\$ 401,089,576</b>	<b>\$ 395,151,028</b>
<b>FTE Authorization</b>	<b>1,419.4</b>	<b>1,352.4</b>	<b>1,352.4</b>	<b>1,352.4</b>
<b>FTE Average</b>	<b>1,217.7</b>			

**FY 2017 Revised Request.** The Department included \$11.3 million more than enacted in its revised request, including \$5.7 million more from general revenues, \$5.4 million more from federal funds, \$0.1 million more from restricted receipts and the enacted level from Rhode Island Capital Plan funds.

The Department's revised request adds \$5.7 million for Eleanor Slater hospital, \$4.2 million for behavioral health care services, and \$1.7 million for services provided to adults with developmental disabilities. These increases are partially offset by \$0.2 million less for administrative expenses.

*The Governor recommended \$4.2 million more than requested from all sources, including \$2.8 million more from general revenues. Of the \$2.8 million general revenue add, \$2.0 million reflects a transfer of funding from the Department of Corrections for its opioid treatment program to the Department so that it can meet the maintenance of effort requirement for the substance abuse block grant. The program will remain at the Department of Corrections.*

The Assembly provided \$5.9 million less than recommended, including \$3.8 million from general revenues, \$0.2 million more from federal funds, \$1.6 million more from restricted receipts and \$4.0 million less from Rhode Island Capital Plan funds. The Assembly did not concur with the \$2.0 million transfer from the Department of Corrections, assumed higher third party payment collections, and adjusted capital plan funding for the hospital reorganization plan.

### Division of Developmental Disabilities

**Developmental Disabilities Programs.** The Department’s revised request includes \$247.9 million from all sources, of which \$120.6 million is from general revenues, for its programs to support adults with developmental disabilities. It includes \$0.7 million from Rhode Island Capital Plan funds for the upkeep and maintenance of the state-owned group homes and day programming sites in the privately operated community based system. The revised request is \$1.7 million more from all sources, including \$0.9 million more from general revenues. The request funds the contract and monitoring activities to satisfy the requirement of the consent decree the state entered into with the Department of Justice regarding individuals whose day activities were at sheltered workshops.

The Department’s first quarter report was consistent with its revised request. In late December, the Department reported that there was a projected deficit of \$8.0 million from all sources, including \$4.0 million from general revenues resulting from several actions taken regarding prior year activities and claims that were not accounted for in the enacted budget or the revised request.

The first includes FY 2015 expenses that were claimed in FY 2017 and, second, benefits provided by community providers in FY 2016 that were not approved by the Department that were retroactively billed once approval was provided. Lastly, there were adjustments to prior year expenses for individuals who had their resource levels increased in FY 2017 and the Department allowed a provider to backbill for services in the prior fiscal year based on this update.

*The Governor recommended \$250.6 million, including \$122.0 million from general revenues; this is \$4.4 million more than enacted, \$2.4 million from general revenues, and \$2.7 million more than requested, including \$1.4 million from general revenues.*

Developmental Disabilities Services					
Program/Component	Individuals*	FY 2017 Governor's Revised		FY 2017 Final	
		Gen. Rev.	All Funds	Gen. Rev.	All Funds
Privately Operated System - Residential and Day	3,538	\$ 102,859,876	\$ 208,697,926	\$ 102,859,876	\$ 208,697,926
Rehab Option - Day Programs	??	357,911	728,497	357,908	728,497
Medicaid CNOM - Day Programs	6	62,854	127,935	62,854	127,935
RICLAS (state-run) - Residential	145	14,248,772	30,891,782	14,248,772	30,891,782
Case Management Only	656	<i>not separately available - included below</i>			
Other State Only Services & Admin	-	4,486,054	8,404,114	4,282,057	8,404,114
Capital Projects	n/a	-	1,776,716	-	1,276,716
<b>Total</b>	<b>4,345</b>	<b>\$ 122,015,467</b>	<b>\$ 250,626,970</b>	<b>\$ 121,811,467</b>	<b>\$ 250,126,970</b>

\*Enrollment as of May 2017

*The Governor added funding for prior year and current projected spending, offset by several initiatives to pay for appropriate services at correct resource levels, change review process for additional services and professional supports and transitioning individuals to less restrictive residential settings; each is discussed separately. She requested an amendment to add \$5.7 million from all funds, including \$2.8 million to address overspending for programs through the privately operated system that was part of the Department’s third quarter report. **The Assembly did not concur with the Governor’s amendment to***

**add funding for the projected overspending. It also reduced capital plan spending by \$0.5 million to reflect current year projections and shifted certain administrative expenses to Medicaid.**

**Medical Benefits/Rhody Health Options.** Individuals receiving residential and other community based services receive medical benefits through the Executive Office of Health and Human Services. Individuals who are not eligible for Medicare are enrolled in Rhody Health Partners, the state's managed care plan for disabled individuals and those receiving services through Medicaid expansion. Those who are eligible for both Medicare and Medicaid, referred to as "dual eligible," have the opportunity to enroll in Rhody Health Options, the state's integrated care initiative to provide services through a managed care plan and potentially lower medical costs for the more expensive dual eligible population. Those who opt to not enroll in managed care continue to receive direct medical benefits through a fee-for-service reimbursement system. Testimony at the November 2016 caseload conference indicates that any individual eligible to enroll in the options program has done so but the Executive Office of Health and Human Services has been asked to verify that information as claims data suggest otherwise.

**Monthly Caseload Report.** Rhode Island General Law 22.1-22-39 requires that the Department submit monthly developmental disabilities caseload and expense reports to the House and Senate finance committee chairpersons, budget officer and fiscal advisors by the 15<sup>th</sup> of each month. The report is to be submitted in any format required by the house and senate fiscal advisors. The 2016 Assembly expanded the information contained in the current monthly report being submitted by the Department to include any reports that have been submitted to the federal court related to the consent decree along with the number of unduplicated individuals employed, the place of employment and the number of hours worked. It must also report transitions to and from 24-hour residential placements, collection of patient liability, approvals and funding for services above the resource allocation levels.

The Department submitted the documentation presented to the federal court but it has indicated that it cannot report on the number of individuals employed, the place of employment or the number of hours worked since it does not track that information. It is unclear why it would not do so given the statutory requirement. *The Governor's recommended budget did not make any changes to the Department's reporting requirements.*

**The Assembly passed Section 7 of Article 9 of 2017-H 5175 Substitute A, as amended, which expands the reporting requirements for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals for services for adults with developmental disabilities to capture data on services provided and any sale of state owned property if revenue is used to offset advanced payments previously made to community based providers. The article also requires that provider annual cost reports be submitted by the Department to House and Senate fiscal advisors and the State Budget Officer by November 1 of each year.**

**Program Eligibility.** In Rhode Island, there are two pathways for a disabled individual (including those with a developmental disability) to receive Medicaid-funded long term care services: (1) either he or she is categorically eligible for Medicaid by meeting the federal disability criteria and income threshold for the Supplemental Security Income program and the Department's criteria for its long term care supports program or (2) he or she is "medically needy." To be considered "medically needy," an individual meets the Department's criteria for its program and the federal disability definition but has income above the income threshold of \$721 a month. In this situation, the state allows the individual to pay a portion of the services monthly, referred to as cost of care, until he or she meets the monthly income limit of \$890 and then the state pays the remainder of the services. The provider collects the recipient's cost of care and adjusts its monthly billing to reflect the state offset. The payment of this cost of care is a necessary condition for Medicaid eligibility.

As noted below, the 2016 Assembly added language to the Department's statutory mandated monthly report to include the number of individuals who have a cost of care requirement and what the monthly amount is to be collected. The Department reported that there are currently 821 individuals with a cost of care payment requirement with financial monthly requirements totaling \$0.2 million, which the Department is not collecting. The Department's position is that it is the responsibility of the Executive Office of Health and Human Services' long term care unit to report on whether or not the collections by the providers are being made and that it does not have access to the information even though it can include this in the monthly report.

*The Governor included Article 12 of her recommended budget to improve patient share collections; however, supporting documentation for this proposal in the Executive Office of Health and Human Services' budget suggests the Department is not part of the proposal. The participating agencies are the Executive Office of Health and Human Services, Department of Human Services and its Division of Elderly Affairs. It does not reference the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Assembly included similar legislation in FY 2017 and the Department's monthly reports identified the number of individuals who owe and the amount to be paid toward care but not if the liability is being collected by the providers. **The Assembly concurred and enacted Section 11 of Article 9 of 2017-H 5175, Substitute A, as amended to improve patient collections.***

**Developmental Disabilities Ombudsman.** The state currently does not have an ombudsman for adults with developmental disabilities to serve in a role similar to the long term care ombudsman who advocates on behalf of the rights of individuals receiving services in nursing homes or other community settings. During the 2016 legislative session, the Governor requested an amendment to direct the Department to use \$170,000, including \$83,521 from general revenues, of its appropriation for a Developmental Disabilities Ombudsman program in FY 2017 and the Assembly concurred. As of November 1, 2016, the Department has not started the process to fulfill this initiative and it does not appear to have included funding in its revised budget to account for this expense. *The Governor's recommendation is consistent with the request and excludes funding for the ombudsman. **The Assembly concurred.***

**Privately Operated Community Programs.** The Department requested \$216.6 million from all sources, including \$106.1 million from general revenues for programs operated through community based agencies providing residential and day programming services to approximately 3,600 adults with developmental disabilities. It also provides day program activities to 64 of the 148 individuals residing in the state-run facility. The providers are: AccessPoint RI, Blackstone Valley, Bridges, The Cove, Frank Olean Center, Fogarty Center, Living Innovations, Perspectives and Seven Hills.

*The Governor included \$219.7 million, \$107.8 million from general revenues, which is \$3.1 million more than requested, including \$1.6 million more from general revenues. The Governor's recommendation adds \$8.8 million for current projections, to pay prior year claims and a shift of home health aide services from the Executive Office of Health and Human Services' budget. The increase is offset by several proposals, and each of the changes is shown in the following table and discussed separately. **The Assembly concurred.***

**Resource Levels.** The FY 2017 enacted budget includes savings of \$1.4 million, of which \$0.7 million is from general revenues from keeping 96 individuals who have had their resource plan decrease because of an assessment change at the assessed lower level instead of the higher, previously assessed level. The Department's revised request includes the savings. *The Governor assumed savings of \$1.7 million, including \$0.8 million from general revenues from keeping individuals at the newly assigned levels and utilizing the recent assessments. **The Assembly concurred.***

Division of Developmental Disabilities	Governor's Revised		FY 2017 Final	
	General Revenues	Total	General Revenues	Total
Prior Year Claims	\$ 1,090,829	\$ 2,220,291	\$ 1,090,829	\$ 2,220,291
Current Services	2,184,957	3,201,738	2,184,957	3,201,738
Additional Resource Allocations (L9)	1,750,410	3,562,813	1,750,410	3,562,813
Home Health Aides	900,000	1,831,875	900,000	1,831,875
<i>Subtotal</i>	<i>\$ 5,926,196</i>	<i>\$ 10,816,717</i>	<i>\$ 5,926,196</i>	<i>\$ 10,816,717</i>
Additional Resource Allocations Review Process (L9)	(750,000)	(1,526,562)	(750,000)	(1,526,562)
Supported Employment Program	(215,535)	(438,703)	(215,535)	(438,703)
Resource Levels (SIS Tiers)	(844,570)	(1,719,051)	(844,570)	(1,719,051)
Residential Conversion	(1,177,000)	(2,395,685)	(1,177,000)	(2,395,685)
Professional Services Approvals and Rates	(400,000)	(814,166)	(400,000)	(814,166)
<i>Subtotal</i>	<i>\$ (3,387,105)</i>	<i>\$ (6,894,167)</i>	<i>\$ (3,387,105)</i>	<i>\$ (6,894,167)</i>
<b>Privately Operated System Total</b>	<b>\$ 2,539,091</b>	<b>\$ 3,922,550</b>	<b>\$ 2,539,091</b>	<b>\$ 3,922,550</b>
<i>Other</i>				
RICLAS - Apartment Conversions	(595,119)	(1,211,315)	(595,119)	(1,211,315)
Administrative Savings	(133,463)	(271,653)	(133,463)	(271,653)
<b>Total</b>	<b>\$ 1,810,509</b>	<b>\$ (8,377,135)</b>	<b>\$ 1,810,509</b>	<b>\$ (8,377,135)</b>

Resource Allocations. The Department's request includes funding for services that are provided for individuals that exceed their authorized resource levels, commonly referred to as "L9s." It appears that approximately \$18.0 million from all sources, including \$8.9 million from general revenues is assumed in the FY 2017 enacted budget for these services. This funding is not segregated and is included in the authorization totals and can fluctuate from quarter to quarter based on the needs of the individual.

Subsequent to its budget submission, the Department reported that its revised request underfunded the cost of these excess allocations by \$3.6 million from all sources, \$1.8 million from general revenues. FY 2016 spending in the fourth quarter for these authorizations totaled \$6.1 million, while the authorizations for the first and second quarters of FY 2017 total \$7.0 million and \$6.9 million, respectively.

*The Governor added \$3.6 million from all sources, including \$1.8 million from general revenues for the allocations. She also offset that with savings of \$1.5 million, including \$0.8 million from instituting a new review of the practice of granting these excess allocations. The net increase is \$2.0 million, \$1.0 million from general revenues. **The Assembly concurred.***

Home Health Aides. The FY 2017 enacted budget shifted \$1.8 million, including \$0.9 million from general revenues, from home health aide expenses, to the medical assistance program in the Executive Office's budget. The Department spent \$3.1 million in FY 2016 for individuals enrolled in Rhody Health Partners, Rhody Health Options and fee-for-service. This is a covered benefit through the managed care plans; however, the Department reports that it is a benefit provided through the resource plans for developmentally disabled adults and a shift to the medical assistance program would create a disruption in services. Since individuals are provided with a budget, which they can use towards services, it appears that use of a home health aide or the use of resources on another activity or activities is the choice of each individual.

It should be noted the enacted budget includes savings of \$1.5 million, including \$0.7 million from general revenues from using an electronic visit verification system to monitor the delivery of home care services, including personal care and homemaker activities, to record the arrival and departure times of direct care workers providing the services to individuals receiving home based services paid through the Executive Office of Health and Human Services' budget. This system is not used by the Department to monitor home

health services provided to this population. *The Governor recommended funding as requested.* **The Assembly concurred.**

Current Services. The Department requested \$0.8 million more than enacted, including \$1.0 million from general revenues for all other current service adjustments in the privately operated system. This includes a \$0.8 million increase from all sources, including \$1.0 million from general revenues, based on current spending offset by two proposals to reduce current year costs, each discussed separately. *The Governor included \$3.2 million more for current services based on subsequent information from the Department, including \$2.2 million more from general revenues.* **The Assembly concurred.**

Supported Employment Services. The FY 2017 enacted budget includes \$6.8 million, of which \$3.4 million is from general revenues to fund integrated and community based activities to meet the consent decree requirements. The Department's revised request includes this total for these services, or the Person Centered Supported Employment Performance Program. Of this total, \$1.4 million is for employment contracts and certification with 24 community based providers and \$4.3 million is reserved for additional day services to be allocated through the L9 process. The Department reported that the remaining \$1.1 million is available because two providers decided not to participate and will be used if any contract needs to be amended or programs expanded.

*The Governor assumed savings of \$0.4 million, including \$0.2 million from general revenues based on current spending. The employment contracts were signed in October and a portion of the funding remains available and is being used to offset other expenses within the Division.* **The Assembly concurred.**

Professional Supports. The FY 2017 enacted budget includes \$4.4 million, \$2.2 million from general revenues for professional supports, such as physical, speech and occupational therapy, and nursing supports. The Department proposed eliminating the services in its FY 2017 budget request, which the Governor recommended. The Department provided updated information that the savings would be achieved from providers billing an individual's medical coverage, Medicare and/or Medicaid, for the services. If an individual is enrolled in the state's Rhody Health Partners or Rhody Health Options managed care plans, which are paid a per member per month capitated rate these services are covered through the Executive Office of Health and Human Services' budget; however, the Department was paying for the services from its budget.

The Department later reported that the services provided would be in addition to what is covered through the managed care plans and the Assembly restored the funding consistent with a request from the Governor.

*The Governor recommended savings of \$0.8 million, including \$0.4 million from two changes to this benefit: updating the process to approve the services and payment for those services. The Department will no longer include the services as part of a standard authorization and instead require the providers to first bill the individual's insurance, in most cases Medicaid, before paying for the service.* **The Assembly concurred.**

Residential Placements. The Department proposed reducing costs in the privately operated program by \$3.6 million, including \$1.7 million from general revenues by reducing the availability of group home placements; however, it has not provided the plan for this. The latest monthly report submitted in November shows a 17 person increase in 24-hour residential care setting compared to October in the current fiscal year. Prior month changes include six more in October compared to September and 23 more in September compared to August; however, based on information from the Department, the number of residential placements in a given month may be inaccurate because of the timing of the information submitted by the private providers regarding residential services. The proposal would move approximately 120 individuals to a lesser restrictive setting, assuming a savings of \$30,000 per placement.

The Governor's FY 2017 recommended budget assumed savings of \$2.3 million from moving 50 individuals in 24-hour privately operated group homes to shared living provider arrangements. She later requested an amendment to add back approximately 75 percent of the savings taken from the proposal because the Department reported that it could not meet the savings initiative.

*The Governor's revised budget assumes \$2.4 million in savings, including \$1.2 million from general revenues from transferring 66 individuals from a 24-hour group home placement to a lesser setting and accelerating the implementation of expected new rules by the Centers for Medicare and Medicaid Services regarding home and community based services. That federal change will not be required until FY 2019.*  
**The Assembly concurred.**

Facility Costs - Rental Payments. There are 107 group homes that are owned by the state, being used by the privately operated community providers, to provide residential services to adults with developmental disabilities for which the state does not charge rent to use the space. The Department proposes charging a monthly rent for each of the homes, but did not identify what the amount will be or how the process will work but assumed \$0.6 million in new restricted receipts in the current year from this proposal. This proposal is also part of the Department's constrained budget request.

[Staff Note: The Department reported in December 2016 that it was not moving forward with the proposal.]

*The Governor did not recommend this proposal.* **The Assembly concurred.**

**Department of Justice Consent Decree - Trust Fund.** Consistent with the enacted budget, the Department includes \$300,000 from all sources, including \$130,000 from general revenues for the Workshop Conversion Institute that is administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College. Funding has been awarded to nine community providers for employment and training activities.

The Department's FY 2017 request eliminated the enacted level of \$400,000 from general revenues; funding was included in FY 2015 and FY 2016 for the Trust Fund for start-up costs for providers who convert services to supported employment. The Governor requested an amendment, which the Assembly approved, to instruct the Department to fund the Conversion Institute through her recommended budget; however, she did not include a specific amount to be provided to the Sherlock Center. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Department of Justice Consent Decree - Monitor.** The consent decree has two fiscal components: a monitor and a Trust Fund. The consent decree stipulates the state payment to the monitor is not to exceed \$300,000; the Department included the enacted level of \$450,000 for monitoring costs. The Department reported that there are no specific activities tied to the excess \$150,000 requested for the consent decree and cannot provide a list of these activities. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Case Management System.** The Department has received approval from the Department of Administration to use \$0.5 million from the Information Technology Investment Fund to purchase an electronic case management system to track the services that are provided to individuals with developmental disabilities to comply with the consent decree. The Department has issued a request for proposals for the system that it estimates will cost \$1.0 million and will attempt to leverage Medicaid for the remaining \$0.5 million.

Case management services are provided by the community providers as part of an individual's service plan and the Department spent \$6.5 million in FY 2016 on this service. The Department's FY 2018 constrained request includes savings of \$6.5 million from the benefit being provided through the new system and not

the community providers. A request for proposals has been issued for the system. *The Governor included the requested \$0.5 million. She did not recommend the savings proposal in her FY 2018 budget. The Assembly concurred.*

**Advocates in Action.** The Department requested \$205,354 from all sources, including \$102,677 from general revenues to provide leadership and training activities to adults with developmental disabilities; this is consistent with the enacted budget. The contract was signed on March 16, 2016 and is in effect from April 1, 2016 through March 31, 2017.

Advocates in Action Rhode Island is a statewide self-advocacy organization whose mission is to empower people who have a developmental disability to advocate for themselves and others, to support and strengthen the self-advocacy movement and to raise awareness about disability issues in the community. The organization was incorporated in August 2012. *The Governor recommended funding as requested. The Assembly concurred.*

**Burns and Associates Management Contract.** The Department requested \$136,060 from all sources, including \$68,030 from general revenues, to pay Burns and Associates to implement the administrative and reimbursement program changes under Project Sustainability and other changes related to the consent decree. This is consistent with the enacted budget. *The Governor recommended funding as requested. The Assembly concurred.*

**Developmental Disabilities Day Programming - Rehabilitation Option.** The Department requested \$0.7 million for all sources for day programming services provided through the Medicaid rehabilitation option. The request lowers funding by \$0.5 million, including \$0.2 million from general revenues, for the optional program that allows the state to provide day programming services to individuals who are Medicaid eligible but do not meet the state's criteria for these services through the primary developmental disabilities waiver. The revised request is \$0.1 million more than FY 2016 actual expenses. The Department is unable to provide the requested information on the number of individuals receiving services. It appears that the expenses supported less than 200 individuals for FY 2016. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Medicaid Funded Services.** The Department requested \$27,935 for services funded through the 1115 Medicaid waiver as a cost not otherwise matchable funded to clients in the developmental disabilities system that are not eligible for either the home and community based Medicaid program or services through the rehabilitation option because the client does not have a disability that is consistent with the federal Social Security Administration's definition of a disability. This is \$27,935 more than enacted and supports services to six individuals. *The Governor recommended funding as requested. The Assembly concurred.*

**Developmental Disability Other State Services.** The Department requested \$0.3 million more than enacted for other state services for adults with developmental disabilities, including \$0.2 million less from general revenues. This includes staffing costs in the division as well as state funded services to individuals who are not Medicaid eligible or the services being provided are not eligible for Medicaid reimbursement.

Direct services are provided to individuals who are not eligible for Medicaid funded services through any of the three Medicaid waiver programs. Services include family subsidies and day programming. *The Governor recommended \$0.4 million less than enacted, including \$0.6 million less from general revenues for updated costs for what appears to be overfunding for some activities in the enacted budget, reduced general revenues for services that the state can leverage Medicaid for and statewide savings. The Assembly shifted \$0.2 million from general revenue funded administrative expenses to Medicaid and included \$0.2 million from general revenues for family subsidies.*



**Rhode Island Community Living and Supports Program (RICLAS).** There are 26 state run group homes and apartments that provide overnight care, of which two are special needs facilities that have the capacity to provide residential services to 172 clients. As of November 2016, there were 147 clients in the state run facilities. Of that amount, 64 attend day programs operated by private providers including: AccessPoint, Blackstone Valley, Bridges, Cove, Frank Olean Center, Fogarty Center, Living Innovations, Perspectives and Seven Hills. The Department has established a policy that clients would be admitted into the state-run system in emergency situations only.

The FY 2017 enacted budget assumes savings of \$3.7 million from all sources, including \$1.5 million from general revenues from transitioning individuals in the state-run system to less restrictive settings. The Department's revised request assumes savings of only \$0.5 million, including \$0.3 million from general revenues, from closing one group home through attrition; one home closed in January 2017. The revised request adds back \$3.3 million for salaries and benefits based on a delay in closing other facilities and transitioning individuals to other settings. This includes \$2.0 million more from general revenues and \$1.3 million more from federal funds.

For all other operating expenses, the Department's revised request is \$20,722 more than enacted, including \$14,690 less from general revenues. This includes \$0.1 million more from restricted receipts to reflect updated client resources that support their living costs, such as rent, food, utilities and other daily living expenses in the state-run system. The Department also proposed closing one group home in FY 2017, discussed separately.

*The Governor recommended all but \$0.4 million of the request to restore savings and included an adjustment that lowers general revenues by \$0.2 million for statewide benefit savings. **The Assembly concurred.***

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

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

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

The November caseload estimate increases spending by \$59.1 million for total funding of \$450.0 million to provide Medicaid coverage to adults between ages 19 to 64, without dependent children, with incomes at or below 138 percent of poverty. FY 2017 enrollment is anticipated to be approximately 70,033 enrollees. The May caseload estimate includes \$467.0 million, reflecting an enrollment of 72,182.

**Federal Block Grants - Maintenance of Effort Requirement.** The Department receives two federal block grants, the substance abuse block grant and mental health block grant, that have a maintenance of effort requirement that is the average two-year state spending prior to the grant award. The current grant award for FY 2017 has a maintenance of effort requirement that is \$11.5 million for the Substance Abuse Block Grant and \$56.2 million for the mental health block grant. The Department was able to count state

only expenses and state match for Medicaid expenses in its budget. As noted, state expenses were eliminated with the new enrollees receiving full benefits through Medicaid but the change impacted the Department's ability to meet the maintenance of effort requirement. The 2016 Assembly passed legislation that allows Medicaid expenses in the Executive Office of Health and Human Services' budget to count towards the requirement.

*The Governor included Article 15 of her recommended budget to clarify language that was passed by the 2016 Assembly allowing use of Medicaid funds for the maintenance of effort requirement. **The Assembly included Sections 6 and 8 of Article 9 to make this change.***

**Substance Abuse Treatment Block Grant.** The Department requested \$7.6 million from federal funds for the Substance Abuse Treatment Block Grant, or \$65,819 more than enacted. Funding is awarded to community agencies to support local programs. The Department underspent its FY 2016 award by \$1.6 million but has not included any carry-forward funds in its revised request. *The Governor recommended funding as requested. **The Assembly concurred.***

**Mental Health Block Grant.** The Department requested \$1.8 million from the federally funded Mental Health Block Grant supports services provided by the community mental health centers. This is \$0.1 million more than enacted for peer and family support and court diversion. The Department has been asked who is receiving the peer support since this became a public issue when Oasis did not receive the same funding that it did in past fiscal years for its peer support program. Peer support services are provided by the Rhode Island Parent Information Network at \$0.5 million. Other community based providers receiving funding include The Kent Center, National Alliance on Mental Illness (NAMI), and Rhode Island Council on Community Mental Health Organizations. *The Governor recommended funding as requested. **The Assembly concurred.***

**Medication Assisted Treatment Program.** The Department of Corrections included \$2.0 million for a new medication-assisted treatment program for opioid users, consistent with the enacted budget. For FY 2017, the Assembly funded a new initiative to treat opioid users in the Adult Correctional Institution. The funds are used to screen for opioid use and disorders and assess new inmates to determine treatment options. The initiative is also intended to start medication-assisted treatment prior to release with community referral for ongoing treatment. The Department reports that approximately 70 percent of inmates suffer from drug and/or alcohol abuse. Also, a study of 419 individuals within two weeks of incarceration found that about 75 percent screened positive for likely substance abuse disorders and 26 percent reported frequent opioid abuse.

The program is being led by the Department's Medical Programs Director and a vendor contract has been established with CODAC Behavioral Healthcare. The Department is also working with Brown University to monitor and evaluate services. Inmates have been enrolled in the program and tests will continue to be administered to other inmates. Treatment will begin immediately upon admission and inmates serving less than one year will continue treatment throughout their time. Those serving longer sentences will be tapered off.

Approximately 2,175 inmates would be eligible for the services provided through this program across three subpopulations. These include opioid users who are already receiving methadone maintenance or soboxone treatment services in the community, users who are not receiving treatment in the community but who are appropriate candidates for the program, and users who have not been treated while incarcerated but who would benefit from starting the program pre-release.

*The Governor recommended shifting funding from this program to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals; however, the Department of Corrections would continue to operate the program. According to supporting documentation, the funding transfer reflects the*

*need to meet a maintenance of effort requirement for federal substance abuse funding awarded to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.*

*As previously noted, the Governor included legislation allowing the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to meet its maintenance of effort using other state funds so it appears unnecessary to shift the medication-assisted treatment program expenses. **The Assembly enacted the necessary legislation to allow the Department to count Medicaid funding for the maintenance of effort and shifted \$2.0 million back to the Department of Corrections.***

**Governor's Overdose Task Force.** The enacted budget includes \$1.5 million, \$0.7 million from general revenues, to support opioid treatment services recommended by the Overdose Task Force in the Managed Care program in the Executive Office of Health and Human Services' budget. The budget also includes \$2.5 million in the Department of Corrections' budget for treatment and prevention activities. The Governor's Overdose Prevention and Intervention Task Force issued a final report on November 10, 2015 to address the issues of addiction and overdose. The intent is to build capacity for medication assistance treatment and develop "centers for excellence" to expand the number of providers offering treatment and expand into new settings. The center would provide comprehensive evaluations, stabilization services and enhanced treatment services. The November caseload estimate includes \$1.5 million, \$0.7 million from general revenues in the medical assistance program.

*The Governor recommended funding consistent with the November caseload estimate in the Executive Office of Health and Human Services' budget. Of this amount, the Executive Office entered into an agreement with the Department to use \$340,000 from general revenues for recovery housing certification and recovery housing services. **The Assembly reduced funding by \$250,000 from general revenues in the Executive Office's budget to reflect a delay in issuing the request for proposals for a recovery support center.***

**Centers of Excellence - Medication Assisted Treatment Grant.** The Department's revised request includes \$750,000 from a newly awarded \$1.0 million federal medication assisted treatment grant to establish Centers of Excellence for Opioid Use Disorders. The Department also requested \$1.0 million in FY 2018 for the program. The Department applied for a \$3.0 million grant and the project period is September 1, 2016 through August 31, 2019. Funding after the first year is based on availability of funds and satisfactory progress of the project.

There are two Centers of Excellence certified by the Department with operating costs paid for through the Executive Office of Health and Human Services' medical assistance program budget.

*The Governor recommended funding as requested. The Governor included Article 12 to seek federal approval to leverage Medicaid for treatment services through the centers starting in FY 2018; however, since the centers are already operating and the Executive Office of Health and Human Services submitted the necessary paperwork with the Centers for Medicare and Medicare Services in September 2016, the legislation submitted is not necessary. It is anticipated that there will be additional costs of \$1.4 million, including \$0.7 million from general revenues for this activity; however, the Governor's recommended budget does not include any funding for this program. **The Assembly did not include the legislation; as noted, it is not necessary.***

**Screening, Brief Intervention and Referral to Treatment Grant.** The Department's revised request includes \$1.2 million for a newly awarded five-year federal Screening, Brief Intervention and Referral to Treatment grant to pre-screen 250,000 Rhode Islanders over a five-year period for use of tobacco, alcohol, marijuana and other drugs with treatment being delivered to individuals in primary care and health centers, emergency departments, and at the Department of Corrections. The Department reports that this project is in coordination with the state's efforts to integrate health and behavioral health care; however, it has not

reported on additional costs in the budgets of the Executive Office of Health and Human Services or the Department of Corrections to provide the treatment. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Behavioral Health Clinics Planning Grant.** The Department requested \$0.5 million more than enacted from federal funds for the Rhode Island Certified Community Behavioral Health Clinic planning initiative to develop a behavioral health system of care that is person-centered, trauma-informed and recovery-oriented. The Department entered into a contract with the University of Massachusetts; the payment was made July 19, 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Homelessness Services.** The revised request includes \$1.8 million from federal funds to address the housing needs of veterans and other individuals in coordination with the state and community based treatment providers. This is \$0.2 million more than enacted and includes funds carried forward from FY 2016.

Funding supports a project manager and a project management team to write the application and to provide technical assistance to the community mental health centers.

The Department entered into a three-year, \$5.4 million cooperative agreement with the Substance Abuse and Mental Health Services Administration. The Department plans to award \$1.5 million to a community mental health center and its homeless service partners to provide outreach, treatment, recovery supports and benefits connections to those experiencing chronic homelessness, including veterans. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Healthy Transitions Grant.** The Department requested federal funding of \$1.3 million, \$0.3 million more than enacted from the healthy transitions grant. This includes \$1.2 million for awards to local agencies and \$0.1 million for administrative costs. The Department reported that funding is awarded to the Community Care Alliance and The Kent Center for services not covered by Medicaid with the University of Rhode Island providing the evaluation. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Municipal Substance Abuse Task Forces.** The Department included \$1.5 million from its federal Substance Abuse Block Grant funds for the municipal substance abuse task forces. The Department issued a Request for Proposals to fund seven regions with the new program starting January 1, 2017. The proposed formula is a maximum award of \$150,000 with minimum awards of \$10,000 per municipality.

The program is statutorily mandated with the program's requirements outlined in Rhode Island General Law, Section 16-21.2-2. The funding allocation includes a maximum grant of \$125,000 provided however, in the event that available funding exceeds \$1.6 million in a fiscal year, those surplus funds are to be divided proportionately among the cities and towns on a per capita basis but in no event shall the City of Providence exceed a maximum grant cap of \$175,000. The new program appears to be in conflict with current law. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Youth Access Grant.** The Department requested \$156,968 more than enacted from federal funds to enforce the state's tobacco laws that apply to youth. There are four staff assigned to the grant with funding awarded to the municipalities to enforce tobacco laws that pertain to youth. The Department reported that this is separate from its SYNAR activities that also monitor youth tobacco activities. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Social Services Block Grant - Mental Health Treatment Services.** The Department requested the enacted level of \$1.1 million from federal Social Services Block Grant funds to support mental health services. This includes \$0.9 million for clinical services previously supported by the Medicaid funded

limited benefit for certain behavioral healthcare services primarily through the community mental health centers.

There is \$0.3 million that was not spent in FY 2016 that the Department reported was not included in its revised request because the Department of Human Services is the state agency responsible for the grant and would be responsible for requesting any carry-forward funds. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Rhode Island Youth Treatment Planning Program.** The Department included \$250,366 from federal funds, \$134,996 more than enacted from the Youth Treatment Planning Program grant, which includes staffing and operating costs and support to the Substance Abuse and Mental Health Leadership Council for technical assistance and the University of Rhode Island for program evaluation. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Drug Abuse Reporting Grant.** The Department requested \$105,000 from federal funds for the drug abuse reporting grant. This is \$20,087 more than enacted to reflect the actual grant award and provides \$95,000 to the Mental Health Association for technical assistance and \$10,000 for office supplies. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Transition from Prison to Community Program.** The Department requested \$22,000 for the Transition from Prison to Community Program to support substance abuse treatment activities for individuals recently released from prison; this is \$26,000 less than enacted. The Department eliminated program funding in its FY 2018 request.

This program was previously state funded; because an individual who was supported through this program now has access to either Medicaid through the expansion program or benefits through the exchange, funding was eliminated in its FY 2015 request, which the Governor recommended and the Assembly accepted. The Department did not spend any funds on this activity in FY 2015 since those individuals being released from prison are eligible for Medicaid through the expansion program and are able to enroll in treatment services that are being paid for through the Executive Office of Health and Human Services' budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Staffing and Other Operations.** The Department requested \$0.7 million more from all sources, including \$0.2 million more from general revenues for all other Division expenses. This includes \$3.1 million, \$2.2 million from general revenues for 39.0 full-time equivalent positions. This includes 6.0 positions more than enacted, transferred from other programs to work on federal grants. The Department added \$0.7 million more from all sources including \$0.2 million from general revenues including \$0.5 million for the transferred positions.

The Department's revised request shifts staffing expenses to the Medicaid administrative accounts for savings of \$0.5 million, which it uses to match Medicaid and fill the new positions. The Department reported that it has an internal cost allocation plan and will be using a time study to determine the accessibility of Medicaid funds for administrative expenses. Department staff reports that it has not finalized the time study so it is unclear if this is allowable for the 28 employees who, prior to the revised request, were paid with Medicaid funds.

It should also be noted that the Department added back \$1.1 million from general revenues in the central management and hospital community support programs because it was determined that it could not leverage additional Medicaid funds through the cost allocation plan that is coordinated through the Executive Office of Health and Human Services. However, it now appears that it can using an internal study conducted by the Division staff. *The Governor recommended funding as requested, with the exception of statewide benefit savings.* **The Assembly concurred.**

## Eleanor Slater Hospital

**Hospital Operations.** The state hospital is a 495-bed licensed facility comprised of two campuses: 306 licensed beds at the main Pastore campus in Cranston of which 156 are occupied and 189 licensed beds, of which 123 are occupied at the Zambarano unit in Burrillville. The FY 2017 enacted budget is based on a census of 275 patients.

The Department's revised request adds \$4.3 million from all sources, including \$2.7 million from general revenues and is \$0.5 million more for operating and includes the enacted level of capital plan funds. The request also adds \$3.9 million for expenses categorized as grants. This appears to be for staffing but is not budgeted properly. This excludes the license fee payment and time-limited contract with Applied Management Systems, discussed separately.

*The Governor included \$2.9 million more than enacted from all sources, \$2.6 million more from general revenues and increases Rhode Island Capital Plan funds by \$1.6 million to accurately reflect the capital request. The Governor also included savings from two proposals, discussed separately. She subsequently requested an amendment to shift \$2.5 million for the hospital reorganization plan to FY 2018. **The Assembly shifted \$2.5 million for the hospital reorganization plan to FY 2018 through FY 2020 reduced spending, further reduced capital plan funding by \$0.6 million to reflect updated spending and shifted expenses between general revenues and restricted receipts.***

Wallum Lake and Mowry Road Group Homes. The Department operates two facilities for developmentally disabled adults located at East Wallum Lake Road in Burrillville and Mowry Street in North Smithfield; each is licensed for six adults. Currently, there are five residents at the East Wallum Lake and four at the Mowry Street locations but each home only has room for six individuals. The annual cost to operate each of the facilities is \$1.2 million, \$0.6 million from general revenues.

The state previously operated four group homes; one located at Southwick Drive in Lincoln and one at Rogler Road in Smithfield were closed. Savings were assumed in the budget from the closure and the eventual sale of the property. It should be noted that the Department did not sell Rogler and instead uses it as a 24-hour residential facility for individuals with behavioral health issues. *The Governor included savings of \$0.4 million, including \$0.2 million from general revenues from closing one of the homes; the home has not been identified. As of June 30 2017, the homes are still operating. **The Assembly concurred with the savings and assumed it will be achieved through other hospital efficiencies.***

Restricted Receipts. The Department requested \$5.9 million from restricted receipts, which is \$0.6 million less than enacted from collections the Department is able to make from patients who have access to commercial insurance and pharmacy payments made through Medicare. The Department's request is lower than enacted based on updated projections for collections. The Department reports that there is a census reduction of 18 percent between FY 2015 and FY 2017 that impacts the collections. However, it should be noted that the state collected \$5.9 million in FY 2015 and \$6.5 million in FY 2016 even with a decrease in census between those years. The Department also reports that the consultant has maximized the ability to leverage Medicaid and that is suppressing the opportunity to charge third party payors for services. Under current law, the state is the payor of last resort so it is unclear what state expense could have been paid for through other sources if billed properly. Collections as of December 2016 total \$2.3 million. *The Governor's recommendation further reduces the receipts by \$1.0 million based on current collections.*

**The Assembly added back \$1.6 million from restricted receipts and includes a like amount of general revenue savings from more robust efforts to collect from other payers by the Department and adhering to state law regarding payor of last resort. The Department has not provided the requested information for the reported census changes by third-party payor.**

**Hospital License Fee.** The enacted budget includes \$6.6 million from all sources to pay the 5.652 percent fee assessed on state and community hospitals' revenue for the hospital year ending September 30, 2015, including \$3.2 million from general revenues in FY 2017.

The Department's request shifts \$8,111 from general revenues to federal funds in error. *The Governor recommended funding as requested.* **The Assembly included funding that reflects the enacted level.**

**Applied Management Systems Contract.** The Department entered into a one-year contract with Applied Management System totaling \$2.3 million that ended September 27, 2016, for consultation and management services at the state-run hospital. The contract was extended on September 21, 2016. The FY 2017 enacted budget includes \$0.6 million, \$0.3 million from general revenues for the remaining three months on the contract. The Department's revised request adds \$1.4 million from all sources, of which \$0.7 million is from general revenues for the nine-month extension to the management contract, which will continue to pay for the six contracted employees.

The Department's FY 2018 budget includes savings from several proposals included in the final report submitted by the management consultant. This includes privatizing laboratory services, downsizing staffing and re-organizing the hospital footprint. Implementation for several of those proposals were started in FY 2017 but not included in the Department's revised request.

*The Governor recommended \$1.4 million, including \$0.7 million from general revenues; this is \$0.6 million less than requested, including \$0.3 million less from general revenues. The Department recently hired a Chief Executive Officer; the use of contracted employees for the entire fiscal year is not necessary. She also included savings from one of the proposals in her recommendation.* **The Assembly concurred.**

Laboratory/Medical Services. Applied Management Systems recommended that the Department charge the Department of Corrections for lab testing that it currently provides at no charge. Based on the recommendation, the Department of Corrections instead issued a request for proposals for the services and received proposals that totaled \$130,000 per year and signed a new agreement on October 20, 2016.

The Department's FY 2018 budget proposes savings of \$140,000 from general revenues with the intent of matching the bid and continuing to provide the services while charging the Department of Corrections. The Department did not participate in the request for proposals process with the Department of Corrections. The start date for this initiative is April 1, 2017, with an assumed charge of \$10 per test. It should be noted that there have been no reductions in staffing in the state-run hospital laboratory.

The Department reported that it tests 8,400 specimens resulting in about 18,700 tests performed. The Department reported in its supporting budget documentation that it has not been fully reimbursed for these services but since this is another state agency, the hospital budget is fully funded for services including all laboratory ones. It would appear that this statement is misleading.

*The Governor did not specifically include the savings; however, the Department of Corrections started using an outside lab in January 2017, and there is a proposal in FY 2018 to privatize laboratory services. The Governor did include savings of \$0.2 million, including \$0.1 million from general revenues from downsizing the respiratory unit.* **The Assembly included the respiratory savings and did not concur with the proposal to privatize laboratory services in FY 2018.**

### **Other Programs**

**Staffing and Operations.** The Department requested \$0.3 million less from all sources for total funding of \$3.7 million for the central management and hospital and community supports programs. This includes

\$1.1 million more from general revenues and \$1.4 million less from federal funds and 28.7 full-time equivalent positions, 1.9 less than enacted.

The shift to general revenues reflects the Department's inability to receive federal funds through a cost allocation plan for which \$1.3 million from federal funds was anticipated to be received to be used in lieu of general revenues. It should be noted that the Department does request \$100,000, including \$50,000 from general revenues to pay its portion of the cost allocation plan expenses managed by the Executive Office of Health and Human Services, which includes the Departments of Human Services and Health. *The Governor recommended funding as requested, with the exception of \$5,456 from statewide benefit savings.*  
**The Assembly concurred.**

**All Other Capital.** The Department requested \$2.6 million Rhode Island Capital Plan and Medicaid funds for various projects, which is \$0.4 million less from federal funds. All projects are outlined in the capital section. It should be noted that the Department requested the enacted level of Rhode Island Capital Plan funds, which is not consistent with its capital request that increased the total to \$13.0 million. The request also lowers matching Medicaid funds, which also does not match the capital request.

*The Governor recommended \$1.0 million more than requested and enacted. She requested an amendment to adjust current year spending for several projects based on costs and schedules.* **The Assembly reduced funding by \$0.8 million to reflect current year spending.**



## Office of the Child Advocate

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 624,779	\$ 667,945	\$ 687,085	\$ 597,085
Contracted Services	13,151	500	500	500
<b>Subtotal</b>	<b>\$ 637,930</b>	<b>\$ 668,445</b>	<b>\$ 687,585</b>	<b>\$ 597,585</b>
Other State Operations	16,909	26,137	24,320	24,320
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	100,000	66,250	66,250
Capital	-	1,000	2,000	2,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 654,839</b>	<b>\$ 795,582</b>	<b>\$ 780,155</b>	<b>\$ 690,155</b>
<b>Sources of Funds</b>				
General Revenue	\$ 643,280	\$ 650,582	\$ 635,541	\$ 545,541
Federal Aid	11,559	145,000	144,614	144,614
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 654,839</b>	<b>\$ 795,582</b>	<b>\$ 780,155</b>	<b>\$ 690,155</b>
<b>FTE Authorization</b>	<b>6.0</b>	<b>6.0</b>	<b>7.0</b>	<b>7.0</b>
<b>FTE Average</b>	<b>5.5</b>			

**FY 2017 Revised Request.** The Office of the Child Advocate requested \$15,084 less than enacted, including \$14,705 less from general revenues and \$379 less from federal funds. *The Governor recommended \$15,427 less than enacted and \$343 less than requested. Her staffing recommendation includes a new case management coordinator. The Assembly included an additional \$90,000 in general revenue turnover savings based on projected expenditures.*

**Case Management Coordinator (1.0 FTE).** The Office's revised request includes no funding for new positions; however, the FY 2018 request does include \$40,191 from general revenues for six months of staffing costs for a new case management coordinator. This position would be responsible for assisting the Office's Staff Attorney with coordination and oversight of the Office's federal Crime Victim Assistance Grant. This position would also attend review meetings and assist with the preparation of reports regarding children in the Office's caseload. *The Governor recommended \$33,743 from federal funds for five months of salary and benefit costs for this position in FY 2017 and increased the Office's staffing authorization by 1.0 to reflect the addition. The Assembly concurred.*

**Salaries and Benefits.** The Office requested \$13,267 less than enacted, including \$12,881 less from general revenues and \$386 less from federal funds. This primarily reflects turnover from filling vacancies at lower pay grades than incumbents. It should be noted that the Office's revised request appears to omit some additional turnover savings from staffing changes that have occurred during FY 2017. The Office also appears to have miscalculated certain benefit costs, understating costs by \$5,374 from general revenues

and \$386 from federal funds. *The Governor recommended \$1,336 less than requested from general revenues to reflect statewide benefit savings. **The Assembly included an additional \$90,000 in general revenue turnover savings consistent with the third quarter report and staffing trends for the fiscal year.***

**Other Operations.** The Office requested \$1,817 less than enacted for all other expenses, including \$1,824 less from general revenues and \$7 more from federal funds. Changes to the enacted budget include general revenue savings from planned cancellation of redundant subscription services and mileage reimbursements based on anticipated staffing, partially offset by expenses for the bi-monthly meetings of the Child Advisory Committee based upon historical expenditures.

It should be noted that the enacted budget also includes \$100,000 of unallocated federal funding from the Crime Victim Assistance Grant that the Office secured in late FY 2016. The Office has indicated that this additional funding could be used to support salary and benefit costs for other positions, but the revised request does not allocate this funding for any specific purpose.

*The Governor recommended \$1,000 more than requested from general revenues for office furniture purchases including desks and bookcases, based upon a request made by the Office subsequent to its budget submission. Her recommendation also reallocates \$33,743 from federal Crime Victim Assistance Grant funds for the new case management coordinator position. **The Assembly concurred.***

## Commission on the Deaf and Hard of Hearing

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 334,895	\$ 426,986	\$ 407,809	\$ 382,809
Contracted Services	102,157	101,146	102,646	102,646
<b>Subtotal</b>	<b>\$ 437,052</b>	<b>\$ 528,132</b>	<b>\$ 510,455</b>	<b>\$ 485,455</b>
Other State Operations	18,898	56,114	76,695	76,695
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	-	3,500	3,500	3,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 455,950</b>	<b>\$ 587,746</b>	<b>\$ 590,650</b>	<b>\$ 565,650</b>
<b>Sources of Funds</b>				
General Revenue	\$ 406,634	\$ 477,746	\$ 460,650	\$ 435,650
Federal Aid	-	-	-	-
Restricted Receipts	49,316	110,000	130,000	130,000
Other	-	-	-	-
<b>Total</b>	<b>\$ 455,950</b>	<b>\$ 587,746</b>	<b>\$ 590,650</b>	<b>\$ 565,650</b>
<b>FTE Authorization</b>	<b>3.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
<b>FTE Average</b>	<b>3.0</b>			

**FY 2017 Revised Request.** The Commission requested \$35,345 more than enacted from all sources including \$15,345 from general revenues. *The Governor recommended \$32,441 less than requested from general revenues to primarily reflect turnover savings associated with a new staff interpreter position. The Assembly included an additional \$25,000 in general revenue turnover savings based on projected expenditures for FY 2017.*

**Interpreter Services.** The Commission requested an additional \$14,247 from general revenues to reflect a higher salary for the new staff interpreter position than included in the enacted budget. The 2016 Assembly provided \$70,310 to fully fund a new interpreter position in FY 2017 for public hearings, informational sessions, and interoffice communication offset by savings of \$10,000 for contracted translation and interpreter services. The revised request recognizes additional savings of \$4,200 for contracted interpreter services. The total impact to the FY 2017 enacted budget is \$10,047. As of the pay period ending November 26, the new interpreter position had not been filled.

*The Governor recommended \$31,837 less than requested. The Governor did not concur with the requested pay grade for the staff interpreter based on a Budget Office analysis of comparable positions in Massachusetts and Connecticut. The recommendation reflects six months of vacancy savings; as of the pay period ending January 21, the new position had not been filled.*

**The Assembly included an additional \$25,000 in general revenue turnover savings based on projected expenditures for FY 2017. Turnover savings from not filling the new interpreter position are partially offset by an increased need for contracted interpreter services.**

**Emergency and Public Communication Access.** The Commission requested \$20,000 more than enacted from restricted receipts for FY 2017 from the emergency and public communication access fund. The request includes \$53,000 for payment of the installation of assistive listening equipment at the State House. Installation occurred during FY 2016; however, payment was not made. While only \$20,000 more than the enacted budget, adjusted for the FY 2016 payment, the revised request is almost twice what was spent in FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Staffing and Operations.** The Commission requested an additional \$5,298 from general revenues for all other expenditures for FY 2017 to mostly align expenditures with FY 2016 experience. Of the requested increase, \$4,200 is for software maintenance agreements for which the enacted budget included no funding. *The Governor recommended \$604 less from general revenues than requested to reflect statewide benefit savings.* **The Assembly concurred.**

## Governor's Commission on Disabilities

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 374,493	\$ 372,689	\$ 398,885	\$ 398,885
Contracted Services	4,321	10,501	41,951	41,951
<b>Subtotal</b>	<b>\$ 378,814</b>	<b>\$ 383,190</b>	<b>\$ 440,836</b>	<b>\$ 440,836</b>
Other State Operations	36,466	25,119	33,970	33,970
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	14,718	277,114	303,214	303,214
Capital	-	-	-	-
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 429,998</b>	<b>\$ 685,423</b>	<b>\$ 778,020</b>	<b>\$ 778,020</b>
<b>Sources of Funds</b>				
General Revenue	\$ 380,615	\$ 412,547	\$ 420,596	\$ 420,596
Federal Aid	29,456	228,750	298,064	298,064
Restricted Receipts	19,927	44,126	59,360	59,360
Other	-	-	-	-
<b>Total</b>	<b>\$ 429,998</b>	<b>\$ 685,423</b>	<b>\$ 778,020</b>	<b>\$ 778,020</b>
<b>FTE Authorization</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
<b>FTE Average</b>	<b>4.0</b>			

**FY 2017 Revised Request.** The revised request includes \$15,304 more than enacted from all sources, including \$19 more from general revenues and the authorized level of 4.0 full-time equivalent positions. *The Governor recommended \$77,293 more than requested from all sources, including \$8,030 more from general revenues, primarily revised staffing costs.* **The Assembly concurred.**

**Statewide Independent Living Program.** The revised request includes expenditures of \$241,950 from general revenues and federal funds for the Statewide Independent Living Program. This is \$607 more than enacted, primarily reflecting expenditures for stenographic services based on projected meeting schedules. The 2016 Assembly adopted legislation to designate the Governor's Commission on Disabilities as the state agency responsible for applying for and receiving federal funds for this program, effective October 1, 2016.

The State Plan for Independent Living Services is developed by the Statewide Independent Living Council in conjunction with the Ocean State Center for Independent Living. The current plan covers federal FY 2017 through FY 2019. It further outlines the scope of services to be provided by the Centers for Independent Living, as well as the goals for expanding independent living.

*The Governor recommended \$65,941 more than requested, including \$69,315 more from federal funds to reflect additional funding that the Council received subsequent to the budget submission. General revenue expenditures for the Council are \$3,374 less than requested for clerical services based on updated meeting schedules.* **The Assembly concurred.**

**Salaries and Benefits.** The Commission requested \$13,944 more than enacted for salaries and benefits, including \$3,035 less from general revenues and an increase of \$16,979 from restricted receipts. The Commission previously received federal Help America Vote Act funds for staff time devoted to polling place inspection and accessibility. The grant has since expired. The request includes \$9,127 to restore the loss of federal Help America Vote Act funds, \$1,672 to upgrade a position that will now provide administrative support to the Statewide Independent Living Council and \$3,145 more for medical benefits, consistent with FY 2017 revised planning values.

*The Governor recommended \$12,252 more than requested from all funds, including \$11,619 more from general revenues, to correctly budget staff benefits. **The Assembly concurred.***

**All Other Expenses.** The Commission requested \$753 more from all sources for all other operating costs, including \$2,446 more from general revenues and a reduction of \$1,693 from restricted receipts. The changes primarily reflect funding for only five fellowships and the enacted budget had assumed funding for six. The request also includes adjustments for interpreter services and computer aided real-time transcription for individuals who are deaf or hard of hearing. *The Governor recommended all but \$215 of the requested general revenue increase and \$900 less than requested from all sources. **The Assembly concurred.***

## Office of the Mental Health Advocate

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 526,115	\$ 529,115	\$ 532,391	\$ 532,391
Contracted Services	754	1,800	1,950	1,950
<b>Subtotal</b>	<b>\$ 526,869</b>	<b>\$ 530,915</b>	<b>\$ 534,341</b>	<b>\$ 534,341</b>
Other State Operations	10,574	11,094	11,709	11,709
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	7,777	-	3,223	3,223
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 545,220</b>	<b>\$ 542,009</b>	<b>\$ 549,273</b>	<b>\$ 549,273</b>
<b>Sources of Funds</b>				
General Revenue	\$ 545,220	\$ 542,009	\$ 549,273	\$ 549,273
Federal Aid	-	-	-	-
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 545,220</b>	<b>\$ 542,009</b>	<b>\$ 549,273</b>	<b>\$ 549,273</b>
<b>FTE Authorization</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
<b>FTE Average</b>	<b>4.0</b>			

**FY 2017 Revised Request.** The Office of the Mental Health Advocate requested \$10,670 more than enacted from general revenues in its revised request. *The Governor included \$3,406 less than requested. The Assembly concurred.*

**Furniture Reappropriation.** In FY 2016, the Office spent \$5,800 of a \$10,000 appropriation to purchase new furniture and the Governor reappropriated the balance to FY 2017. The Office included \$4,200 in its request. *The Governor included \$2,223 for furniture to reflect actual purchases. The Assembly concurred.*

**Other Operations.** The Office requested \$6,470 more than enacted in its revised request. This includes \$4,105 more for updated staffing costs and \$2,365 more for operating expenses, including \$1,000 for computers. *The Governor recommended \$1,429 less than requested, including \$829 less for statewide benefit savings and \$600 less for other operating expenses to reflect projected spending. The Assembly concurred.*





## Department of Elementary and Secondary Education

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
State Aid	\$ 815,821,254	\$ 867,155,767	\$ 867,379,021	\$ 866,954,055
School Housing Aid	90,907,110	80,000,000	80,000,000	80,000,000
Teachers' Retirement	91,610,186	99,076,582	99,076,582	100,222,241
RI School for the Deaf	6,960,134	7,425,855	7,350,322	7,280,322
Central Falls School District	39,520,102	39,100,578	39,100,578	39,100,578
Davies Career & Technical School	17,398,989	18,556,077	18,954,487	18,479,487
Met School	10,622,493	10,442,007	12,674,003	10,501,003
Administration	216,282,371	232,215,974	233,575,578	233,301,855
<b>Total</b>	<b>\$ 1,289,122,639</b>	<b>\$ 1,353,972,840</b>	<b>\$ 1,358,110,571</b>	<b>\$ 1,355,839,541</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 37,785,661	\$ 40,514,193	\$ 39,509,524	\$ 39,100,074
Contracted Services	43,395,198	38,519,272	42,651,076	42,707,013
<b>Subtotal</b>	<b>\$ 81,180,859</b>	<b>\$ 79,033,465</b>	<b>\$ 82,160,600</b>	<b>\$ 81,807,087</b>
Other State Operations	11,024,477	12,029,334	7,495,303	7,405,093
Aid to Local Units of Government	1,100,038,679	1,216,668,394	1,164,230,364	1,163,035,505
Assistance, Grants, and Benefits	17,840,265	22,595,014	26,511,519	26,511,519
Capital	3,841,288	4,170,225	6,757,359	4,109,359
Capital Debt Service	-	-	-	-
Operating Transfers	75,197,071	19,476,408	70,955,426	72,970,978
<b>Total</b>	<b>\$ 1,289,122,639</b>	<b>\$ 1,353,972,840</b>	<b>\$ 1,358,110,571</b>	<b>\$ 1,355,839,541</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,064,893,020	\$ 1,112,847,293	\$ 1,112,937,359	\$ 1,113,248,602
Federal Aid	191,287,906	206,229,553	207,575,449	207,575,449
Restricted Receipts	28,738,364	30,186,994	30,330,048	30,495,775
Other	4,203,349	4,709,000	7,267,715	4,519,715
<b>Total</b>	<b>\$ 1,289,122,639</b>	<b>\$ 1,353,972,840</b>	<b>\$ 1,358,110,571</b>	<b>\$ 1,355,839,541</b>
<b>FTE Authorization</b>				
Administration	151.4	139.1	139.1	139.1
Davies	126.0	126.0	126.0	126.0
School for the Deaf	60.0	60.0	60.0	60.0
<b>Total Authorized Positions</b>	<b>337.4</b>	<b>325.1</b>	<b>325.1</b>	<b>325.1</b>
<b>FTE Average</b>	<b>302.9</b>			

**FY 2017 Revised Request.** The Council on Elementary and Secondary Education requested an additional \$5.0 million of spending for FY 2017, including \$59,486 more from general revenues. The general revenue changes include funding for website programming and legal service expenditures, offset slightly by a decrease in Rhode Island School for the Deaf expenditures. The request includes 325.1 positions, consistent with the enacted authorization. *The Governor recommended \$1.1 million less than requested from all sources, including \$30,580 more from general revenues primarily to reflect staffing expenses charged to*

*the Department for a staff position in the Office of the Governor. The Assembly provided \$2.3 million less than recommended from all sources, including \$0.3 million more than recommended from general revenues.*

**Education Aid.** The Council requested the enacted amount for state aid to local school districts, including charter and state schools, as well as the enacted amount for English language learners categorical funding. State law provides for a mid-year adjustment for charter schools that experience a greater than 10 percent change in enrollment as of October of each year. *The Governor recommended funding as requested. The Assembly provided \$0.2 million less from general revenues. This includes \$0.1 million less for payments to charter schools and \$0.1 million less for English language learners categorical funding, based on updated data.*

**Textbooks.** The Council requested the enacted level of \$240,000 from general revenues for the textbook loan program. The state currently reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12<sup>th</sup> grade. *The Governor recommended funding as requested. The Assembly provided \$0.1 million less to reflect actual FY 2017 reimbursements.*

**Group Home Aid.** The Council requested the enacted level of \$4.8 million from general revenues to fund beds for communities hosting group homes, consistent with the current law. The 2007 Assembly made statutory changes to align the payment of communities' group home aid to reflect more closely the actual number of group home beds open at the time the budget is in effect. The legislation uses the count of beds that are open as of December 31 for the budget year's aid, meaning if additional beds open, a supplemental appropriation is required. *Based on the bed count as of December 31, the Governor recommended adding \$68,000 to reflect four new beds in Providence. The Assembly concurred.*

**School Housing Aid.** The Council requested the enacted level of \$80.0 million from general revenues for school housing aid. This includes the enacted level of \$70.9 million from general revenues for the traditional program and \$9.1 million for the School Building Authority Fund. Current law requires that the difference between the annual school housing aid appropriation and actual aid be deposited into the School Building Authority Fund. Final FY 2017 aid is \$68.9 million; \$2.0 million will be transferred to the School Building Authority Fund. *The Governor recommended funding consistent with the enacted budget. The Assembly concurred.*

**Teacher Retirement.** The Council requested \$99.1 million to fund the state's share of the employer contribution for teacher retirement costs. Teachers contribute 8.75 percent of their salary, which is set in the General Laws. Employers pay the difference between the teacher's share and the amount needed to support the system as determined annually by the State Employees' Retirement System. The state pays 40.0 percent of the employer's share. *The Governor recommended funding as requested. She subsequently requested an amendment to add \$1.1 million based on projected wage growth and unanticipated expenses from FY 2016. The Assembly concurred.*

**Website Programming.** The Council requested \$13,000 from general revenues in new funding for website programming. In FY 2017, the Department received a complaint regarding the website's incompatibility with screen reading devices used by the visually impaired. In order to comply with federal Department of Education, Office of Civil Rights standards, the Department will upgrade its website to be compatible with screen readers and other assistive technologies. This will improve website access for individuals with disabilities. *The Governor did not recommend the new funding. The Assembly concurred.*

**Legal Fees.** The Council requested \$50,000 in new funding from general revenues for legal service expenditures resulting from an unanticipated lawsuit. On August 3, 2016, the Chariho Regional School District filed suit against the Department, alleging that the Department wrongfully opened advanced

manufacturing, agricultural sciences, and cosmetology programs at Westerly High School. The District believes that the Department violated the terms of the agreement concerning the transferring of ownership of the school from the Department to the District. The District also argued that these programs directly compete with its career and technical programs and affect its ability to financially support career and technical programs. As of November 2016, a hearing had not been scheduled. *The Governor excluded the new funding. The Assembly concurred.*

**Education Telecommunications Access Fund.** The Council requested \$162,500 more than enacted from restricted receipts for the education telecommunications access fund for total funding of \$1.4 million for estimated revenue collections for the program. The request is \$0.3 million less than spent in FY 2016. The telecommunications education access fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line and supplemented with \$0.4 million from general revenues. The federal allocation varies based on the result of the local education agencies' technology surveys and applications and the number of students eligible for free and reduced price lunches. *The Governor recommended funding as requested. The Assembly concurred.*

**SAT/PSAT.** The Council's revised request includes the \$0.5 million from general revenues for SAT and PSAT testing provided in the enacted budget. The 2016 Assembly approved the use of \$0.5 million from general revenues for FY 2017 for a new initiative to provide the PSAT and SAT for free to all Rhode Island public high school students. The initiative is intended to increase test participation to 100 percent by providing the test during the school day. During the 2015-2016 school year, 6,303 public high school students took the SAT, though it is not clear how many students received fee waivers. Meanwhile, 4,549 sophomores and 5,308 juniors took the PSAT. The Department anticipated that test participation could increase up to 40 percent during the 2016-2017 school year.

Under this initiative, sophomores may take the PSAT and juniors make take the SAT at no cost. The PSAT occurred on October 19, 2016 and a make-up day was held on November 2, 2016. Approximately 96 percent of eligible students ordered the test. The Department has not yet reported on test participation rates, though it estimates that more than 90 percent did participate. The SAT was held on April 5, 2017, with a test ordering deadline of February 10.

*The Governor recommended \$0.1 million more than requested from federal state assessment funds, discussed separately in this analysis. This reflects the Department's recent contract with the College Board for total testing costs of \$633,600, or \$133,600 more than anticipated. The contract became effective November 30, 2016. The Governor's FY 2018 recommendation included the same increase from federal funds. The Assembly provided \$100,000 less than recommended from general revenues, reflecting actual PSAT and anticipated SAT expenditures.*

**Principal Empowerment and Training.** The Council's revised request includes the \$0.5 million from general revenues for principal empowerment and training provided in the enacted budget. The Department is utilizing \$350,000 to fund mini-grants for principals and their leadership teams to provide professional development and access to resources on school leadership. The application deadline for the mini-grants was November 18, 2016 with awards presented in December. The Department asked schools to submit a letter of intent in October prior to the application deadline, receiving requests for approximately \$1.5 million in funding. The Department used the remaining \$150,000 for a leadership fellow to support local education agencies and implement leadership supports for current principals and teacher leadership models. *The Governor recommended funding as requested. The Assembly concurred.*

**Recovery High Schools.** The Council's revised request includes the \$0.5 million from general revenues to support the state's recovery high school provided in the enacted budget. Recovery high schools are

specifically designed for students recovering from a substance abuse disorder. The 2016 Assembly enacted legislation to provide state support to the state's recovery high school for FY 2017 only. The legislation also removed districts from the enrollment process and changed the local tuition payments from the local per pupil expenditures to the core instruction amount.

The Department reports that a memorandum of understanding has been exchanged with the Anchor Learning Academy at the Providence Center. Once agreed upon, funding will be transferred to the school. *The Governor recommended funding as requested. The Assembly concurred.*

**Computer Science for RI.** The Council's revised request includes the \$0.3 million from general revenues to support the Computer Science for Rhode Island initiative provided in the enacted budget. The 2016 Assembly appropriated \$260,000 from general revenues for FY 2017 for a new initiative to expand computer science courses for elementary and secondary education students in order to improve science, technology, engineering, and mathematics (STEM) education in Rhode Island schools.

The Department of Elementary and Secondary Education has an agreement in place with Rhode Island College to pass program funds to the College's Office of Innovation, which is coordinating the initiative. Funding is used to support teacher professional development stipends and professional development programs provided by partnering organizations. Providers include Bootstrap, Code.org, Project Lead the Way, the Microsoft Philanthropies TEALS program, and the University of Rhode Island. Funds are also distributed to Brown University to support various computer programs throughout the state, as well as to fund the computer science summit held at the University of Rhode Island on December 14, 2016. *The Governor recommended funding as requested. As of May 15, 2017, expenditures totaled \$201,382. The Assembly concurred with the Governor's recommendation for FY 2017 but reduced funding for FY 2018 based on actual spending.*

**Advanced Coursework Network.** The 2016 Assembly provided \$0.6 million from permanent school funds for an advanced coursework network pilot program to support middle and high school students in accessing personalized advanced placement coursework opportunities. The revised request includes this funding, which is intended to support approximately 1,000 students. The enacted budget for the Office of Postsecondary Commissioner also includes \$1.3 million for dual enrollment programs in which students can take college courses for credit free of charge.

Students participating in the advanced coursework network were able to select from 120 credit-bearing courses in the fall of 2016, with an additional 85 courses anticipated in the spring of 2017. There are currently 35 members participating in the network. This includes public school districts, charter schools, and state schools, with courses offered by 14 provider organizations. Courses include advanced science and mathematics as well as Advanced Placement, world language, career-focused, and other Prepare RI courses that offer other high school and postsecondary credit (i.e., dual or concurrent enrollment).

The network covers associated costs such as student tuition, fees, exams, textbooks, and other costs that students may incur while participating in the network. However, parents and students are responsible for coordinating the student's transportation to provider organizations. Provider organizations include other school districts, non-profits, and postsecondary institutions. Home-schooled students are permitted to participate in the advanced coursework network but are responsible for their own course costs. *The Governor recommended funding as requested. The Assembly provided \$100,000 less from permanent school funds based on anticipated expenditures.*

**Nutrition Grants.** The Council requested authorization to spend \$2.6 million more than the enacted level from federal nutrition program funds, reflecting updated grants awards as the number of students eligible for free and reduced lunch has increased. *The Governor recommended funding as requested. The Assembly concurred.*

**Special Education Grants.** The Council requested authorization to spend \$0.6 million more than enacted from federal special education funds to reflect actual grant awards. The funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free and appropriate public education, including special education and related services. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Title I Grants.** The Council's revised request includes \$2.9 million less than enacted from federal Title I funds, reflecting updated anticipated awards and decreases in available carry forward funds. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. Title I fund distributions to states are calculated through four distinct formulas based upon different levels of poverty; however, funds are allocated to districts as one amount. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Adult Education.** The Council requested authorization to spend \$0.3 million more than enacted from adult education grants, reflecting updated federal awards and expenditure schedules. The Department administers adult education grants that are used to fund local adult education programs and literacy services, including workplace literacy services, family literacy services, and English literacy and civics education programs. Participation in these programs is limited to adults and high school drop outs aged 16 and older. Approximately 6,000 students participate in these programs with 25 percent of the program attendees for GED preparation services, 50 percent for English as a second language services, and 25 percent for low level literacy services. *The Governor recommended funding as requested.* **The Assembly concurred.**

**State Assessments.** The Council's revised request includes \$0.3 million less than enacted from federal grants for state assessments, reflecting anticipated expenditures. For FY 2016, the Department received a new grant the aim of which is to improve the quality and reliability of assessments; measure student achievement using multiple measures from multiple sources; chart student progress over time; and evaluate student academic achievement through the development of comprehensive assessments. The revised request reduces anticipated funds from this grant. *Excluding the additional \$0.1 million for PSAT and SAT testing expenses, the Governor recommended \$0.3 million more than requested from federal state assessment funds. The increase is consistent with a request made by the Department in December and reflects available carry-forward funding from prior years.* **The Assembly concurred.**

**Early Childhood/Preschool.** The Council requested authorization to spend \$0.1 million more than enacted from federal funds for early childhood and preschool programs, reflecting carry forward of preschool expansion funds. The enacted authorization includes \$0.5 million from an annual award in addition to \$5.8 million from a multi-year award for preschools. The preschool development grant, which began in FY 2014, will support the state in expanding high-quality preschool programs in high-need communities. Rhode Island is one of six states to receive this award, which is a follow-up to the Race to the Top – Early Learning Challenge grant. Total grant funding of \$19.0 million is expected through FY 2019. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Race to the Top - Early Learning Challenge.** The Council requested authorization to spend \$2.8 million more than enacted from Race to the Top Early Childhood federal grant funds, which reflects funds carried forward from the previous year. In December 2011, the state was awarded \$50.0 million to be used to improve education for pre-school students. This grant involves multiple human service agencies and the Department of Elementary and Secondary Education with funding allocated over four years beginning in FY 2012 and ending December 31, 2015; though the state received a one year, no-cost extension until December 31, 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Salaries and Benefits.** The Council requested \$0.9 million less than enacted for salaries and benefits for the Department's 139.1 administration positions, primarily from federal funds and represents turnover

savings equivalent to approximately 6.8 positions. The decrease in federal funds primarily reflects \$0.7 million less than enacted from Race to the Top Early Learning Challenge funds and \$0.1 million less from special education grants. The Department had 26.3 vacancies as of the pay period ending January 7, 2017. *The Governor recommended \$0.1 million more than requested from general revenues, reflecting staffing expenses for a position in the Office of the Governor offset by statewide benefit savings.* **The Assembly did not concur with the allocation of personnel expenses for Governor's Office staff and removed \$0.1 million from the Department. It also added general revenue turnover savings of \$0.2 million.**

**Other Grants and Programming Revisions.** The Council requested \$1.1 million less from federal funds and the enacted level from general revenues for all other expenditures. This reflects the end of one federal grant and adjustments for actual grant awards. Nearly all of the decrease can be attributed to the end of the public charter school program grant funding. This was a six-year grant that sought to expand local district and charter school relationships and opportunities for students, as well as some funding to support new charter schools. Other changes include \$300,000 less from Title III funds, \$49,628 less for vocational education, and \$216,235 more from Workforce Investment Act incentive grants. *The Governor recommended \$0.4 million less than requested, reflecting a reduction in federal funds for community aid to charter schools as the grant ended in August 2016. The recommendation is consistent with a request made by the Department after its revised budget request. She subsequently requested an amendment to include \$0.9 million from restricted receipts from two new grants from non-profit organizations, the Council of Chief State School Officers and the Nellie Mae Education Foundation.* **The Assembly recommended \$0.7 million less from restricted receipts reflecting anticipated expenditures.**

**Met School Capital Projects.** The Council requested an additional \$2.4 million from Rhode Island Capital Plan funds for FY 2017, including \$2.3 million for the Met School HVAC project to reflect an updated project schedule, and \$0.2 million for asset protection projects at both campuses. This is consistent with the capital budget request. *The Governor recommended \$0.2 million less than requested for asset protection projects.* **Based on current spending, the Assembly shifted \$2.2 million from FY 2017 to FY 2018 for the HVAC project. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

**Davies Career and Technical School.** The Council requested an additional \$71,691 primarily from federal funds for FY 2017 for Davies Career and Technical School. This includes \$75,891 more from federal funds offset slightly by \$4,200 less from restricted receipts. The request includes additional federal funding for vocational education, special education, teacher quality, and Title I grants. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Davies Career and Technical School Capital Projects.** The Council requested an additional \$1.1 million from Rhode Island Capital Plan funds for FY 2017, including \$750,000 for a new project for renovations to support the Advanced Manufacturing and Welding programs. This is consistent with the capital budget request. *The Governor recommended \$0.3 million more than enacted for asset protection projects.* **Based on the current project schedule, the Assembly shifted \$0.5 million from FY 2017 to FY 2019 for the HVAC project. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

**Rhode Island School for the Deaf.** The Council requested \$11,514 less than enacted from all sources, including \$3,514 less from general revenues and \$8,000 less from restricted receipts for the School for the Deaf for FY 2017. This reflects a decrease in expenditures for legal services and grounds keeping. *The Governor recommended \$64,019 less than requested from general revenues. This primarily reflects statewide benefit savings, as well as utility savings from a new natural gas contract.* **The Assembly included an additional \$0.1 million in turnover savings, based on the Department's third quarter report.**

## Public Higher Education

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Office of Postsecondary Comm.	\$ 26,782,911	\$ 30,364,179	\$ 34,449,175	\$ 32,405,678
University of Rhode Island	734,050,704	777,314,056	763,839,937	763,839,937
Rhode Island College	171,070,501	186,651,317	182,086,131	182,086,131
Community College of RI	150,328,430	166,951,651	156,893,021	156,893,021
<b>Total</b>	<b>\$ 1,082,232,546</b>	<b>\$ 1,161,281,203</b>	<b>\$ 1,137,268,264</b>	<b>\$ 1,135,224,767</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 465,711,353	\$ 495,299,473	\$ 486,683,645	\$ 497,661,296
Contracted Services	27,396,747	33,693,805	28,359,496	28,359,496
<b>Subtotal</b>	<b>\$ 493,108,100</b>	<b>\$ 528,993,278</b>	<b>\$ 515,043,141</b>	<b>\$ 526,020,792</b>
Other State Operations	198,142,893	218,649,084	225,080,483	213,918,835
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	302,280,485	310,931,107	308,219,245	306,359,745
Capital	52,475,782	56,958,833	42,317,006	42,317,006
Capital Debt Service	36,225,286	45,748,901	46,608,389	46,608,389
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,082,232,546</b>	<b>\$ 1,161,281,203</b>	<b>\$ 1,137,268,264</b>	<b>\$ 1,135,224,767</b>
<b>Sources of Funds</b>				
General Revenue	\$ 180,874,064	\$ 196,357,528	\$ 198,610,423	\$ 198,426,426
Federal Aid	15,278,876	14,308,847	16,738,854	14,879,354
Restricted Receipts	636,787	1,022,720	1,517,568	1,517,568
Other	885,442,819	949,592,108	920,401,419	920,401,419
<b>Total</b>	<b>\$ 1,082,232,546</b>	<b>\$ 1,161,281,203</b>	<b>\$ 1,137,268,264</b>	<b>\$ 1,135,224,767</b>
<b>Uses of Funds</b>				
Unrestricted Use Funds	\$ 620,283,332	\$ 673,735,014	\$ 665,278,847	\$ 665,094,850
Restricted Use Funds	461,949,214	487,546,189	471,989,417	470,129,917
<b>Total</b>	<b>\$ 1,082,232,546</b>	<b>\$ 1,161,281,203</b>	<b>\$ 1,137,268,264</b>	<b>\$ 1,135,224,767</b>
<b>FTE Authorization</b>	<b>3,513.4</b>	<b>3,551.0</b>	<b>3,551.0</b>	<b>3,551.0</b>
<i>Limited to Third Party Funds</i>	<i>745.8</i>	<i>745.8</i>	<i>745.8</i>	<i>745.8</i>
<b>Total Authorized Positions</b>	<b>4,259.2</b>	<b>4,296.8</b>	<b>4,296.8</b>	<b>4,296.8</b>
<b>FTE Average</b>	<b>3,935.3</b>			

**FY 2017 Revised Request.** The Council's revised request is \$34.2 million less than enacted, including \$0.7 million less from general revenues. It also includes \$16.8 million less from tuition and fee revenues, \$4.8 million more from other unrestricted sources, and \$21.6 million less from restricted sources. *The Governor recommended \$24.0 million less than enacted from all sources, which is \$10.2 million more than requested. General revenues are \$2.3 million more than enacted, primarily for general obligation bond debt service.*



*The Governor subsequently requested an amendment to reduce authorization for federal spending by \$1.9 million. This reflects an additional \$0.7 million in available College Access Challenge Grant funds offset by \$2.5 million for the Title II Higher Education Partnership grant based on the actual grant award. The requested amendment also adds \$1.0 million from tuition savings fees for the dual enrollment program based on enrollment trends.*

**The Assembly reduced salary and benefit expenditures in the Office of Postsecondary Commissioner by \$0.2 million based on anticipated expenditures. The Assembly did not include the additional \$1.0 million requested for the dual enrollment program but concurred with the remainder of the recommendation.**

**Unrestricted Source Expenditures.** The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, and sponsored research overhead. The unrestricted budget is similar to the general revenue budget of other agencies and departments. The FY 2017 unrestricted revised budget includes spending of \$661.1 million. This is \$12.7 million less than the enacted budget including \$0.7 million less from general revenues.

*The Governor recommended \$665.3 million for unrestricted expenditures. This is \$8.5 million less than enacted and \$4.2 million more than requested. General revenues are \$2.3 million more than enacted, including \$2.2 million more for general obligation bond debt service payments and \$53,472 more for charging the staffing costs for a 0.5 full-time equivalent Education Policy Advisor in the Office of the Governor to the Office of Postsecondary Commissioner. **The Assembly provided \$0.2 million less from general revenues than recommended for Office of Postsecondary Commissioner personnel expenses.***

Office of Postsecondary Commissioner. The revised budget includes \$675,000 less than the enacted budget for a long-term lease for the new Westerly Higher Education and Job Skills Center. The Office indicated that this funding was mistakenly reduced. *The Governor recommended \$1.8 million more than requested, including \$0.7 million from general revenues. This includes \$675,000 to correct the mistaken exclusion of funding for the center as well as charging \$53,472 of staffing costs for a 0.5 full-time equivalent Education Policy Advisor in the Office of the Governor to the Office of Postsecondary Commissioner.*

*The recommendation also adds \$1.1 million from University and College funds for staffing costs and other administrative expenses for the Nursing Education Center in Providence in the Office's budget. The enacted budget includes \$3.7 million in the College's and University's budgets for this purpose. The Governor's recommendation does not reduce the funding included in the institutions' revised requests despite her intent to fund administration of the facility through the Office.*

**The Assembly did not concur with the allocation of personnel expenditures for the Governor's Office and excluded the \$53,472. It also added general revenue turnover savings of \$130,525 consistent with the third quarter report.**

University of Rhode Island. The University requested \$0.5 million or 0.1 percent less from unrestricted sources than enacted. This includes \$4.7 million or 1.6 percent less than enacted from tuition and fees, the enacted level from general revenues, and \$4.2 million more from other University sources. The University is projecting FY 2017 enrollment of 14,799, which is an overall increase of 253 or 1.7 percent compared to the enrollment assumptions in the FY 2017 enacted budget. The enacted budget assumed 7,823 in-state students and 6,723 out-of-state students. The revised allocation assumes 6 or 0.1 percent more in-state students and 247 or 3.7 percent more out-of-state students.

The decrease in expenditures funded from tuition and fees in the revised request reflects overestimated potential revenues in the enacted budget. The enacted budget assumed use of significant additional tuition



and fee revenues beyond those which the University could produce given initial FY 2017 enrollment projections and the tuition freeze. This left the University with a \$6.8 million imbalance between unrestricted expenditures and potential revenues.

The University addressed this potential deficit in its revised request in two ways. First, the unanticipated increase in enrollment above initial FY 2017 projections provides the University with \$2.2 million more from tuition and fee revenues than initially projected in its original FY 2017 request. This addresses roughly one-third of the \$6.8 million imbalance. Second, the University's revised request constrains spending for a number of items for which the University originally intended to use prior-year unrestricted source reserve balances. Most significantly, this includes a reduction of \$3.6 million for unrestricted source capital expenditures. This reduction for capital expenditures is partially offset by \$2.3 million more for salaries and benefits to reflect graduate assistant stipend increases, additional part-time lecturers based on enrollment adjustments, step increases for a number of positions, and restoration of turnover savings included in the enacted budget equivalent to approximately 12.5 positions.

*The Governor recommended \$2.2 million more than requested, including \$2.3 million more from general revenues for general obligation bond debt service payments based on the issuance of new debt for the first phase of the engineering building renovations project. This increase is partially offset by \$0.1 million less for debt service on Certificates of Participation for the University's energy performance contract pursuant to the debt service schedule. Her recommendation also reallocates \$10.4 million requested for salary and benefit costs to other unspecified operating expenses in order to correct overstated staffing cost estimates in the University's request. The remainder of the recommendation is consistent with the request.*

*The Governor subsequently requested an amendment to reverse the reallocation of salary and benefit costs to unspecified operating expenses. **The Assembly concurred.***

Rhode Island College. The College requested \$4.3 million or 3.2 percent less from unrestricted sources than enacted. This includes \$1 less from general revenues, \$4.8 million or 6.5 percent less from tuition and fees, and \$0.5 million more from other unrestricted sources. The College is projecting FY 2017 enrollment of 6,947, which is an overall increase of 59 or 0.9 percent compared to the enrollment assumptions in the FY 2017 enacted budget. The enacted budget assumed 5,834 in-state students and 1,054 out-of-state students. The revised allocation assumes 42 or 0.7 percent more in-state students and 17 or 1.6 percent more out-of-state students.

The decrease in expenditures funded from tuition and fees in the revised request reflects overestimated potential revenues in the enacted budget. The enacted budget assumed use of significant additional tuition and fee revenues beyond those which the College could produce given initial FY 2017 enrollment projections and the tuition freeze. This left the College with a \$5.0 million imbalance between unrestricted expenditures and potential revenues.

The College addressed this potential deficit in its revised request in two ways. First, the unanticipated increase in enrollment above initial FY 2017 projections provides the College with \$0.2 million more from tuition and fee revenues than initially projected in its original FY 2017 request. This, coupled with increases in revenues from other unrestricted sources, provides the College with a total of \$0.8 million in additional revenue beyond initial FY 2017 projections. Second, the College's revised request constrains spending for various items by a total of \$4.3 million. Among the most significant reductions are \$1.6 million less for utilities to reflect historical expenditures and a new utility price forecasting methodology, \$0.9 million less for various contracted services, \$1.1 million less for salary and benefit costs, and \$0.6 million less for unrestricted source capital expenditures.

*The Governor recommended \$256,275 more than requested for debt service on the College's energy performance contract, partially offset by \$55,863 less from general revenues for updated general obligation*

*bond debt service. The added funding for the energy performance debt double counts the costs already budgeted; however, the recommendation also overstates available resources by a like amount. The remainder of the recommendation is consistent with the College's request. **The Assembly concurred.***

Community College of Rhode Island. The Community College requested \$7.2 million or 6.2 percent less from unrestricted sources than enacted. This includes \$7.2 million or 12.0 percent less than enacted from tuition and fees, the enacted level from general revenues, and \$61,618 more from other unrestricted sources. The Community College is projecting FY 2017 enrollment of 9,128, which is an overall decrease of 736 or 7.5 percent compared to the enrollment assumptions in the FY 2017 enacted budget. The enacted budget assumed 9,864 full-time equivalent enrollments.

The decrease in expenditures funded from tuition and fees in the revised request reflects two factors. First, the enacted budget assumed use of significant additional tuition and fee revenues beyond those which the Community College could produce given initial FY 2017 enrollment projections and the tuition freeze. This left the Community College with a \$3.8 million imbalance between unrestricted expenditures and potential revenues. Second, as noted previously, the Community College experienced a significant decrease in enrollment between the assumptions in the enacted budget and the revised request.

Together, the overstated revenues and the enrollment decline creates a \$7.2 million deficit. The Community College addressed this deficit by constraining spending for various items. Among the most significant reductions are \$1.3 million less for unrestricted capital expenditures reflecting a reprioritization of available funding and an increase of Rhode Island Capital Plan funding for asset protection projects, \$0.9 million less reflecting a delay in the purchase of desktop and lab computers, \$0.9 million less for utility expenditures reflecting FY 2016 experience, \$1.8 million less for salaries and benefits primarily reflecting lower anticipated need for adjunct teaching faculty because of enrollment declines, \$0.3 million less for motor vehicle replacements, \$0.4 million less for building maintenance and upkeep, and \$1.5 million less for all other unrestricted operating expenditures. Though the revised allocation is significantly less than the enacted budget, it is still \$2.7 million or 2.6 percent more than FY 2016 spending and \$1.5 million or 1.5 percent more than FY 2015 spending. *The Governor recommended \$47,755 less than requested from general revenues for updated general obligation bond debt service payments. The remainder of her recommendation is consistent with the Community College's request. **The Assembly concurred.***

**Restricted Source Operating Expenditures.** The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include the residence hall funds, dining funds and any other funds whose sources are limited to use for certain purposes. Federal funds are considered restricted use. The revised restricted budget includes \$1.0 million less for operating expenditures. The revised request includes \$3.0 million more for salaries and benefits, \$1.0 million less for contracted services, and \$3.1 million less for operations. *The Governor recommended \$0.3 million more than requested from federal funds for salaries and benefits in the Division of Higher Education Assistance to reflect current staffing; this increase is largely consistent with FY 2016 spending for these costs. The Office's original FY 2017 request included a shift of staffing costs for Division personnel from guaranty agency reserve funds to general revenues but the Governor did not recommend the shift or increase funding from these federal funds, and the Assembly concurred.*

*The Governor subsequently requested an amendment to reduce authorization for federal spending by \$1.9 million. This reflects an additional \$0.7 million in available College Access Challenge Grant funds offset by \$2.5 million for the Title II Higher Education Partnership grant based on the actual grant award. **The Assembly concurred.***

**Dual Enrollment Program.** The request includes \$1.3 million from tuition savings fees for the Dual Enrollment program, consistent with the enacted budget. This program is in its third year and allows students to take courses on either a higher education institute's campus or at their high school. It is intended

to allow qualified high school students to earn college credit through dual and concurrent enrollment at no cost to the students.

It should be noted that the Office overspent its original appropriation for this scholarship program in FY 2016. The FY 2016 third quarter report for the public higher education system identified a \$0.4 million deficit in the Dual Enrollment Program resulting from the unanticipated increase in enrollment above initial projections. The Governor subsequently requested a budget amendment to include \$0.4 million more for the Dual Enrollment Program in her FY 2016 revised budget and the Assembly concurred. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$1.0 million from tuition savings fees based on enrollment trends. **The Assembly provided funding at the enacted level. It also included legislation in Article 12 requiring state payments be limited to the amount of the appropriation and that by September 30, 2017, the Council on Postsecondary Education promulgate rules and regulations enforcing this limitation.***

**Restricted Student Aid.** The revised budget includes a \$4.8 million decrease for restricted source student aid. Of the total decrease, \$3.8 million reflects reduced Pell Grant awards for the Community College related to enrollment declines. The University is also projecting a \$2.7 million reduction to reflect a decision to no longer include scholarships provided by the University Foundation and Alumni Association in the University's budget requests. It should be noted that the Office's revised budget includes \$2.7 million more than enacted for the Office's Higher Education Partnership federal grant; the Office indicated that this reflects a mistake and that the actual increase should be \$0.1 million more than enacted. Adjusted for this error, the revised budget is \$7.3 million less than enacted. *The Governor recommended funding as requested. **The Assembly concurred.***

**Restricted Capital Improvements.** The revised budget includes a \$14.6 million decrease, including \$48,358 more from Rhode Island Capital Plan funds for capital expenditures. Of the total decrease, \$12.5 million is related to reduced capital expenditures for the University's housing and residential life auxiliary unit. This reflects the University's decision to no longer show use of reserve fund balances for auxiliary units in its operating budgets; the University indicated that these expenses will now appear only in its capital budgets. It should be noted that the Office's revised budget inadvertently excludes \$2.0 million from Rhode Island Capital Plan funds included in the enacted budget to equip and outfit the new Westerly Higher Education and Job Skills Center. Adjusted for this error, the revised budget is \$12.6 million less than enacted. *The Governor recommended \$5.9 million more than requested from Rhode Island Capital Plan funds. **The Assembly concurred. These projects are described in detail in the Capital Budget section of this publication.***

**Restricted Debt Service.** The revised budget decreases restricted use debt service costs by \$1.2 million. The reduction primarily reflects savings from refunding of revenue bond debt for the University's capital projects for auxiliary housing and dining services and the Ryan Center and Boss Arena. *The Governor recommended \$0.2 million less than requested for updated debt service costs for the University's energy performance contract. **The Assembly concurred.***



## Rhode Island State Council on the Arts

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 914,520	\$ 934,111	\$ 905,476	\$ 872,476
Contracted Services	34,707	45,300	45,238	45,238
<b>Subtotal</b>	<b>\$ 949,227</b>	<b>\$ 979,411</b>	<b>\$ 950,714</b>	<b>\$ 917,714</b>
Other State Operations	91,258	130,727	158,182	158,182
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,524,864	1,657,000	1,682,000	1,682,000
Capital	430,425	263,400	940,900	940,900
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 2,995,774</b>	<b>\$ 3,030,538</b>	<b>\$ 3,731,796</b>	<b>\$ 3,698,796</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,844,116	\$ 1,951,884	\$ 1,939,368	\$ 1,906,368
Federal Aid	700,799	775,454	786,728	786,728
Restricted Receipts	-	-	25,000	25,000
Other	450,859	303,200	980,700	980,700
<b>Total</b>	<b>\$ 2,995,774</b>	<b>\$ 3,030,538</b>	<b>\$ 3,731,796</b>	<b>\$ 3,698,796</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
<b>FTE Average</b>	<b>8.4</b>			

**FY 2017 Revised Request.** The Rhode Island State Council on the Arts requested \$0.1 million less than enacted from all sources, including \$0.2 million less from general revenues, \$11,274 more from federal funds, and \$36,600 more from Percent for Art funds. The Council’s general revenue request is \$0.2 million less than the enacted budget. The Council indicated that the request to reduce general revenues was inadvertent. *The Governor recommended \$0.2 million more than requested from general revenues to correct the Council’s grant funding request, \$25,000 more from restricted receipts reflecting receipt of a new grant, and \$0.6 million more from Percent for Art funds for ongoing projects, offset by statewide savings. The Assembly provided \$33,000 less than recommended from general revenues to reflect additional turnover savings.*

**Competitive Grants.** The Council’s budget request inadvertently removed the \$0.2 million from general revenues provided for the competitive grant program in the enacted budget. The 2016 Assembly ended the community service grant program; instead included appropriations of \$375,000 for Providence Waterfire and \$200,000 to support the Council’s competitive grant program, which supports initiatives targeting increased exposure to arts and cultural events through education and healthcare initiatives. *The Governor recommended the enacted level of funding. The Assembly concurred.*

**Turnover.** The Council requested \$17,180 less than enacted from all sources for salaries and benefits reflecting turnover savings, offset by a correction in health insurance for the remaining positions. This includes \$19,209 less from general revenues, and \$2,029 more from federal funds. *The Governor recommended \$12,015 less than requested to reflect current staffing levels and statewide benefit savings.*

**The Assembly further reduced staffing expenses by \$33,000 to reflect projected spending through the third quarter.**

**Copier.** The Council requested \$21,344 more than enacted from general revenues for replacement of the Council's multi-function printer with a larger capacity one. The Council reported that in addition to standard office functions, it regularly needs to produce large documents for meetings and statewide workshops; the Council reported the failings of the current machine have a negative impact on staff productivity. With the expiration of the lease in 2013, the Council owns the current copy machine and will continue to use it until it is replaced or non-functional.

The Council did not request this item in FY 2017, and is seeking to utilize funds resulting from turnover savings for replacement. The Council had jointly leased a copy machine beginning in 2009 with the Film and Television Office. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Film and Television.** The Council requested \$1,645 less than enacted from general revenues for the operations for the Rhode Island Film and Television Office's 2.6 full-time equivalent positions. The request reflects a correction in employee benefit costs offset by savings from a \$2,000 copier lease ending. The Office and Council had jointly leased a copy machine beginning in 2009; the Council's request includes funds to purchase a replacement copier. *The Governor recommended \$501 less than requested to reflect statewide benefit savings.* **The Assembly concurred.**

**Other Operations.** The Council requested \$11,087 more than enacted for all other operations expenses, including \$1,842 more from general revenues, and \$9,245 more from federal funds primarily for miscellaneous office supplies and equipment, and staff travel. The request includes federal National Endowment for the Arts funding carried over from FY 2016. The Council had an extension authorizing use of its obligated funds through December 2016. *The Governor recommended \$2,332 less than requested from general revenues.* **The Assembly concurred.**

**RI Foundation Grants.** Subsequent to the Council's budget request, it received two Rhode Island Foundation grant awards; one totaling \$20,000 to fund its Arts in Healthcare initiative, and \$5,000 to support scholarship opportunities for its Expansion Arts program. *The Governor recommended \$25,000 from restricted receipts for these initiatives. The Governor's budget did not include legislation permitting deposits for the Council in a restricted receipts account. The Governor subsequently requested an amendment to include language authorizing the deposits in a restricted receipts account.* **The Assembly concurred.**

**Percent for Art.** The Council requested \$36,600 more than enacted from Percent for Art funds for five projects including projects at the University of Rhode Island, Rhode Island College, the Veteran's Home and Virks Building at the Pastore Complex. The request reflects anticipated variances in project costs and timing. *The Governor recommended \$0.6 million more than requested reflecting historical expenditures and the cost of the two largest outstanding construction projects.* **The Assembly concurred.**

## Rhode Island Atomic Energy Commission

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,011,140	\$ 1,072,239	\$ 1,077,261	\$ 1,077,261
Contracted Services	-	600	600	600
<b>Subtotal</b>	<b>\$ 1,011,140</b>	<b>\$ 1,072,839</b>	<b>\$ 1,077,861</b>	<b>\$ 1,077,861</b>
Other State Operations	168,329	183,862	194,935	194,935
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	397,413	76,348	266,243	266,243
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 1,576,882</b>	<b>\$ 1,333,049</b>	<b>\$ 1,539,039</b>	<b>\$ 1,539,039</b>
<b>Sources of Funds</b>				
General Revenue	\$ 908,285	981,100	\$ 979,682	\$ 979,682
Federal Aid	336,542	32,422	228,863	228,863
Restricted Receipts	-	-	-	-
Other	332,055	319,527	330,494	330,494
<b>Total</b>	<b>\$ 1,576,882</b>	<b>\$ 1,333,049</b>	<b>\$ 1,539,039</b>	<b>\$ 1,539,039</b>
<b>FTE Authorization</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>	<b>8.6</b>
<b>FTE Average</b>	<b>8.4</b>			

**FY 2017 Revised Request.** The Rhode Island Atomic Energy Commission requested \$16,441 more than enacted from federal funds, which represents unspent funds from FY 2016 for reactor instrumentation upgrades for research and educational programs, the health physics program, and Nuclear Engineering Education student internships and research projects. *The Governor recommended \$205,990 more than enacted, which is \$189,549 more than requested to primarily reflect a new federal grant award.* **The Assembly concurred.**

**Salaries and Benefits.** The Commission's revised request for salaries and benefits for its 8.6 authorized full-time equivalent positions is consistent with the enacted budget. *The Governor recommended \$5,022 more than enacted, including \$3,950 more from general revenues and \$1,072 more from University research funds. This reflects updated medical benefits partially offset by statewide savings for other benefits.* **The Assembly concurred.**

**Stack Monitor Upgrades Grant.** The Commission was awarded a new one-year federal grant to upgrade the stack radiological monitoring system at the Rhode Island Nuclear Science Center after the submission of its budget request. This system detects airborne radioactive gases or particulate matter that is released from the facility. *The Governor recommended \$180,000 from this grant.* **The Assembly concurred.**

**Other Federal Grants.** The Commission's revised request includes \$16,441 more than enacted for all other federal grants. This includes \$13,123 more from two grants for reactor instrumentation upgrades and \$2,953 more for the Commission's Nuclear Engineering Education Program grant to support student

internships and research projects. The Commission indicated that the requested funding represents unspent balances from FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital.** The Commission's revised request includes the enacted level from Rhode Island Capital Plan funds for asset protection projects. The Commission spent \$69,036 on asset protection projects in FY 2016, \$61,069 in FY 2015, \$53,914 in FY 2014, and \$59,257 in FY 2013. *The Governor recommended \$9,895 more than requested to reflect unspent funds carried forward from FY 2016.* **The Assembly concurred. This project is discussed in greater detail in the Capital Budget section of this publication.**

**All Other Operations.** The Commission's revised request for all other operations is consistent with the enacted budget. *The Governor recommended \$5,368 less than requested from general revenues for building repairs and maintenance to offset the increased costs for employee medical benefits.* **The Assembly concurred.**



## Historical Preservation and Heritage Commission

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 1,662,728	\$ 1,676,353	\$ 1,675,116	\$ 1,675,116
Contracted Services	3,163	3,450	-	-
<b>Subtotal</b>	<b>\$ 1,665,891</b>	<b>\$ 1,679,803</b>	<b>\$ 1,675,116</b>	<b>\$ 1,675,116</b>
Other State Operations	90,111	116,780	71,304	71,304
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,090,752	1,002,745	1,470,663	1,470,663
Capital	125,695	4,370	1,000	1,000
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 2,972,449</b>	<b>\$ 2,803,698</b>	<b>\$ 3,218,083</b>	<b>\$ 3,218,083</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,362,860	\$ 1,202,559	\$ 1,162,001	\$ 1,162,001
Federal Aid	1,283,096	1,093,966	1,547,028	1,547,028
Restricted Receipts	126,202	427,175	429,200	429,200
Other	200,291	79,998	79,854	79,854
<b>Total</b>	<b>\$ 2,972,449</b>	<b>\$ 2,803,698</b>	<b>\$ 3,218,083</b>	<b>\$ 3,218,083</b>
<b>FTE Authorization</b>	<b>16.6</b>	<b>16.6</b>	<b>15.6</b>	<b>15.6</b>
<b>FTE Average</b>	<b>16.2</b>			

**FY 2017 Revised Request.** The Commission requested \$0.5 million more than enacted, including \$40,577 more from general revenues, \$456,792 more from federal funds, \$525 more from restricted receipts and \$142 less from other funds. *The Governor recommended \$83,367 less than requested from all sources, including \$81,135 less from general revenues. The recommendation includes the transfer of management of the Eisenhower House and 1.0 full-time equivalent position to the Department of Environmental Management. The Assembly concurred.*

**Eisenhower House.** The Commission requested \$37,218 less than enacted from general revenues for staffing and operations of the Eisenhower House. This primarily reflects an anticipated retirement in January 2017, offset by a part-time contract employee to manage the House through the end of the fiscal year. The House is currently staffed by one full-time property and fiscal manager, and two part-time seasonal maintenance personnel who serve as the property's custodial staff.

Additional operational and utility savings are reflective of the renovation of the facility completed in FY 2016. Prior to the renovations, the House has only been open through a portion of the year; the Commission reported it intends to commit the House to year round operations.

*The Governor recommended \$106,537 less than enacted reflecting the transfer of Eisenhower House operations to the Department of Environmental Management for half of the fiscal year. The Governor proposed legislation transferring the authority to collect rental fees from the Commission to the Department of Environmental Management beginning in FY 2018. The Assembly concurred.*

**Turnover.** The Commission requested \$60,733 more than enacted to restore turnover savings assumed in the enacted budget for the remaining 15.6 full-time equivalent positions. This includes \$73,351 more from general revenues, \$13,296 less from federal funds, \$675 more from restricted receipts, and \$3 more from other funds. The Commission shifted \$13,296 of costs previously funded through federal sources to align with available federal funds. The FY 2017 enacted budget included turnover savings equivalent to 0.8 of a full-time position. The Commission had a vacancy equivalent to 0.6 of a full-time position at the time of enactment. *The Governor recommended \$11,818 less than requested, nearly all from general revenues. Reductions reflect corrected benefit calculations, turnover savings, and statewide benefit savings.* **The Assembly concurred.**

**Hurricane Sandy Relief Grant.** The Commission requested \$402,148 more than enacted from federal funds for Hurricane Sandy Disaster Relief costs. The request reflects reports submitted from grant recipients and the National Parks Service with updated reimbursement information regarding historic property owners whose properties were damaged by Hurricane Sandy in 2012.

The Commission reported delays in Hurricane Sandy project construction during FY 2016, which have delayed spending of \$0.7 million of project funds later requested in the FY 2017 revised budget. The Commission reported the requested adjustment is necessary to successfully close out the grant program. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Federal Grants.** The Commission requested \$68,000 more than enacted from federal funds for two ongoing National Park Service projects; the Underrepresented Communities and Maritime Heritage grants. The Commission reported the Underrepresented Communities Grant, awarded in October 2014, was erroneously omitted from its FY 2017 request; the work on this grant will be completed in FY 2017. The Commission reported the Maritime Heritage Grant notification occurred after the budget had been enacted. *The Governor recommended \$2,230 less than requested to reflect available grant funds.* **The Assembly concurred.**

**Other Operations.** The Commission requested \$4,089 more than enacted for all other operations consistent with FY 2016 actual spending. By source, changes include \$4,444 more from general revenues, \$60 less from federal funds, \$150 less from restricted receipts, and \$145 less from Department of Transportation reimbursement funds. The request includes an additional \$2,593 for office supplies, \$1,757 more for travel related costs, and \$261 less for computer technology. *The Governor recommended funding as requested.* **The Assembly concurred.**

## Office of the Attorney General

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Criminal	\$ 19,169,066	\$ 24,006,424	\$ 34,818,071	\$ 34,653,483
Civil	5,472,785	6,051,845	6,005,570	6,136,448
Bureau of Criminal Identification	1,631,449	1,758,215	1,644,336	1,580,689
General	3,181,887	3,326,299	3,612,144	3,194,868
<b>Total</b>	<b>\$ 29,455,187</b>	<b>\$ 35,142,783</b>	<b>\$ 46,080,121</b>	<b>\$ 45,565,488</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 24,418,103	\$ 25,862,817	\$ 26,061,886	\$ 25,797,253
Contracted Services	1,502,123	423,126	2,581,220	2,581,220
<b>Subtotal</b>	<b>\$ 25,920,226</b>	<b>\$ 26,285,943</b>	<b>\$ 28,643,106</b>	<b>\$ 28,378,473</b>
Other State Operations	2,162,190	2,094,092	2,340,455	2,340,455
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	-	-	-	-
Capital	1,372,771	6,762,748	15,096,560	14,846,560
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 29,455,187</b>	<b>\$ 35,142,783</b>	<b>\$ 46,080,121</b>	<b>\$ 45,565,488</b>
<b>Sources of Funds</b>				
General Revenue	\$ 24,053,485	\$ 25,595,982	\$ 26,146,783	\$ 25,882,150
Federal Aid	2,034,144	1,692,545	3,351,007	18,755,297
Restricted Receipts	3,185,088	7,554,256	16,164,801	760,511
Other	182,470	300,000	417,530	167,530
<b>Total</b>	<b>\$ 29,455,187</b>	<b>\$ 35,142,783</b>	<b>\$ 46,080,121</b>	<b>\$ 45,565,488</b>
<b>FTE Authorization</b>	<b>236.1</b>	<b>235.1</b>	<b>235.1</b>	<b>235.1</b>
<b>FTE Average</b>	<b>232.1</b>			

**FY 2017 Revised Request.** The Office of the Attorney General requested \$11.7 million more than enacted from all sources, including \$1.4 million more from general revenues, \$1.7 million more from federal funds, \$0.1 million more from Rhode Island Capital Plan funds and \$8.6 million more from Google Settlement funds. *The Governor recommended \$0.8 million less than requested from general revenues. She subsequently requested an amendment to appropriate forfeiture funds as federal instead of restricted receipts.* **The Assembly further reduced expenses by \$0.5 million consistent with the Office's third quarter report.**

**Tobacco Enforcement Litigation - Reappropriation.** The Governor reappropriated \$32,206 for tobacco litigation expenses, which brings total funds in its revised request to \$72,206, including \$52,206 for transportation and \$20,000 for electronic filing fees. *The Governor recommended funding as requested. It should be noted that the Office's third quarter report included \$450,000 for a final payment for litigation expenses. The Office was able to make the payment without requiring additional funding in its revised request.* **The Assembly concurred.**

**Engineering Services - Reappropriation.** The Office requested \$10,418 more from general revenues for engineering services completed at the 150 South Main Street location in FY 2016; this is consistent with the Governor's reappropriation. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Litigation Expenses.** The Office included \$250,000 from general revenues for trial related expenses due to an ongoing litigation in the matter of Cassie M. v. Raimondo. Funds are expected to pay primarily for expert witnesses and court reporters. *The Governor recommended funding as requested. It should be noted that the Office's third quarter report included no costs related to litigation and instead used the funding for the final tobacco litigation expenses.* **The Assembly concurred.**

**Planet Street Parking Lot.** The Office requested \$475,000 from general revenues to purchase the parking lot located at Planet Street to be used for additional parking for its state employees. The Office requested the use of Google Settlement funds for this but have been denied because it was determined that this would be a benefit to a few individuals and not the Office in its entirety. *The Governor did not recommend this request.* **The Assembly concurred.**

**Google Settlement Funds - New Building.** The Office requested \$7.5 million for FY 2017 and \$7.5 million in FY 2018 to construct a new 24,000 square foot facility at the Pastore Center to relocate 35 existing staff from 150 South Main Street. This includes those individuals who perform background and fingerprint checks, investigators and those from the consumer protection unit and diversion unit occupying 18,000 square feet and leaving 6,000 square feet for future expansion and storage. This is consistent with the capital request. Plans were still being developed for the new building, which is why funding was not included in the enacted budget for this project. *The Governor recommended funding as requested. She requested an amendment to record settlement funds as federal funds.* **The Assembly concurred.**

**Google Settlement Funds - All Other Projects.** The Office's revised request includes \$7.8 million for projects funded from Google Settlement funds, \$1.5 million more than enacted. Funding includes expenses for office equipment and operating expenses and upgrades to the information technology system, upgrading the phone system, and supporting operating expenses at the 180 South Main Street building. *The Governor recommended funding as requested. She subsequently requested an amendment to record settlement funds as federal funds.* **The Assembly concurred.**

**Consumer Education.** The enacted budget includes \$280,427 from restricted receipts, which have been recovered by the consumer protection unit from deceptive trade practice cases over the course of several years and deposited into a restricted receipt account. The funding was to be used to support the design and implementation of the case management information system for the Civil Division. This system is expected to improve efficiency by eliminating duplicate information and processes associated with the current manual system and function in collaboration with state law enforcement in the various district courts on all civil matters. The system will now be paid for using Google Settlement funds and the Office reduced restricted receipts by \$265,557. The revised request also reduces general revenues by \$1,662 leaving \$27,106 to be spent by the unit. It appears that any available funds in the consumer education account can be used to offset general revenue expenses in the current year. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Background Check Grant.** The Office requested \$1.6 million more than enacted from federal funds to reflect the federal grant awarded to enhance the current project to perform background checks for health care workers who are providing services to the state's children and elderly; funding is carried forward from FY 2016 that was not spent. The Office spent \$0.6 million in FY 2015 and \$0.4 million in FY 2016. Funding is being used to rebuild the Office's automated fingerprint identification system and incorporate the national background check initiative. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Salaries and Benefits.** The Office added \$0.4 million, including \$0.6 million from general revenues for salary and benefit expenses in its revised request. This includes \$0.4 million more in the Criminal Division, and \$0.2 million more in the general administration division, offset by \$0.1 million less in the Bureau of Criminal Identification and Civil divisions.

The revised request is \$1.9 million more than FY 2016 actual expenses. The revised request shifts one employee from the Bureau of Criminal Identification to the general administrative division, includes updated benefit costs and partially restores general revenue turnover savings to fund the 231.6 positions, leaving 3.5 vacant.

*The Governor reduced the request by \$0.2 million to reflect statewide benefit savings and not including all of the funding requested to fill vacancies. As of the January 21 payroll report, the Office had four vacant positions. **The Assembly reduced funding by \$0.3 million from general revenues reflecting the Office's third quarter report.***

**Asset Protection.** The Office requested \$117,530 more than enacted from Rhode Island Capital Plan funds for total funding of \$417,530 to reflect a carried forward balance from FY 2016 for its asset protection projects. This reflects the Office's need for continuous upgrade to its heating, ventilation and air conditioning system, as well as other interior renovations, including office spaces. This is consistent with the capital request. *The Governor recommended funding as requested. **The Assembly reduced spending by \$250,000 based on current spending.***

**All Other Operations.** The Office requested \$2,599 less than enacted from all sources, including \$34,658 more from general revenues, \$6,560 more from federal funds and \$43,817 less from forfeiture funds recorded as restricted receipts for all other operations. *The Governor recommended \$79,688 less than requested for statewide utility savings and other expenses lowered to reflect FY 2016 spending. She subsequently requested an amendment to record forfeiture funds as federal funds. **The Assembly concurred.***



## Department of Corrections

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Central Management	\$ 9,149,732	\$ 10,179,627	\$ 10,157,716	\$ 10,157,716
Parole Board	1,315,150	1,352,487	1,531,766	1,531,766
Custody and Security	137,813,453	134,428,999	137,177,459	137,177,459
Institutional Support	17,971,770	27,722,911	23,398,627	19,539,199
Institutional Based Rehab/Pop	9,543,359	12,170,954	10,511,478	12,501,478
Healthcare Services	21,781,692	21,909,573	23,186,402	22,665,402
Community Corrections	14,955,118	17,026,104	17,402,677	17,144,677
<b>Total</b>	<b>\$ 212,530,274</b>	<b>\$ 224,790,655</b>	<b>\$ 223,366,125</b>	<b>\$ 220,717,697</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 180,401,819	\$ 180,484,706	\$ 183,111,371	\$ 183,111,371
Contracted Services	11,156,191	13,322,887	12,932,183	14,214,183
<b>Subtotal</b>	<b>\$ 191,558,010</b>	<b>\$ 193,807,593</b>	<b>\$ 196,043,554</b>	<b>\$ 197,325,554</b>
Other State Operations	16,659,847	17,540,765	17,519,297	16,514,869
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	1,188,782	1,241,457	1,449,112	1,449,112
Capital	3,113,635	12,200,840	8,354,162	5,428,162
Capital Debt Service	-	-	-	-
Operating Transfers	10,000	-	-	-
<b>Total</b>	<b>\$ 212,530,274</b>	<b>\$ 224,790,655</b>	<b>\$ 223,366,125</b>	<b>\$ 220,717,697</b>
<b>Sources of Funds</b>				
General Revenue	\$ 208,284,387	\$ 211,700,506	\$ 213,349,798	\$ 213,627,370
Federal Aid	1,266,847	1,130,008	1,884,570	1,919,570
Restricted Receipts	266,239	60,141	96,336	61,336
Other	2,712,801	11,900,000	8,035,421	5,109,421
<b>Total</b>	<b>\$ 212,530,274</b>	<b>\$ 224,790,655</b>	<b>\$ 223,366,125</b>	<b>\$ 220,717,697</b>
<b>FTE Authorization</b>	<b>1,419.0</b>	<b>1,423.0</b>	<b>1,423.0</b>	<b>1,423.0</b>
<b>FTE Average</b>	<b>1,325.3</b>			
<b>Prison Population</b>	<b>3,068</b>	<b>3,200</b>	<b>3,058</b>	<b>2,999</b>

**FY 2017 Revised Request.** The Department requested \$0.6 million or 0.3 percent more than enacted from all sources of funds, including \$1.1 million from general revenues. Consistent with the enacted authorization, the Department requested 1,423.0 full-time equivalent positions. The Department's revised request is based on a population of 3,058, a decrease of 142 inmates compared to the enacted level. The revised request does not include the \$9.3 million in additional general revenues needed to fulfill the recent arbitrated settlement with the Rhode Island Brotherhood of Correctional Officers, as the request was submitted before arbitration concluded.

In December 2016, the Department submitted a corrective action plan that identified \$9.1 million in savings. These are noted below where appropriate. *The Governor recommended \$2.0 million less than requested from all funds, including \$0.5 million more from general revenues. Her recommendation assumes a*

population of 3,058, consistent with the request. **The Assembly provided \$2.6 million less than recommended, mostly from Rhode Island Capital Plan funds. It also provided \$0.3 million more than recommended from general revenues, which reflects retention of the \$2.0 million medication assisted treatment program from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals as recommended, offset by various other program reductions; each change is discussed separately.**

**Population.** The Department’s original request for FY 2017 included a population of 3,260, which was reduced to 3,200 with the Governor’s recommendation and the enacted budget. The revised request is based on more current data and assumes a population of 3,058, which is 142 fewer than projected for the enacted budget. The House Fiscal Staff uses a simple model using trend data, and the population through the end of November suggests an average population of 3,025, which is 176 less than projected in the enacted budget and 22 less than included in the revised request.

The Department contracts with a firm to prepare population estimates, which revised the enacted population downward to 3,058. That is the population upon which the revised budget request is based. Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. In FY 2008, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265. The Donald Price Medium Security facility accounted for 360 bed spaces, but as of November 2011, there are no inmates housed there.

The following table depicts the recent history of budgeted and actual prison population from FY 2009 through FY 2017. The average population for the first five months of FY 2017 is 3,014.

<b>History</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<i>Request</i>	3,803	4,008	3,709	3,416	3,231	3,152	3,170	3,292	3,260
Governor	3,848	4,008	3,643	3,416	3,231	3,152	3,170	3,292	3,200
Enacted	3,848	3,767	3,450	3,239	3,194	3,152	3,170	3,292	3,200
Revised Request	3,869	3,669	3,350	3,264	3,146	3,192	3,239	3,206	3,058
Governor Revised	3,869	3,659	3,350	3,265	3,146	3,192	3,239	3,182	3,058
Final	3,788	3,551	3,273	3,192	3,146	3,192	3,239	3,183	2,999
<i>Actual</i>	3,773	3,502	3,273	3,191	3,160	3,214	3,183	3,068	2,958

*The Governor’s revised recommendation assumes a population of 3,058. This is 142 less than enacted and consistent with the request. The average population through December is 3,022. **The Assembly assumed 59 fewer inmates that recommended, for an average population of 2,999. Through the end of FY 2017, the average population was 2,958.***

### **Institutional Corrections**

**Population: Per Diem Expenditures.** The Department requested \$1.2 million more than enacted from general revenues for population related expenditures that are calculated on a per diem basis. This is based on prior year expenditures for items such as food, inmate clothing and linens, and janitorial supplies. Another major contributor to these expenses are medical costs, which includes both inpatient and outpatient services as well as contracted dentistry services. The revised request is \$0.1 million more than spent in FY 2016, primarily reflecting increases in physician services. *The Governor recommended \$87,616 less than requested, including \$47,017 less for janitorial supplies and \$40,599 less for physician services, which assumes spending on medical services can be constrained. **The Assembly maintained funding at the enacted level based on the declining inmate population.***

**Inmate Lab Testing.** The revised request adds \$120,000 from general revenues for a new contract to provide medical laboratory testing for the inmate population. These services are currently conducted by



the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals at the Eleanor Slater Hospital and at no cost to the Department. The Department issued a request for proposals and received four bids; it selected East Side Clinical Laboratory, Inc. It should be noted that though the bid estimate was approximately \$130,000, the contract includes a cap of \$165,000 for services. It anticipated the contract would begin on January 1, 2017, though the funding request assumes one year of service.

Historically, the Department has not had to pay for inmate laboratory costs, as these services are performed by a state hospital that is fully funded for services. However, the Department reported that the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, on recommendation from an outside consultant, would begin charging it a monthly service fee. In order to avoid anticipated charges of \$0.6 million annually, the Department sought alternatives and procured a vendor. In using an outside vendor, the Department will also receive services that cannot be provided with the current arrangement. This includes pick-up and delivery of specimens and interfacing lab results with its electronic medical records system. *The Governor recommended \$60,000 less than requested, reflecting contract costs for six months in FY 2017. The Assembly did not concur.*

**RIBCO Settlement.** The revised request includes \$8.2 million from general revenues, \$0.1 million less than the enacted budget for settlement of a pending union contract, reflecting benefit adjustments. The Rhode Island Brotherhood of Correctional Officers, the Department's largest employee union, is comprised of four separate components: correctional officers, civilians, nurses and professionals. The contract for a majority of the union's members had not been resolved until October 2016, after the budget request was submitted.

Although the enacted budget, combined with a payable established as part of the FY 2016 closing, included funding of \$21.0 million for a cost-of-living adjustment equivalent to that which other state employees received; the final arbitration resulted in projected costs totaling \$30.4 million through FY 2017. The Budget Office's first quarter report includes an additional \$9.3 million for the contract settlement, consistent with staff estimates.

The collective bargaining agreement covers two award periods, July 1, 2012 through June 30, 2015 and July 1, 2015 through June 30, 2017. Union members will receive a 2.0 percent wage increase on July 1, 2014 and July 1, 2015 and 2.25 percent on July 1, 2017. Eligible retired employees will receive retroactive wage increases of 2.0 percent for each July 1, 2012 and July 1, 2013. *The Governor recommended \$3.9 million less than identified in the Budget Office's first quarter report, as \$5.6 million of retroactive payments now appear as part of FY 2016 expenses. The total is \$0.1 million less than initial estimates reflecting statewide benefit savings. The Assembly concurred.*

**Contracted Psychiatric Services.** The Department requested \$53,136 more than enacted from general revenues for contracted psychiatric services, including emergency psychiatric services. This reflects a new contract with Lifespan that began at the start of the current year. The Department reported that these types of treatment programs are essential to the rehabilitation of an inmate and services are often court mandated and therefore must be provided. The previous on-call psychiatrist for weekends and nights retired, in its FY 2017 budget submission, the Department anticipated that the costs for these services would increase though a new contract had not been finalized at the time. A new contract was awarded to Lifespan in order to address these needs as well as the services provided for weekend and off hours. *The Governor recommended \$17,913 less than requested, which assumes spending on medical services can be constrained. The Assembly concurred.*

**Correctional Officer Class 81.** The Department requested \$0.9 million less than enacted from general revenues for staffing and operating costs related to the hiring of 50.0 new correctional officers from its recently graduated correctional officers training class 81. The request includes \$2.4 million for salaries and benefits, or \$0.5 million less than enacted, offset by \$2.8 million from overtime savings, or \$0.4 million

more than assumed in the enacted budget. The request also includes a minor reduction in supplies needed for the class. Prior to November 2016, there were 74.0 correctional officer vacancies and new officer training classes had been suspended pending the outcome of a lawsuit brought against the Department by the federal Department of Justice.

Despite the ongoing lawsuit, the Department and state Attorney General reached an agreement with the Department of Justice allowing it to resume holding correctional officer's classes in order to address staffing needs. Class began in the fall of 2016, with new trainees graduating on November 14, 2016, and hired during the pay period ending November 26. It anticipates addressing the remaining vacancies and attrition with another class to be held in the fall of 2017.

The request also includes \$30,907 less from general revenues for supplies related to the new correctional officer class. The FY 2017 enacted budget includes \$0.8 million for all operations related to the new officer class. The decrease in medical and security supplies reflects current expenditures.

In December 2016, the Department submitted a corrective action plan that includes a general revenue savings of \$0.1 million, reflecting a reduction in additional overtime pay from graduating and hiring 2.0 more correctional officers than anticipated in the revised request; however, costs associated with hiring these correctional officers would offset this savings. *The Governor's budget assumes an additional \$0.1 million of overtime savings, consistent with the corrective action plan.* **The Assembly concurred.**

**All Other Institutional Corrections Staffing.** The Department requested \$0.1 million less for salaries and benefits for all other institutional corrections staffing, including \$0.2 million less from general revenues, \$0.1 million more from federal funds, and \$10,000 more from restricted receipts. The changes include \$0.9 million more for employee benefits to reflect updated statewide planning values, offset by \$1.1 million in overtime savings from consolidating female work release inmates with the larger population at one facility. The revised request includes \$2.2 million in turnover savings, consistent with the enacted budget. Currently, 1,161.0 of the 1,203.0 full-time equivalent positions are filled, or 42.0 less than enacted and largely reflecting correctional officer vacancies.

In its first quarter report, the Department reported that it will receive nearly \$0.2 million more from federal funds than anticipated in its revised request, which can be used to offset its request for general revenues. *The Governor recommended \$0.3 million less from general revenues than requested, reflecting additional federal funds received and identified in its first quarter report and statewide benefit savings.* **The Assembly concurred.**

**Medication Assisted Treatment Program.** The Department's request includes \$2.0 million for a new medication-assisted treatment program for opioid users, consistent with the enacted budget. For FY 2017, the Assembly funded a new initiative to treat opioid users in the Adult Correctional Institution. The funds are used to screen for opioid use and disorders and assess new inmates to determine treatment options. The initiative is also intended to start medication-assisted treatment prior to release with community referral for ongoing treatment. The Department reported that approximately 70 percent of inmates suffer from drug and/or alcohol abuse. Also, a study of 419 individuals within two weeks of incarceration found that about 75 percent screened positive for likely substance abuse disorders and 26 percent reported frequent opioid abuse.

The program is being led by the Department's Medical Programs Director and a vendor contract has been established with CODAC Behavioral Healthcare. The Department is also working with Brown University to monitor and evaluate services. Inmates have been enrolled in the program and tests will continue to be administered to other inmates. Treatment will begin upon immediately entering admission and inmates serving less than one year will continue treatment throughout their time. Those serving longer sentences will be tapered off.

Approximately 2,175 inmates would be eligible for the services provided through this program across three subpopulations. These include opioid users who are already receiving methadone maintenance or soboxone treatment services in the community, users who are not receiving treatment in the community but who are appropriate candidates for the program, and users who have not been treated while incarcerated but who would benefit from starting the program pre-release.

*The Governor recommended shifting funding from this program to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals; however, the Department of Corrections would continue to operate the program. According to supporting documentation, the funding transfer reflects the need to meet a maintenance of effort requirement for federal substance abuse funding awarded to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.*

*The Governor also included legislation allowing the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to meet its maintenance of effort using other state funds so it is unclear if the shift of medication-assisted treatment program expenses is necessary. **The Assembly did not concur with the transfer of funding and enacted legislation to use Medicaid funds as match on the federal maintenance of effort requirement.***

**Electronic Medical Records Enhancements.** The Department requested \$0.2 million more than enacted from general revenues to purchase a new electronic medical records system and continue maintenance on the current system. This includes total project costs of \$0.3 million, offset by shifting \$0.1 million of funds enacted for updates to the current records system. The Department indicated its current system is antiquated and costly to maintain; the current software license will also expire in April 2017. In anticipation of the license expiring, the Department tested new software and explored programming changes to the existing system. In the summer of 2016, it determined that purchasing a new system would be more cost effective; however, this decision occurred after the FY 2017 budget was enacted. The request includes funds to purchase the software and contract services to install and build out the programming. It will also continue to maintain its current software to prevent any lapse in patient care. *The Governor recommended total project costs of \$0.3 million to be funded from the Information Technology Investment Fund. **The Assembly concurred.***

**Body Scanner.** The Department requested \$0.3 million from general revenues to purchase a body scanner to be used at the intake service center. The Department reported that the scanner is required to decrease the number of narcotic overdoses and/or deaths from contraband that finds its way into the facility through the commitment process. Although the offenders are searched, there are many areas to hide these narcotics. Opioid overdoses continue to occur among the recently incarcerated population, despite searches of those admitted.

*The Governor recommended the equipment be purchased as part of the Department's asset protection capital project from Rhode Island Capital Plan funds. **The Assembly concurred.***

**Other Institutional Corrections Operations.** The Department's request for all other institutional corrections' expenses is \$0.2 million more than enacted including \$47,320 less from general revenues. The general revenue reduction includes minor adjustments to office supplies and other various operating costs. The increase from federal fund expenditures is largely related to a new grant award for puncture proof vests, as well as increases in family reunification related funding. *The Governor recommended \$48,203 less than requested from general revenues, reflecting reductions for utilities, ground maintenance, and snow removal.*

*The Governor subsequently submitted an amendment sifting \$35,000 of federal forfeiture funds from restricted receipts to federal funds, reflecting a request from the United States Department of Justice. **The Assembly shifted \$0.3 million from general revenues for facility renovations and repairs to Rhode***

**Island Capital Plan funds within the Department's asset protection capital project and concurred with the remainder of the recommendation.**

### **Other Programs**

**Cognitive Behavioral Therapy.** The Department's request includes the enacted amount of \$0.9 million from general revenues to support a new cognitive behavioral therapy initiative. The Department historically provided evidence-based programming to incarcerated individuals but not to probationers and parolees. Meanwhile, the rate recidivism among the probation and parole population is a driving factor of incarceration rates. For FY 2017, the Assembly provided funding for cognitive behavioral training for 800 probationers and parolees that are designated medium and high risk from the assessment process.

The Department will contract with a vendor to provide these services and submitted a request for proposals on November 30, 2016. As of December 2016, the vendor contract for the behavioral therapy initiative has not yet been established. It is unlikely that the vendor will begin as planned on January 1, 2017. *The Governor recommended funding as requested.* **Based on the Department's third quarter report, the Assembly reduced general revenue expenditures by \$0.3 million.**

**All Other Salaries and Benefits.** The Department requested an additional \$0.1 million, almost entirely from general revenues for salaries and benefits for the Department's other programs. The additional funding requested reflects \$0.2 million more for employee benefits based on updated state planning values offset by \$0.1 million less for overtime expenditures. The Department also decreased turnover savings assumed for the parole board and community corrections programs; however, it increased turnover savings for central management by a like amount. Excluding the 4.0 new probation and parole officers hired as part of the justice reinvestment initiative, the FY 2017 enacted budget included general revenue savings of \$1.5 million which, based on the average cost per position, is equivalent to approximately 14.0 vacant positions. There are currently 12.0 vacant positions across the central management and community corrections programs. *The Governor recommended \$36,582 less than requested from general revenues, reflecting savings from statewide benefit adjustments.* **The Assembly concurred.**

**Recruitment Lawsuit - Legal Services.** The revised request includes \$220,220 more from general revenues for expenditures related to the ongoing lawsuit by the U.S. Department of Justice. The federal government alleges that the Department's entrance exams for correctional officers creates an unintentional adverse impact against certain minorities. The lawsuit seeks to prohibit the Department of Corrections from using its current examinations as part of the selection process for correctional officers.

The selection process for new officers had been suspended because of the allegations. However, while the Department continues to dispute the allegations, the federal government has allowed classes to resume in order to address the growing number of correctional officer vacancies. The Department is being represented by the state Attorney General's office in this matter and requested additional funding for expert witnesses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Staff Development Grants.** The Department requested \$0.1 million more than enacted to reflect updated grant awards and carry-forward of unused federal grants that support existing staff development programs for the current fiscal year. These grants support a variety of functions, including staff activities aimed at crime control and prevention and overall improvement of the criminal justice system. These activities include information sharing, research and evaluation of existing programs, database system improvement and professional development training. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Educational Grants.** The Department requested \$0.1 million more from federal funds to support its existing educational programs, including special education for eligible inmates. This reflects carry-forward

funding from prior year grants. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Victim Services Grants.** The Department requested \$0.2 million more from federal funds to support its existing victim service initiatives, including the Office of Victim Services. This reflects updated grant awards. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Projects.** The Department requested \$1.1 million less than enacted from Rhode Island Capital Plan funds for its capital projects scheduled for FY 2017. This reflects revisions to several projects and is largely consistent with its capital budget request. The Department's capital request includes funding for one new project in FY 2017; however, this project is shifted to FY 2018 in its revised request. *The Governor recommended total project costs of \$8.0 million, or \$2.7 million less than requested.*

**The Assembly reduced FY 2017 Rhode Island Capital Plan funds for several projects by a total of \$3.0 million based on updated project schedules. It also provided an additional \$0.1 million for the Department's asset protection project for facility renovations previously funded from general revenues. A more detailed description of the capital projects is available in the Capital Budget section of this publication.**

**All Other Operations.** Excluding costs associated with institutional corrections, the Department requested \$0.1 million more than enacted from general revenues for all other expenses. The general revenue change reflects increased costs for dues for national memberships, contracted clerical services, new copy machines, firing range rental, internet services, and other adjustments. *The Governor recommended \$29,400 less than requested, including \$16,400 less for rental of a firing range used for weapons qualification, reflecting FY 2016 actual expenditures, and \$15,000 less for new copy machines.* **The Assembly concurred.**

**Tax Offset Program.** In December 2016, the Department of Corrections submitted a corrective action plan that identifies the ability to generate \$0.4 million in additional general revenues by continuing and expanding its tax offset program. In FY 2016, the Department began the initiative for outstanding debt owed for probation supervision fees. For FY 2017, it has expanded the program to include outstanding debt owed from the home confinement population. It assumes that a total of \$0.4 million will be collected in FY 2017. *The Governor did not include this proposal.* **The Assembly concurred.**

**Donald Price Facility and Land Sale.** In December 2016, the Department submitted a corrective action plan that proposes selling one of the vacant facilities under its control. This is identical to a proposal in its FY 2018 constrained request to sell the Donald Price facility and land. Both the corrective action plan and the FY 2018 constrained request identify \$8.6 million in new revenues from the sale. Funds raised from sale of land would be deposited into the state's restricted Information Technology Fund. *The Governor did not include this proposal.* **The Assembly concurred.**



## Judicial Department

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Supreme Court	\$ 35,857,553	\$ 36,240,382	\$ 39,343,346	\$ 37,711,346
Defense of Indigent Persons	3,864,646	3,784,406	3,803,166	3,803,166
Commission on Judicial Tenure & Discipline	184,348	124,865	124,489	124,489
Superior Court	22,863,807	23,230,091	23,363,501	23,363,501
Family Court	23,287,467	24,266,324	23,716,552	23,716,552
District Court	12,383,240	12,307,104	12,946,870	12,946,870
Traffic Tribunal	8,358,877	9,018,180	8,942,992	8,942,992
Workers' Compensation Court	6,738,785	8,096,017	8,011,286	8,011,286
<b>Total</b>	<b>\$ 113,538,723</b>	<b>\$ 117,067,369</b>	<b>\$ 120,252,202</b>	<b>\$ 118,620,202</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 80,781,791	\$ 84,474,048	\$ 84,577,839	\$ 84,577,839
Contracted Services	1,820,150	2,013,354	2,130,976	2,148,976
<b>Subtotal</b>	<b>\$ 82,601,941</b>	<b>\$ 86,487,402</b>	<b>\$ 86,708,815</b>	<b>\$ 86,726,815</b>
Other State Operations	13,641,137	12,257,041	13,944,108	13,944,108
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	10,806,788	11,066,600	11,212,246	11,212,246
Capital	6,488,857	7,256,326	8,387,033	6,737,033
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 113,538,723</b>	<b>\$ 117,067,369</b>	<b>\$ 120,252,202</b>	<b>\$ 118,620,202</b>
<b>Sources of Funds</b>				
General Revenue	\$ 95,181,220	\$ 96,606,091	\$ 97,067,590	\$ 97,067,590
Federal Aid	3,595,600	3,254,091	3,948,329	3,948,329
Restricted Receipts	9,754,423	11,682,187	13,132,527	13,150,527
Other	5,007,480	5,525,000	6,103,756	4,453,756
<b>Total</b>	<b>\$ 113,538,723</b>	<b>\$ 117,067,369</b>	<b>\$ 120,252,202</b>	<b>\$ 118,620,202</b>
<b>FTE Authorization</b>	<b>724.3</b>	<b>723.3</b>	<b>723.5</b>	<b>723.3</b>
<b>FTE Average</b>	<b>666.4</b>			

**FY 2017 Revised Request.** The Judiciary requested an additional \$4.5 million of spending for FY 2017 including increases of \$1.8 million from general revenues, \$0.7 million from federal funds, \$1.5 million from restricted receipts, and \$0.6 million from Rhode Island Capital Plan funds. *The Governor recommended \$1.3 million less than requested, primarily for staffing costs. She included 723.5 positions, 0.2 more than enacted, but the adjustment appears to have been made inadvertently. The Governor subsequently requested amendments to add restricted receipts to reflect the first year of a two-year grant for best practices and strategies in implementing the case management system and shift \$1.5 million from Rhode Island Capital Plan funds from FY 2017 to FY 2019 to reflect a revised schedule for the Noel Shelled Courtroom Build Out project.* **The Assembly included the enacted level of 723.3 positions, added**

**\$18,000 from restricted receipts and essentially concurred with the remainder of the recommendation.**

**Pay-Go Judges Pensions.** The revised request includes an increase of \$5,489, including \$8,489 more from general revenues and \$3,000 less from restricted receipts for retirement costs for judges and magistrates hired before 1990 who are not part of the state employees' retirement system. The pension costs are paid through an annual appropriation on a pay-as-you-go basis rather than the retirement trust fund. This revision reflects a stipend paid in FY 2017 and updated estimates for newly retired judges. The Judiciary has noted there are currently six remaining active judges whose pensions will be paid this way and they all meet the eligibility threshold to retire. *The Governor recommended funding as requested. The Assembly concurred.*

**Veterans' Treatment Court.** The Veterans' Treatment Court functions as a specialized calendar within the District Court. The specialized calendar is a jail diversion program aimed at addressing veterans charged primarily with misdemeanor offenses. The 2015 Assembly added \$0.2 million from federal funds to reflect a new grant award and the following year the Assembly added \$0.1 million to reflect eligible personnel expenditures from this federal grant. Funding allows the Judiciary to expand operations to serve a larger population of veterans and provides additional services. The Assembly also increased the number of District Court judges from 12 to 13 and established the Veterans' Calendar in statute. It added a 1.0 full-time equivalent position and \$234,000 from general revenues for the new judge position.

The Judiciary requested \$0.1 million more than enacted from federal funds. The Judiciary noted that the increase represents carry-over funds from a federal grant, which expires in FY 2018. *The Governor recommended funding as requested. The Assembly concurred.*

**Indigent Defense Services.** The Judicial Department requested \$18,760 more than enacted from general revenues for indigent defense services. This program assigns private attorneys to clients that the Office of the Public Defender is unable to provide legal representation services to because of conflicts of interest. The revised request is based on actual expenses in recent fiscal years. *The Governor recommended funding as requested. The Assembly concurred.*

**Judicial Appointments.** The FY 2017 enacted budget includes \$1.4 million from general revenues for new judicial appointments, which was partially offset by a \$1.1 million reduction to reflect turnover in the courts. The Judiciary requested \$23,256 more than enacted from general revenues to reflect estimates for six newly confirmed judges, including three in Family Court, two in District Court, and one in Superior Court. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salaries and Benefits.** The Judiciary requested \$0.2 million more than enacted, including \$0.7 million more from general revenues, \$0.3 million more from federal funds, and \$0.7 million less from restricted receipts for salaries and benefits excluding the items discussed separately. The restricted receipts are shifted from personnel costs to information technology expenditures relating to the case management system conversion. The overall increase of \$0.2 million includes \$0.5 million for updated planning values and the remaining change primarily reflects restoring turnover savings. The revised request contains \$3.6 million of turnover savings; based on the Judiciary's average salary per position of \$76,367; this is equivalent to 47.0 positions. As of the pay period ending December 24, 2016, the Judiciary had 44.9 vacant positions.

It should be noted that the request appears to reflect a shift of personnel expenditures from Family Court to Supreme Court based on the Judicial Department's overall needs. This shift, which is also assumed in the Department's FY 2018 request, is equivalent to approximately 9.0 positions. The Judiciary noted that the entire budget is managed based on need across programs. *The Governor recommended \$0.5 million less than enacted and \$0.7 million less than requested from all funds, including \$1.1 million less from general*



revenues. She did not shift personnel costs to general revenues and included \$0.1 million of statewide benefit savings. She also included \$0.5 million of additional turnover for total turnover savings of \$4.1 million for FY 2017, which equates to 57.7 positions. As of the last pay period in January, the Judiciary had 50.9 vacant positions. **The Assembly concurred.**

**Case Management System.** The Judiciary requested \$1.9 million for the ongoing implementation of its case management system, which is expected to be completed in FY 2017. This is \$1.3 million more than enacted, including \$0.9 million more from restricted receipts to purchase computers, servers, and software and \$0.4 million more from general revenues for staff overtime relating to the conversion. It should be noted that the Judiciary's request shifts restricted receipts programmed in the enacted budget for personnel to the case management system conversion. The system will enable electronic filing for all courts through the internet, and will replace the current system that relies on duplicated data input and paper files. *The Governor recommended \$0.5 million less than requested from restricted receipts; she did not include the shift from personnel expenditures. She subsequently requested an amendment to add \$18,000 from restricted receipts in FY 2017 to reflect the first year of a two-year grant from the State Justice Institute for best practices and strategies in implementing the case management system. The Judiciary indicated that the funding will be utilized for a consultant who will make recommendations on simplifying forms, triaging services, making rule changes, training, and specific access services for self-represented litigants.* **The Assembly concurred with the amended recommendation.**

**Other Court Technology.** The Judiciary requested \$43,456 less than enacted, including \$0.2 million more from general revenues and \$0.3 million less from restricted receipts for information technology improvements throughout the court system, which are not related to its case management system. The new general revenue expenditures include \$0.1 million for additional information technology support for daily operations during the case management system conversion and \$0.1 million for a one-time expense for a software licensing agreement. The request also includes funding for the video conferencing upgrades, copier replacements, and network routers, digital displays, and wireless routers assumed in the enacted budget. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Interpreters and Translators.** The Department requested \$0.1 million more than enacted, including \$126,000 more from general revenues and \$4,000 more from restricted receipts for interpreter and translator services for FY 2017. The increased costs are based on FY 2016 expenditures; the Judiciary noted that expenses have increased because of federal requirements for language access. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Outside Legal Services.** The Judiciary requested \$0.1 million more than enacted from general revenues for outside legal services for a judicial tenure and discipline matter involving a District Court Judge. The Judicial Department indicates that the public hearing is scheduled to begin toward the end of January 2017 and may last for several weeks.

The Judiciary subsequently submitted revisions to its request to increase general revenues by \$0.2 million for this matter. It noted that the preparation in advance of the public hearing involved a significant amount of legal and investigatory work. *The Governor recommended \$0.5 million, including \$0.3 million from restricted receipts and \$0.1 million from general revenues; this is \$84,700 less from general revenues than the Judiciary's original request.* **The Assembly concurred.**

**Facilities and Operations.** The Department requested \$0.6 million more than enacted, including \$0.2 million more from general revenues and \$0.4 million more from restricted receipts for contracted services and purchases related to facility repairs, utilities, and maintenance. This includes janitorial services, inspection and repair of elevators and HVAC systems, minor renovations and repairs and other routine building maintenance. This primarily reflects an increase for maintenance and repairs based on FY 2016 actual spending. *The Governor recommended \$0.1 million less than requested from general revenues. This*

*includes \$59,000 less for armored car services between state courthouses and area banks and \$14,938 less to reflect statewide natural gas savings. **The Assembly concurred.***

**Capital Projects.** The Department requested \$0.6 million more than enacted from Rhode Island Capital Plan funds for capital projects during FY 2017. This includes funding for the restoration of the Licht Judicial Complex, the build out of the shelled courtrooms at the Noel Judicial Complex, the replacement and/or restoration and/or cleaning of the heating, ventilation and air conditioning system for all judicial complexes, and asset protection projects. The Judiciary's FY 2017 revised request is not consistent with its FY 2018 through FY 2022 capital request in that the operating request includes unspent funds from FY 2016; the agency noted that some of the unspent funds were inadvertently excluded from its capital request and the totals in the operating request are correct. *The Governor recommended \$12,640 less than requested to reflect minor adjustments to two projects. She subsequently requested an amendment to shift \$1.5 million from FY 2017 to FY 2019 to reflect a revised schedule for the Noel Shelled Courtroom Build Out project. **The Assembly shifted \$1.7 million from FY 2017 to FY 2019 to reflect that the Noel Shelled Courtroom Build Out project is behind schedule. A detailed analysis of the projects is included in the Capital Budget section of this publication.***

**Indirect Cost Recovery Adjustment.** The Judiciary's request added \$1.1 million in expenses from restricted receipts to appropriately reflect the treatment of indirect cost recovery expenses. The Judiciary noted that while indirect cost recoveries had been reflected differently, based on a meeting with the Office of the Auditor General in FY 2016, the Department is utilizing a more appropriate way to reflect indirect cost expenses that are reimbursed with federal funding. *The Governor recommended funding as requested. **The Assembly concurred.***

**Other Operations.** The Department requested \$0.4 million more for all other expenses. This includes \$7,617 less from general revenues, \$0.2 million more from federal funds, and \$0.2 million more from restricted receipts, primarily from the workers' compensation administrative fund. The requested changes are for expenditures such as rental costs, insurance, medical services, computer equipment, and training costs. The changes largely reflect actual FY 2016 experience. The increases include, for example, upgrades to assistive listening devices, new judges training, and rental costs for jurors' parking. *The Governor recommended \$26,636 more than requested from all sources, including \$83,904 less from general revenues and \$110,540 more from federal sources. The general revenue changes mainly reflect historical expenditures for stenographic services and training and an adjustment to insurance expenses and the federal funds primarily reflect adjustments to the victims of crime and family treatment drug court grants. **The Assembly concurred.***

## Military Staff

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 7,219,770	\$ 9,127,755	\$ 8,384,185	\$ 8,334,185
Contracted Services	1,354,364	1,675,497	1,662,233	1,662,233
<b>Subtotal</b>	<b>\$ 8,574,134</b>	<b>\$ 10,803,252</b>	<b>\$ 10,046,418</b>	<b>\$ 9,996,418</b>
Other State Operations	4,894,811	6,553,019	6,541,996	6,929,996
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	266,884	515,150	313,750	313,750
Capital	1,636,463	5,305,895	4,094,781	3,569,781
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 15,372,292</b>	<b>\$ 23,177,316</b>	<b>\$ 20,996,945</b>	<b>\$ 20,809,945</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,219,237	\$ 2,659,719	\$ 2,626,341	\$ 2,576,341
Federal Aid	12,090,517	17,497,797	16,660,113	17,080,113
Restricted Receipts	52,864	337,300	132,000	100,000
Other	1,009,674	2,682,500	1,578,491	1,053,491
<b>Total</b>	<b>\$ 15,372,292</b>	<b>\$ 23,177,316</b>	<b>\$ 20,996,945</b>	<b>\$ 20,809,945</b>
<b>FTE Authorization</b>	<b>92.0</b>	<b>92.0</b>	<b>92.0</b>	<b>92.0</b>
<b>FTE Average</b>	<b>78.5</b>			

**FY 2017 Revised Request.** The Military Staff's revised request includes \$48,948 less than enacted, including \$25,366 more from general revenues to reflect a reappropriation, \$0.6 million less from federal funds, \$5,300 less from restricted receipts, and \$0.5 million more from Rhode Island Capital Plan funds. *The Governor recommended \$2.1 million less than requested, including \$0.1 million less from general revenues. She subsequently requested amendments to classify federal forfeiture expenditures as federal funds instead of restricted receipts, per the request of the U.S. Department of Justice, add \$0.4 million from Google settlement funds for equipment purchases, and shift \$0.5 million from Rhode Island Capital Plan funds from FY 2017 to FY 2019 to reflect a revised schedule for the Joint Force Headquarters Building project. The Assembly reduced general revenues by \$50,000 based on current spending, and concurred with the remainder of the recommendation.*

**Firefighters.** The Military Staff requested \$45,689 less than enacted for salaries and benefits for the Rhode Island National Guard firefighters program, including \$48,827 more from general revenues and \$94,516 less from federal funds. The Military Staff attributed the shift to general revenues to promotions that have increased firefighter salaries to an amount above the federal Government Service pay scales and newly hired firefighters starting at salaries already above the wage cap. The revised request includes \$59,566 from general revenues for salaries for three new firefighters, who were not yet hired when last year's salary and wage projections were submitted. The remainder of the general revenue increase includes \$15,801 to reflect two promotions from crew chief to assistant chief toward the end of FY 2016 and \$16,243 more to fill vacant positions.

The Rhode Island National Guard was notified in October 2013 that the federal National Guard Bureau will only reimburse the state for the cost of firefighters being paid at a level consistent with federal Government Service pay scales, capped at \$59,617 annually. The change only applies to those firefighters hired after 2012. The average salary cost per firefighter in the Rhode Island Air National Guard is \$65,677 per year in the agency's FY 2017 revised request.

The request funds 30.0 full-time equivalent positions, including 18.0 full-time firefighters that are specialized in fire containment and disaster response involving National Guard vehicles, 9.0 crew chiefs, and 3.0 assistant chiefs. The enacted budget includes funding for all 30.0 authorized positions. There are currently three vacancies in the program, all of which are crew chiefs. The agency subsequently submitted information indicating that it intends to convert two of the crew chief positions to firefighter positions; the Military Staff noted that it planned to fill these vacancies in FY 2017. *The Governor recommended \$88,470 less than requested primarily from federal funds to reflect turnover savings from vacant positions as well as statewide benefit savings.* **The Assembly concurred.**

**Cybersecurity.** The Military Staff requested the enacted level of \$50,000 from general revenues for the Rhode Island National Guard to participate in the Governor's Cybersecurity Commission working groups. The National Guard is prohibited from using federal funds for such state activities. The current request serves as a placeholder as funds will be expended as needed. *The Governor recommended funding as requested.* **The Assembly removed the funding; the Military Staff indicated that it is unlikely the \$50,000 will be spent in FY 2017.**

**All Other Salaries and Benefits.** The Military Staff requested \$432,171 less than enacted, including reductions of \$0.1 million from general revenues and \$0.4 million from federal funds for salaries and benefits for the remaining 62.0 full-time equivalent positions. This represents additional turnover savings equivalent to approximately three positions, benefit rate changes and actual employee benefits selections. The Military Staff noted that it inadvertently requested \$26,435 less than it intended, including \$578 more from general revenues and \$27,013 less from federal funds. Corrected for that, the request would be \$405,736 less than enacted, including \$66,051 less from general revenues. *The Governor recommended \$86,288 less than requested primarily from federal funds to reflect additional turnover savings as well as statewide benefit savings.* **The Assembly concurred.**

**Counterdrug Asset Forfeiture.** The Military Staff's revised request includes \$5,300 less from restricted receipt expenditures planned from asset forfeitures generated from the Guard's counterdrug activities. The funds are part of the state's overall Google settlement, and will be used for travel expenses and supplies in support of the Guard's counterdrug operations. Total Google settlement funds allocated to the Military Staff are \$5.0 million; the FY 2017 revised request includes \$32,000. *The Governor recommended funding as requested. She subsequently requested amendments to classify federal forfeiture expenditures as federal funds instead of restricted receipts, per the request of the U.S. Department of Justice and to add \$0.4 million from Google settlement funds, including \$378,000 to purchase equipment to assist the law enforcement community in responding to the opioid crisis and \$10,000 for an unanticipated equipment purchase.* **The Assembly concurred with the amended recommendation.**

**Military Funeral Honors.** The Military Staff requested \$400 less than enacted from general revenues to reflect the projected cost for military funeral honors in FY 2017. Retired military members are paid a \$50 stipend to perform military honors at the funerals, including a firing party as well as a bugler playing "Taps". The National Guard pays stipends for two individuals. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Snow Removal.** The Military Staff requested \$0.3 million more from all funds, including \$34,241 more from general revenues and \$258,170 more from federal sources, for anticipated snow removal costs. The Military Staff spent \$250,000 in FY 2016 reflective of a mild winter; its FY 2017 revised request for

\$842,411 appears to anticipate a very heavy snow season. The Master Cooperative Agreement allows for approximately 90 percent federal reimbursement for snow removal costs. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Utilities.** The Military Staff requested \$0.4 million less to reflect anticipated expenditures for electricity, fuel, water and sewer payments, which are shared expenses with the National Guard. This includes decreases of \$0.3 million from federal funds and \$0.1 million from general revenues for the state match. The requested changes are based on actual expenditures in recent fiscal years and the anticipated usage. *The Governor recommended \$56,444 less than requested from general revenues to reflect natural gas savings from a reverse auction led by the Office of Energy Resources.* **The Assembly concurred.**

**All Other Facilities and Operations.** The Military Staff requested \$0.8 million more from all funds, including \$0.1 million less from general revenues and \$0.9 more from federal funds for facility repairs and maintenance. This includes minor renovations and repairs at all National Guard facilities, projects at other armories and militia facilities, custodial services at armories, security services, and fire inspection. The agency indicated that its request includes adjustments to general revenues and federal funds based on revisions to the projects expected to move forward and better reflects the state and federal shares for specific projects. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Reappropriation - Security and Repairs.** The Governor reappropriated \$25,366 from general revenues for the Military Staff. The funding will be utilized for state match for several items for which invoices were received after the end of FY 2016. This includes \$8,323 for fencing as part of anti-terrorism security initiatives, \$7,102 for computer equipment, \$5,132 for lawn mower repairs, and \$4,809 for emergency repairs to an armory floor and HVAC system. *The Governor recommended funding as requested.* **The Assembly concurred.**

**All Other Operations.** The Military Staff requested \$0.2 million less for all other expenses for the National Guard, including an increase of \$0.1 million from general revenues and a reduction of \$0.3 million from federal funds. The general revenue increase includes \$44,923 for a replacement vehicle and equipment; the Military Staff indicated that it purchased a 2016 Ford Expedition for National Guard business and as the new Adjutant General vehicle to replace a 2000 Ford Taurus that is no longer running. The federal funds changes include numerous adjustments including to supplies and equipment, insurance and travel expenses. *The Governor recommended \$0.2 million less than requested, including \$1,000 less from general revenues for insurance and \$0.2 million less from restricted receipts for the Military Family Relief Fund to better reflect historical expenditures of about \$0.1 million annually.* **The Assembly concurred.**

**Capital Projects.** The Military Staff requested \$0.1 million less than enacted to be used for capital projects at buildings under its purview throughout the state. This includes \$0.6 million less from federal funds and \$0.5 million more from Rhode Island Capital Plan funds. The changes are to the Armory of Mounted Commands Rehabilitation, Benefit Street Arsenal Rehabilitation, Asset Protection, and Joint Force Headquarters Building projects. The Military Staff's FY 2017 revised request is not consistent with its FY 2018 through FY 2022 capital request in that the operating request includes unspent funds from FY 2016; the agency noted that some of the unspent funds were inadvertently excluded from its capital request and the totals in the operating request are correct. *The Governor recommended \$1.7 million less than requested from Rhode Island Capital Plan funds to reflect revised project schedules for several projects. She subsequently requested an amendment to shift \$0.5 million from FY 2017 to FY 2019 to better reflect the current schedule for the Joint Force Headquarters Building project.* **The Assembly concurred with the amended recommendation. A detailed analysis of the projects is included in the Capital Budget section of this publication.**



## Rhode Island Emergency Management Agency

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 2,732,499	\$ 3,583,716	\$ 3,078,681	\$ 3,078,681
Contracted Services	552,490	744,823	956,111	956,111
<b>Subtotal</b>	<b>\$ 3,284,989</b>	<b>\$ 4,328,539</b>	<b>\$ 4,034,792</b>	<b>\$ 4,034,792</b>
Other State Operations	4,649,179	2,039,590	2,901,675	2,901,675
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	9,008,053	15,850,524	12,775,847	12,775,847
Capital	1,693,551	1,775,485	2,446,239	2,214,164
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 18,635,772</b>	<b>\$ 23,994,138</b>	<b>\$ 22,158,553</b>	<b>\$ 21,926,478</b>
<b>Sources of Funds</b>				
General Revenue	\$ 1,762,456	\$ 1,848,876	\$ 1,847,848	\$ 1,847,848
Federal Aid	16,741,641	20,094,466	17,946,354	17,946,354
Restricted Receipts	131,675	861,046	448,112	448,112
Other	-	1,189,750	1,916,239	1,684,164
<b>Total</b>	<b>\$ 18,635,772</b>	<b>\$ 23,994,138</b>	<b>\$ 22,158,553</b>	<b>\$ 21,926,478</b>
<b>FTE Authorization</b>	<b>32.0</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>
<b>FTE Average</b>	<b>26.0</b>			

**FY 2017 Revised Request.** The Rhode Island Emergency Management Agency requested \$1.5 million less than enacted. This includes the enacted level of general revenues, \$1.6 million less from federal funds, \$0.6 million less from restricted receipts, and \$0.7 million more from Rhode Island Capital Plan funds. The Agency requested 32.0 positions, 3.0 more than enacted. It is also currently undergoing a staff reclassification process.

*The Governor recommended \$0.3 million less than requested, including \$1,028 less from general revenues, \$0.5 million less from federal funds, and \$0.2 million more from restricted receipts. She recommended the enacted level of 29.0 full-time equivalent positions, which is 3.0 less than requested. The Governor subsequently requested amendments to reflect a revised project schedule for the Emergency Management Building feasibility study and new information regarding state match for the Hurricane Sandy Cleanup project.*

**The Assembly removed \$0.2 million from FY 2017 to reflect that no additional funds are needed to match federal reimbursements for the Hurricane Sandy Cleanup project, and concurred with the remainder of the original recommendation.**

**Staff Reclassification and 3.0 FTE.** During the FY 2017 budget process, the Assembly lowered the Emergency Management Agency's staffing authorization from 32.0 to 29.0, removing 3.0 unidentified vacancies. The Agency had 8.0 vacant positions during the last several pay periods of FY 2016, and it had no more than 29.0 filled positions throughout FY 2015 and FY 2016. The Agency noted that it was going

through a process to make necessary changes to numerous positions, which includes rewriting outdated job descriptions, and there are positions that will be held vacant until this reclassification process is completed.

The Department of Administration held a public hearing on November 29, 2016 on the Agency's proposed changes to the classified service classification and pay plan. The Agency indicated that there are upgrades and downgrades to numerous positions and it assumed no impact on the state budget. The Agency's FY 2017 revised request restores the three vacant positions removed by the 2016 Assembly; it noted that the restoration will allow it to appropriately staff emergency management functions, including recovery, planning, and mitigation efforts. *The Governor recommended 29.0 full-time equivalent positions for FY 2017, consistent with the enacted authorization and 3.0 less than requested. A second public hearing on the Agency's proposed changes to the classified service classification and pay plan was scheduled for January 31, 2017. The Assembly concurred with the enacted level of 29.0 positions.*

**Salaries and Benefits.** The Agency requested \$2,879 more than enacted for salary and benefit expenditures. The request includes \$9,887 less from general revenues, \$8,440 more from federal funds and \$4,326 more from restricted receipts. The requested change includes increases that reflect benefit rate changes and actual employee benefit selections, and there is a reduction of \$22,500 for overtime expenses to better reflect actual expenditures in recent fiscal years. *The Governor recommended \$0.5 million less than requested from federal funds to reflect additional turnover savings and \$680 less from general revenues for statewide benefit savings. The Assembly concurred.*

**Statewide Communications Network.** The Agency requested \$3.3 million from all funds, including \$1.3 million from general revenues, \$0.5 million from federal funds, and \$1.5 million from Rhode Island Capital Plan funds for expenses related to the Rhode Island Statewide Communications Network. The request is \$0.1 million less than enacted, including \$2,050 less from general revenues, the enacted level of federal funds, \$0.6 million less from restricted receipts, and \$0.5 million more from Rhode Island Capital Plan funds. The enacted budget assumes that \$0.6 million from restricted receipts from Google settlement funds would be used for the Statewide Communications Network beginning in FY 2017; the Agency did not include the funds in its request and substitutes Rhode Island Capital Plan funds instead. Based on information from the Budget Office, the Department of Public Safety apparently did not respond to some requests for information and may not have asked the Department of Justice about utilizing Google settlement funds for this project. *The Governor recommended \$348 less than requested from general revenues to reflect statewide benefit savings. The Assembly concurred.*

**Disaster Funding.** The Agency requested \$4.6 million less than enacted from federal funds for reimbursements to entities in the state that have applied for federal disaster relief. The decrease reflects actual reimbursements to be made in FY 2016 for entities affected by Hurricane Sandy, Tropical Storm Irene, the 2010 floods, and the blizzards of 2012, 2013 and 2015. *The Governor recommended funding as requested. The Assembly concurred.*

**Emergency Operations and Performance Grants.** The Agency requested \$0.7 million more than enacted based on revised awards and projected expenditures from federal grants for emergency operations. The funding, which is primarily passed through to local emergency management agencies, is used for construction and renovation of a state or local government's principal emergency management operations center and to provide support for emergency operations necessary to ensure continuity of government and operations in major disasters. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Federal Grants.** The Agency requested \$2.2 million more than enacted from federal funds to reflect revised grant awards and expenditures. The request includes changes to multiple grants to reflect funds carried forward from previous years, as well as updated expenditure plans. The major increases in grant spending involve the Federal Emergency Management Flood Clean Up reimbursements, staff training for



emergency response, and Department of Homeland Security related security upgrades. *The Governor recommended funding as requested. The Assembly concurred.*

**Emergency Management Accreditation Program Fee.** The Agency requested \$11,900 from general revenues not included in the enacted budget for an accreditation assessment to become nationally certified through the Emergency Management Accreditation Program. This is a voluntary accreditation process for state and local emergency management programs, which are evaluated on a set of 64 standards. The Emergency Management Agency noted that this national accreditation is the Governor's top priority for the Agency and is also the top priority listed in its strategic plan.

The Agency indicated that it had exhausted federal funds for this purpose and had committed \$640,000 from federal sources toward the accreditation efforts. The federal funds were utilized, for example, to draw up various statewide plans, coordination of all stakeholders involved in disaster events, and online capabilities for continuity of government and operations. *The Governor recommended funding as requested. The Assembly concurred.*

**Port Security.** The Rhode Island Emergency Management Agency's emergency response teams include the Port of Providence Marine Strike Team, a waterside asset to mitigate chemical, incendiary, environmental and life safety incidents and the Flammable Liquids Task Force, which contains, controls, and extinguishes fires, or releases and spills involving flammable or combustible liquids or gases. The Department of Environmental Management oversees the Oil Spill Prevention, Administration, and Response Fund, which is funded from a \$0.05 per barrel fee on petroleum products received at marine terminals in Rhode Island. The Department and the Agency signed a memorandum of agreement on May 12, 2016 specifying that the Department will provide up to \$172,000 annually for the Port of Providence Marine Strike Team and Flammable Liquids Task Force to conduct training and maintain vessels and equipment; the agreement expires on December 31, 2019. The agreement requires that the Department provide the Agency with \$172,000 by January 31, 2017, but the Agency did not include the funds in its operating budget request.

*The Governor recommended \$172,000 from restricted receipts to reflect Oil Spill Prevention, Administration, and Response funds to be utilized by the Agency in accordance with the memorandum of agreement. The Assembly concurred.*

**Other Operations.** The Agency requested \$3,488 less than enacted including \$37 more from general revenues and \$3,525 less from restricted receipts for all other expenditures. The request includes minor adjustments to clerical, telephone and travel expenditures. The Agency's request for restricted receipts includes the enacted level of \$54,080 for funding available through recovery of indirect costs on some of its federal grants. *The Governor recommended funding as requested. The Assembly concurred.*

**Capital.** The Agency's FY 2017 revised request includes \$0.2 million more than enacted from Rhode Island Capital Plan funds excluding funding for the Rhode Island Statewide Communications Network discussed previously. This includes the enacted level of \$0.2 million for a feasibility study in FY 2017 concerning a state-owned building on Colorado Avenue in Warwick that the Agency indicated is of the appropriate size, centralized location, and general configuration to meet its needs and \$0.2 million for the remaining balance of state agency reimbursements for the Hurricane Sandy Cleanup project.

*The Governor recommended funding as requested. She subsequently requested amendments to shift the \$0.2 million for the Emergency Management Building project from FY 2017 to FY 2018 to reflect that the feasibility study is now expected to be completed in the fall of 2017 and remove \$0.2 million from Rhode Island Capital Plan funds from the Hurricane Sandy Cleanup project in FY 2017. The Budget Office indicated that no additional Rhode Island Capital Plan funds are needed to match federal reimbursements for this project.*

**The Assembly concurred with the Governor’s amendment for the Hurricane Sandy Cleanup project and the original recommendation for the Emergency Management Building project; the unspent funds will carry over to FY 2018. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

## Department of Public Safety

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Central Management	\$ 5,376,095	\$ 6,806,251	\$ 10,101,867	\$ 9,367,010
E-911	5,152,654	5,699,440	5,633,864	5,483,864
Fire Marshal	5,306,208	5,146,888	6,918,393	7,032,550
Capitol Police	3,779,300	3,768,875	3,837,608	3,837,608
Sheriffs	18,159,279	19,394,037	19,739,865	19,639,865
Municipal Police Training Academy	455,249	486,141	485,176	601,121
State Police	76,049,749	78,670,512	95,617,748	95,919,125
<b>Total</b>	<b>\$ 114,278,534</b>	<b>\$ 119,972,144</b>	<b>\$ 142,334,521</b>	<b>\$ 141,881,143</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 77,054,716	\$ 82,228,022	\$ 83,278,954	\$ 82,728,474
Contracted Services	795,121	903,791	1,040,862	1,016,936
<b>Subtotal</b>	<b>\$ 77,849,837</b>	<b>\$ 83,131,813</b>	<b>\$ 84,319,816</b>	<b>\$ 83,745,410</b>
Other State Operations	9,574,599	10,180,235	10,568,322	10,627,350
Aid to Local Units of Government	103,447	-	-	-
Assistance, Grants, and Benefits	21,068,559	21,111,955	38,903,266	38,903,266
Capital	5,682,092	5,548,141	8,543,117	8,605,117
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 114,278,534</b>	<b>\$ 119,972,144</b>	<b>\$ 142,334,521</b>	<b>\$ 141,881,143</b>
<b>Sources of Funds</b>				
General Revenue	\$ 93,409,462	\$ 99,442,148	\$ 101,565,164	\$ 100,335,839
Federal Aid	7,133,596	9,292,391	12,131,031	32,177,494
Restricted Receipts	7,709,586	4,452,070	19,742,691	472,175
Other	6,025,890	6,785,535	8,895,635	8,895,635
<b>Total</b>	<b>\$ 114,278,534</b>	<b>\$ 119,972,144</b>	<b>\$ 142,334,521</b>	<b>\$ 141,881,143</b>
<b>FTE Authorization</b>	<b>633.2</b>	<b>610.2</b>	<b>616.6</b>	<b>615.6</b>
<b>FTE Average</b>	<b>571.8</b>			

**FY 2017 Revised Request.** The revised request includes \$28.0 million more than enacted from all sources of funds. This includes increases of \$2.9 million from general revenues, \$2.2 million from federal funds, \$2.2 million from other funds and \$20.7 million from restricted receipts, of which \$15.0 million is to reflect unspent funds for the retirement trust fund that was established by the 2015 Assembly. The Department also requested 6.0 full-time equivalent positions more than the authorized level.

*The Governor recommended \$22.4 million more than enacted from all sources. This is \$5.7 million less than requested, including \$0.8 million less from general revenues. She recommended staffing of 616.6 full-time equivalent positions, 6.4 positions more than authorized, reflecting the transfer of the cybersecurity director position from the Department of Administration, a new commissioner of Public Safety and the restoration of 5.0 eliminated vacancies.*

*She subsequently requested several amendments; one to classify federal forfeiture expenditures as federal funds instead of restricted receipts, per the request of the U.S. Department of Justice. She also requested to increase expenditures for the Municipal Police Training Academy and adjusting federal expenses based on awards received.*

**The Assembly provided total expenditures of \$141.9 million from all sources of funds, \$0.5 million less than recommended to include savings from a delay in filling the cybersecurity director position and turnover. It authorized staffing of 615.6 positions, which excludes authorization for the new commissioner position.**

### **Sheriffs**

**Salaries and Benefits.** The Department requested \$19.0 million, \$1.1 million more than enacted from general revenues for salaries and benefits for the authorized level of 180.0 full-time equivalent positions in the Division of Sheriffs. The request restores all but \$34,440 of the \$0.4 million enacted turnover savings. It includes \$0.5 million, or \$0.1 million less than enacted for overtime, reflective of FY 2016 reported expenditures. In September 2016, the Division filled 15 deputy sheriff positions and as of the first pay period in November, the Division had two vacancies. The request includes \$0.1 million more for current medical benefit costs.

The request appears to be overstated by \$0.6 million, primarily resulting from incorrect benefit calculations. *The Governor recommended \$0.7 million less than requested to correct overstated costs and to reflect statewide benefit savings. The Assembly concurred and assumed additional general revenue turnover savings of \$0.1 million.*

**Recruitment.** The Department requested \$15,840 from general revenues for the recruitment of new sheriffs in the current year; the Sheriffs plan to begin advertising in January 2017. In September 2016, the Division filled 15 deputy sheriff positions, which resulted in the depletion of the Sheriffs' roster of potential new hires. Currently, the Division has three people on its reserve list. The last recruitment class ended in August 2016. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Expenses.** The request includes the enacted amount of \$1.4 million from general revenues for all other expenses. Expenditures for building maintenance payments to the Judiciary for shared space account for more than 43 percent of the enacted budget and the second highest expenditure is for the fleet costs, which account for 30.1 percent. *The Governor recommended \$71,135 less than requested, including \$5,138 more for shared space and offset by \$67,666 less for state fleet loan repayments based on updated costs. The Governor also recommended savings of \$8,607 in the current year to reflect the Department's FY 2018 proposal to extend the time between oil changes. The Assembly concurred.*

### **Capitol Police**

**Salaries and Benefits.** The Department requested \$208,011 more than enacted from general revenues for Capitol Police salaries and benefits. The request includes increased turnover savings to reflect current staffing, offset by increased overtime consistent with FY 2016 expenditures. The request is consistent with the current Capitol Police staffing authorization that includes 38.0 full-time equivalent positions funded from general revenues. The enacted budget assumes an additional 11.0 positions are funded through an internal service fund and are not reflected in the expenditure totals. As of the pay period ending November 12, 2016, the Division reported two vacancies.

The request appears to be overstated by \$0.2 million, primarily resulting from incorrect benefit calculations. *The Governor recommended \$0.2 million less than requested to correct overstated costs and to include statewide benefit savings. The Assembly concurred.*

**Other Expenses.** The Department requested \$5,000 from general revenues for the recruitment of new police officers. The request includes \$2,750 for advertising, \$1,500 for psychological and medical testing of potential recruits, and \$750 to rent space to hold a recruitment event. It should be noted that the FY 2016 final budget included \$5,000 for recruitment; however, due to a delay, the Division only incurred \$938 in expenditures for advertising. The Department indicated that it has started recruiting and is currently finishing with oral interviews. The FY 2018 request includes funding to fill seven new capitol police positions. The request includes the enacted amount of \$144,014 for all other expenses.

*The Governor concurred and included an additional \$6,409 from general revenues. This includes an additional \$3,500 for recruiting, it appears that these costs were inadvertently omitted from the request, \$2,611 for building maintenance payments to the Judiciary for shared space, and \$1,110 for security supplies. The Governor also included savings of \$812 in the current year to reflect the Department's FY 2018 proposal to extend the time between oil changes. The Assembly concurred.*

### State Police

**Contract Reserve.** The previous contract for the State Troopers Association covered the period of May 1, 2010 through April 30, 2013, and was subject to a wage re-opener for the last contract year. The State Troopers Association re-opened the contract for wage negotiations and a settlement was reached in August 2015. The settlement covered a three-year period; May 1, 2013 through May 1, 2015 for a 10.0 percent salary increase, consisting of retroactive hikes of 3.5 percent as of May 1, 2013; 3.0 percent as of May 1, 2014; and 3.5 percent as of May 1, 2015.

In December 2016, a subsequent settlement was reached that provides salary increases retroactive to May 2016 and a 1.25 percent increase, effective July 1, 2017. *The Governor recommended \$1.0 million in both FY 2017 and FY 2018 for costs associated with the contract settlement. The Assembly concurred.*

**Impaired Driving Task Force Staffing Shift.** The enacted budget includes \$1.0 million from federal funds, primarily from the National Highway Traffic Safety Administration to support the Impaired Driving Task Force. This includes \$0.5 million to support 2.5 full-time equivalent positions, consisting of a full-time detective and a sergeant, and a 0.5 full-time equivalent trooper position. The remaining funds are budgeted for overtime. The revised request removes the overtime funds and shifts the \$0.4 million funding for the positions to general revenues.

Subsequent to the budget submission, the Department indicated that the funds for the positions have been received. *The Governor recommended \$0.5 million from federal funds. She subsequently requested an amendment to include an additional \$0.4 million, reflective of the grant received. The Assembly concurred.*

**Other Salaries and Benefits.** The Department requested \$0.3 million more than enacted from all sources for all other salary and benefit costs for the State Police. This includes \$0.7 million more from general revenues, offset by \$0.4 million from all other sources. The request appears to have shifted funding for a lieutenant, for which the enacted budget includes \$250,152, from forfeiture funds to general revenues.

It also assumes \$0.1 million less for personnel assigned to the Lottery Commission and Commercial Enforcement Unit, which conducts roadside inspections based on Federal Motor Carrier Safety regulations, federal and state hazardous material regulations, Rhode Island Size and Weight regulations, and Rhode Island Public Utilities Commission and fuel tax regulations. This is accomplished by both random and planned inspections of vehicles with semi-portable scales that are set up in one of the designated weigh areas. The request also includes \$0.2 million more than enacted to reflect current year medical benefit costs. It also includes funding for several promotions.

The request restores all but \$18,138 of the enacted \$0.5 million in turnover savings. It should be noted that as of the first pay period in November, State Police did not have any positions vacant; however, under current law, sworn members may retire after 20 years of service. They are required to retire after 25 years. As of November 2016, 41 members were eligible; 10 must retire by March 2017 and the request does not include turnover savings from these retirements.

The request appears to be overstated by \$0.2 million, primarily resulting from incorrect benefit calculations. *The Governor recommended \$0.5 million less than requested from all funds, including \$0.4 million less from general revenues. This includes \$0.2 million less to correct overstated costs and \$0.3 million less to reflect statewide benefit and turnover savings. She subsequently requested an amendment to include an additional \$0.1 million based on federal grants received.* **The Assembly concurred and assumed additional general revenue turnover savings of \$0.2 million.**

**Pre-1987 Pensions.** The 2015 Assembly authorized the creation of a trust fund and seeded it with \$15.0 million from restricted receipts available from Google, Inc. forfeiture funds. The funds were subsequently included in the FY 2016 budget, upon the Department of Justice's approval of the trust; however, the payment was not made in FY 2016 as a result of delay in processing. The revised request includes the funds. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to classify federal forfeiture expenditures as federal funds instead of restricted receipts, per the request of the U.S. Department of Justice.* **The Assembly concurred.**

**57<sup>th</sup> Training Academy.** The Department requested new expenditures of \$37,366 from general revenues for the 57<sup>th</sup> Training Academy. This includes \$25,396 for print advertising, lease of a field house for agility testing and \$11,970 for examination of potential recruits. The date for the training academy class has not been set. The last academy class graduated in July 2016. Funding for this was not requested in the original FY 2017 budget. *The Governor recommended delaying the start of the 57<sup>th</sup> Training Academy until FY 2018, for which she recommended \$0.1 million.* **The Assembly concurred.**

**Capital - Secure Vehicle Garage.** Consistent with its capital budget request, the Department requested total project costs of \$1.2 million including \$1.0 million in FY 2017 from federal forfeiture funds for the purchase and installation of a prefabricated secure garage to be located at the headquarters facility complex in North Scituate. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital - Consolidated Training Academy.** The Department requested \$1.9 million from restricted receipts available through forfeiture funds for the construction of a consolidated police training academy. The total project cost is \$19.5 million and it assumes use of \$9.8 million each from Rhode Island Capital Plan funds and restricted receipts available through forfeiture funds. The academy is intended for use by the State Police, the Municipal Police Training Academy, and the Providence Police. The Department reported expenditures of \$0.2 million in prior year spending for the feasibility study, which has been completed and is under review. *The Governor did not recommend funding this project and removed the enacted \$3.5 million in funding. It appears that negotiations pertaining to municipal cost sharing fell through.* **The Assembly concurred.**

**Capital - Lincoln Barracks Renovations.** The Department requested \$2.3 million more than enacted from Rhode Island Capital Plan funds and restricted receipts, reflective of unspent funds from FY 2016 to finish construction of the State Police Lincoln barracks. All but \$2,588 of the request is from forfeiture funds. The project is intended to provide the Division of State Police with a modern facility with administrative space, detective space, male and female locker rooms, a secure entryway and prisoner holding area, a sally port, and Americans with Disabilities Act accessible facilities. *The Governor recommended \$8,757 more than requested based on FY 2016 unspent funds.* **The Assembly concurred.**

**Capital - All Other Projects.** The Department requested \$1.1 million more than enacted from all sources of funds for all other capital projects, consistent with its capital budget request. This includes \$0.5 million from forfeiture funds, of which \$378,739 is for the Computer Crimes Unit and \$155,080 is for renovations to the training academy. The request also includes the automatic reappropriation of \$0.6 million from Rhode Island Capital Plan funds, \$400,000 is for the Barracks Renovations Project and \$210,479 is for asset protection. *The Governor recommended \$1,262 more than requested based on FY 2016 unspent funds.* **A detailed description of the projects are included in the Capital Budget section of this publication. The Assembly concurred.**

**Armored Vehicle Replacement.** The Department requested new expenditures of \$0.2 million from federal forfeiture funds to purchase an armored tactical specialty vehicle. The Department would trade in an armored vehicle that it purchased 11 years ago. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Telecommunication Expenses.** The Department requested \$235,358 more than enacted from federal funds for all telecommunication expenditures. This includes \$0.2 million for software maintenance of the Rhode Island Law Enforcement Telecommunications System, which is connected to the National Law Enforcement Telecommunications System and provides more than 70 criminal justice agencies, including municipal law enforcement, with criminal justice network services. The request also includes \$31,800 for internet services and minor adjustments for phone expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Other Expenses.** The Department requested \$0.3 million more than enacted from all sources of funds for all other expenditures. This includes \$15,750 less from the Lottery Commission, reflective of anticipated assistance. The request also includes \$296,997 more from federal funds for adjustments to State Police grant programs, reflective of the awards for Internet Crimes Against Children, Paul Coverdell Forensic Science grant and several others. The request includes adjustments for computer equipment, staff training and travel.

*The Governor recommended \$83,431 less than requested from all sources, including \$93,585 less from general revenues, of which \$82,953 is based on updated estimates for state fleet loan repayment. She subsequently requested an amendment to include \$0.1 million from forfeiture funds to purchase two vehicles.* **The Assembly concurred.**

### **All Other Programs**

**Commissioner of Public Safety.** Under current law, the Rhode Island State Police Superintendent serves the dual role of the Director of the Department of Public Safety. The Governor proposed legislation to add a new commissioner position to oversee policy and management of all divisions in the Department of Public Safety. This would divide the responsibilities of the Superintendent of State Police into two positions and end its dual role.

*The Governor recommended \$55,054 from general revenues as well as the staffing authorization to fund the position in the current year; however, legislation creating the position is not effective until July 1, 2017. It appears the intent is to submit stand-alone legislation to create this position during FY 2017.* **The Assembly did not concur with the proposal and removed funding and authorization for the position.**

**Cybersecurity.** The enacted budget includes \$0.8 million from general revenues in the Department of Administration, including \$0.3 million to fund a new cybersecurity director in the Department of Administration and related software and training expenses. The revised request includes \$0.1 million in turnover savings, assuming that the position would be filled in December. The Department indicated that a national search was conducted and that the position should be appointed in January 2017.

*The Governor recommended transferring the cybersecurity director position from the Department of Administration to the Department of Public Safety. It is now anticipating a start date in February. The Department of Public Safety's budget includes \$0.4 million for the position and related costs in FY 2017.*

**The Assembly provided \$0.1 million based on a delay in filling the position. The FY 2018 enacted budget maintains the position as well as funding in the Department of Administration.**

**Other Salaries and Benefits.** The Department requested \$0.3 million more from all sources of funds, including increases of \$0.4 million from general revenues, and \$12,500 from restricted sources, and a reduction of \$0.1 million from federal funds for salary and benefit costs for the following programs: Central Management, E-911, Fire Marshal and the Municipal Police Training Academy. The request includes \$68,666 for updated medical benefits. It also includes \$64,904 for additional overtime, \$41,404 for the Fire Marshal reflective of FY 2016 reported expenditures and \$20,000 for E-911 staff who will be attending recertification training.

The request appears to be overstated by \$0.3 million, primarily resulting from incorrect benefit calculations. *The Governor recommended \$0.3 million less than requested to correct overstated benefit costs and included statewide savings. She also included \$69,271 to partially fund 2.0 positions in the Office of the Governor. The Assembly removed the funding for the positions in the Governor's Office and assumed \$0.5 million in turnover savings.*

**Federal Grant Adjustments.** The Department requested \$2.9 million more than enacted from federal funds for federal Department of Justice grant programs administered by the Public Safety Grant Administration Office. The request is reflective of current awards and funds carried forward from the prior year. Of the increase, \$2.7 million is from the Crime Victim Assistance program, which provides funding to support efforts that include responding to the emotional and physical needs of crime victims. Based on historical spending patterns, it appears that the Department routinely overestimates its ability to spend these funds. *The Governor concurred and included an additional \$6,962. She subsequently requested an amendment to include \$0.1 million, reflective of available awards. The Assembly concurred.*

**Operating Expenses.** The Department requested \$31,873 more from general revenues for all other operating expenses. This includes \$32,536 more for firefighter uniforms and investigation gear and \$663 less for all other costs. *The Governor recommended \$31,502 more than requested, including \$56,279 for costs associated with the Fire Marshal's new lease. Effective February 1, the Fire Marshal's Office will centralize its operations by relocating its operations from three sites to leased space on Jefferson Boulevard in Warwick. The recommendation also includes \$38,383 less for state fleet loan repayments based on updated costs and \$13,606 more for all other expenses including furniture and computer supplies.*

*She subsequently requested an amendment to include \$0.1 million from available restricted receipts for the Fire Academy to purchase training equipment. The Assembly concurred.*

**Capital - Fire Training Academy Building.** The Department requested the reappropriation of \$1.6 million from Rhode Island Capital Plan funds to be used for the construction of a new classroom and administration space for the Fire Marshal. It will also include an additional garage bay and the installation of an electrified fence and back-up generators. *The Governor recommended \$2,752 more than requested, reflective of the FY 2016 unspent funds. The Assembly concurred.*



## Office of the Public Defender

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 10,144,313	\$ 10,515,450	\$ 10,499,276	\$ 10,433,276
Contracted Services	224,426	255,813	255,813	255,813
<b>Subtotal</b>	<b>\$ 10,368,739</b>	<b>\$ 10,771,263</b>	<b>\$ 10,755,089</b>	<b>\$ 10,689,089</b>
Other State Operations	933,020	1,018,439	1,018,439	1,018,439
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	31,136	60,000	45,000	45,000
Capital	47,626	47,500	47,500	47,500
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 11,380,521</b>	<b>\$ 11,897,202</b>	<b>\$ 11,866,028</b>	<b>\$ 11,800,028</b>
<b>Sources of Funds</b>				
General Revenue	\$ 11,306,039	\$ 11,784,382	\$ 11,768,208	\$ 11,702,208
Federal Aid	74,482	112,820	97,820	97,820
Restricted Receipts	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>\$ 11,380,521</b>	<b>\$ 11,897,202</b>	<b>\$ 11,866,028</b>	<b>\$ 11,800,028</b>
<b>FTE Authorization</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>	<b>93.0</b>
<b>FTE Average</b>	<b>91.0</b>			

**FY 2017 Revised Request.** The Office of the Public Defender requested \$55,169 more than enacted from all funds, including \$70,169 more from general revenues and \$15,000 less from federal funds. *The Governor recommended \$31,174 less than enacted and \$86,343 less than requested, all from general revenues. The Governor's recommendation inadvertently includes 1.0 less position than enacted; however, she subsequently requested an amendment clarifying the recommendation to be the enacted level of 93.0 positions, consistent with supporting documents.* **The Assembly reduced general revenues by \$66,000 to reflect additional turnover savings and included the enacted level of 93.0 positions.**

**Salaries and Benefits.** The Office requested \$0.1 million more than enacted from general revenues for salaries and benefits. The requested change includes increases that reflect benefit rate changes and actual employee benefit selections, and there is a reduction to reflect turnover savings associated with the replacement of retired employees and holding positions vacant for a longer period of time in order to offset some of the increase in medical costs. *The Governor recommended \$82,677 less than requested, including \$66,503 to reflect additional turnover savings and \$16,174 of statewide benefit savings.* **The Assembly reduced general revenue expenditures by \$66,000 to reflect additional turnover savings based on updated staffing projections.**

**Intake Interviewers and Case Management.** The Office requested \$21,158 less than enacted from general revenues for case management services. The general revenue savings primarily reflect a recent change made by the Office, pursuant to which it will not be utilizing a part-time contract paralegal employee for most of FY 2017. The request includes the enacted amount of \$50,000 to reflect available federal funds

from a grant for case management services, including the assessment and evaluation of adult clients and placement into social service community programs, and general revenues to provide this assistance to juvenile clients. The requested funding also includes general revenues for the continued procurement of seasonal part-time intake interviewers, who are expected to assist in data entry functions and conduct interviews to help determine individuals who are financially eligible for public representation. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Trial Related Expenses.** The Office requested \$16,168 more than enacted from general revenues and the enacted level of \$2,750 from federal funds for contracted trial related expenses. The changes include \$8,316 more for court stenographers based on actual spending in FY 2016, \$5,000 more for an upcoming Superior Court felony trial requiring the use of a French interpreter, and \$5,000 more for expert witnesses, primarily medical experts. *The Governor recommended \$8,510 less than requested from general revenues. She did not provide the requested increases for interpreters and instead based her recommendation on prior spending.* **The Assembly concurred.**

**All Other Operations.** The Office requested \$6,344 less than enacted from all fund sources, including \$8,656 more from general revenues and \$15,000 less from federal funds for all other operations. The primary reason for the general revenue change is \$13,500 more for a settlement of litigation with a former employee and the federal funds reduction is to reflect the anticipated award for the John R. Justice Incentive Grant. *The Governor recommended \$4,844 more than requested from general revenues to better reflect anticipated expenditures for computer and office supplies and equipment.* **The Assembly concurred.**

## Department of Environmental Management

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditure by Program</b>				
Office of the Director	\$ 8,768,735	\$ 9,066,882	\$ 9,609,310	\$ 9,609,310
Bureau of Natural Resources	42,707,303	60,958,096	61,553,386	60,753,386
Bureau of Environmental Protection	27,319,460	32,722,636	32,279,019	32,279,019
<b>Subtotal</b>	<b>\$ 78,795,498</b>	<b>\$ 102,747,614</b>	<b>\$ 103,441,715</b>	<b>\$ 102,641,715</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 46,933,054	\$ 50,004,239	\$ 50,508,407	\$ 50,508,407
Contracted Services	4,071,389	7,036,278	9,120,399	9,120,399
<b>Subtotal</b>	<b>\$ 51,004,443</b>	<b>\$ 57,040,517</b>	<b>\$ -</b>	<b>\$ -</b>
Other State Operations	11,810,717	14,162,806	14,910,831	15,160,831
Aid to Local Units of Government	4,621	-	-	-
Assistance, Grants, and Benefits	5,410,638	8,691,303	7,896,354	7,896,354
Capital	10,565,079	22,802,988	20,955,724	19,905,724
Capital Debt Service	-	-	-	-
Operating Transfers	-	50,000	50,000	50,000
<b>Total</b>	<b>\$ 78,795,498</b>	<b>\$ 102,747,614</b>	<b>\$ 103,441,715</b>	<b>\$ 102,641,715</b>
<b>Sources of Funds</b>				
General Revenue	\$ 38,163,784	\$ 40,206,777	\$ 38,295,450	\$ 38,295,450
Federal Aid	21,109,597	29,728,792	34,155,995	34,155,995
Restricted Receipts	13,374,290	18,981,956	16,950,296	17,200,296
Other	6,147,827	13,830,089	14,039,974	12,989,974
<b>Total</b>	<b>\$ 78,795,498</b>	<b>\$ 102,747,614</b>	<b>\$ 103,441,715</b>	<b>\$ 102,641,715</b>
<b>FTE Authorization</b>	<b>399.0</b>	<b>399.0</b>	<b>400.0</b>	<b>400.0</b>
<b>FTE Average</b>	<b>375.7</b>			

**FY 2017 Revised Request.** The Department requested \$2.0 million more than the FY 2017 enacted budget. This includes \$0.1 million more from general revenues, \$3.9 million more from federal funds, \$2.0 million less from restricted receipts and \$0.1 million more from other funds.

*The Governor recommended \$0.7 million more than enacted and \$1.3 million less than requested. General revenues are \$1.9 million less than enacted and \$2.0 million less than requested.*

*The Governor subsequently requested an amendment to add \$250,000 from restricted receipts for the Department's renovation of the showers/bathrooms at Scarborough State Beach. The Department expects to complete the project by June 15, 2017. The Assembly shifted \$1.1 million from Rhode Island Capital Plan funds from FY 2017 to FY 2019 based on project delays, and concurred with the remainder of the recommendation.*

**Clean Diesel Program.** The Department requested \$80 more than enacted from general revenues for the Clean Diesel program. The request reflects a shift of \$86,800 from the \$2.0 million grant for the Clean

Diesel Program to personnel costs in the Office of Air Resources to fund an Air Quality Specialist position to administer the Clean Diesel program. The 2016 Assembly included Article 16 of 2016-H 5175, Substitute A, as amended to establish a Rhode Island Clean Diesel Fund within the Department. The purpose of this new grant program is to reduce emissions from heavy-duty diesel engines operating on state roads and help companies improve supply chain efficiency. The law allows for up to ten percent of funds to be used for administration and outreach. *The Department has begun the process to promulgate rules and regulations; however, no expenditures are planned for FY 2017 and the Governor removed funding from the revised FY 2017 recommendation.* **The Assembly concurred.**

**Diesel Emissions Program.** The Department requested \$0.2 million from federal funds to reflect a new non-competitive grant from the United States Environmental Protection Agency to continue developing grant, rebate or low cost revolving programs to fund clean diesel projects. Funding was not included in the enacted budget because the grant was awarded on October 1, 2016. Congress passed the Diesel Emissions Reduction Act in 2005, with the purpose of reducing public health risks from exposure to harmful diesel exhaust and target areas of poor air quality and reducing diesel emissions from existing fleets that do not meet federal emission standards. The Department has begun awarding grants from project proposals by state agencies, municipalities, and non-profit organizations as of October 1, 2016 and it expects projects to be completed by September 30, 2017. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Host Beach Communities.** The Department requested \$62,500 more than enacted from general revenues for payments to host beach communities based on actual summer 2016 collected fees. The Department collects fees for daily and seasonal parking at seven facilities across the state and reimburses the four host communities of Charlestown, Westerly, Narragansett and South Kingstown 27 percent of all daily parking fees collected from Memorial Day to Labor Day. The 2016 General Assembly increased the percentage shared with the host communities from 16 percent to 27 percent of the daily parking fees in concert with a reduction in the fees. The change ensures there would be no reduction to the locals from the fee decrease. Total payments to the host beach communities have averaged \$0.4 million over the last five fiscal years. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Parks and Recreation.** The Department requested \$86,500 more than enacted from general revenues for its Division of Parks and Recreation, excluding salaries and benefits. The Department's request reflects \$10,000 more for credit card processing, \$25,000 more for safety supplies for beaches, \$60,000 less for property insurance per FY 2016 actual expenditures and \$125,000 more for building and ground maintenance per five-year contracts for landscaping and beach cleaning. The Department noted that the landscaping services and beach cleaning services contracts began April 1, 2016, after the Department's request was presented. The Department's proposed changes are three percent below FY 2015 expenditures and are consistent with FY 2016 expenditures. *The Governor recommended \$22,593 less than requested to reflect statewide natural gas savings.* **The Assembly concurred.**

**Eisenhower House.** Under current law the Historical Preservation and Heritage Commission is responsible for the management and operation of the Eisenhower House in Newport, a historic property owned by the state, which is available for public rental year-round. The Eisenhower House became part of Fort Adams State Park after the United States Navy transferred Fort Adams to the State of Rhode Island in 1964. The management and operation of the Eisenhower House is currently staffed by 1.0 Historic Preservation Specialist. Rental fees are deposited as general revenues.

*The Governor recommended transferring the management of the Eisenhower House from the Historical Preservation and Heritage Commission to the Department of Environmental Management. The Governor moved 1.0 Historic Preservation Specialist position and \$72,722 to the Department, which represents funding for one half of the year.* **The Assembly concurred.**

**Salaries and Benefits.** The Department requested \$0.4 million more than enacted for salaries and benefits from all sources of funds. This includes \$0.2 million less from general revenues, \$0.3 million more from restricted receipts and \$0.3 million more from federal funds. The Department shifted \$0.2 million from general revenues to available indirect cost recovery restricted receipts. The increase reflects \$0.2 million more for overtime expenses for the enforcement unit and the seasonal recreation program based on FY 2016 spending and \$0.2 million for medical benefits. The request appears to have miscalculated some benefits. The request includes 399.0 full-time equivalent positions, which is consistent with the enacted authorization.

As part of the FY 2017 recommended budget, the Governor added \$0.1 million from general revenues and a new full-time equivalent position for a new environmental scientist. The Assembly did not concur with the recommendation; however, the Department has filled this position.

*The Governor recommended \$25,552 more than requested to include statewide benefit savings and to correct the Department's request, which omitted retiree health costs within the technical and customer assistance account. **The Assembly concurred.***

**Foundry Lease Payment.** The Department requested \$0.1 million more than enacted from general revenues for lease-related expenses at its headquarters facility, located at the Foundry Building in Providence. This includes \$74,665 more for property taxes to reflect its actual payment and \$24,467 more for electricity, to be consistent with FY 2016 expenditures. The FY 2016 enacted budget included Article 4, Section 4, which authorized a new lease agreement between the state and Foundry Parcel 15 Associates, LLC beginning July 1, 2016 for a term not to exceed 10 years at a total cost not to exceed \$25.2 million. The square footage remains the same at 126,184 square feet. *The Governor recommended \$2,299 more than requested for heating costs based on FY 2015 and FY 2016 expenditures. **The Assembly concurred.***

**Oil Spill Prevention, Administration and Response Fund.** The Department requested \$1,926 more than enacted from restricted receipts for the Oil Spill Prevention, Administration, and Response Fund, which is derived from a \$0.05 per barrel fee on petroleum products received at marine terminals in Rhode Island. The funding is used to promptly respond to, contain and remediate oil spills, maintain a state of emergency response readiness through responder training and equipment acquisition, and pay emergency loans to workers affected by a spill as well as damage compensation for legitimate claims that cannot otherwise be compensated by responsible parties or the federal government.

The Department spent \$1.0 million in FY 2014, \$0.8 million in FY 2015 and \$1.1 million in FY 2016. The Department indicated that the amount requested under environmental services is always an estimate and it can only predict how many oil spills will need contractual services in a given fiscal year. *The Governor recommended funding as requested. **The Assembly concurred.***

**Air Toxic Ambient Monitoring.** The Department requested \$0.7 million more than enacted from federal funds to reflect a new grant awarded to the Department by the Environmental Protection Agency's Office of Air Radiation to monitor five sites along the Interstate 95 highway. Funds will be used for monitoring equipment, electrical work at sites, and electricity usage. *The Governor recommended funding as requested. **The Assembly concurred.***

**National Pollution Discharge Elimination System.** The Department requested \$0.1 million more than enacted from federal funds for its pollutant discharge elimination system. Additional funding reflects unspent funds from FY 2016, which have been carried forward into FY 2017 from a grant awarded by the Environmental Protection Agency to continue efforts at monitoring and assessing the ecological condition of freshwater wetlands in partnership with the Rhode Island Natural History Survey, restoring freshwater wetlands and buffers in partnership with the Environmental Law Institute and monitoring and preserving

the state's coastal salt marshes in partnership with the Rhode Island Coastal Resources Management Council. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Strengthening Regional Partnerships.** The Department requested \$0.1 million from federal funds to reflect a new grant from the Environmental Protection Agency for a watershed counts initiative in partnership with the University of Rhode Island's Coastal Institute. The initiative focuses on protecting the headwaters of Narragansett Bay. The small streams flow from the inland forests, bogs, and lakes of Rhode Island and Massachusetts into larger rivers, which then flow into the Bay and eventually to the ocean. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Amphibian and Reptile Conservation.** The Department requested \$0.2 million more than enacted from federal funds to reflect a new grant awarded by the United States Fish and Wildlife Service. The grant is for the Department's Division of Fish and Wildlife to continue conducting research on and publishing existing information about amphibians and reptiles in Rhode Island and to develop conservation plans to support these species. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Atlantic Coastal Cooperative Statistics Program.** The Department requested \$0.1 million more than enacted from federal funds for advancing fishery dependent data collection for black sea bass utilizing modern technology and a fishing vessel research fleet approach in partnership with the Commercial Fisheries Research Foundation. Additional funds were requested by the Department and received from this federal program through the National Oceanic and Atmospheric Administration. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Freshwater and Marine Boating Access.** The Department requested \$0.3 million from federal funds to reflect a new grant awarded by the United States Fish and Wildlife Service to support maintenance activities for public access at Rhode Island's numerous freshwater and marine boat ramps. Seventy-five percent of total project costs comes from federal funds and they are matched with freshwater fishing and saltwater recreational license receipts. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Great Swamp Range Expansion.** The Department requested \$0.6 million more than enacted from federal funds to reflect a new grant awarded to the Department by the United States Fish and Wildlife Service to expand the existing range at the Great Swamp Management Area in West Kingston to include eight additional shooting lanes that are 100 yards long to complement the existing 50-yard range. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Mitigation of Multispecies Fishery Disaster.** The Department requested \$1.0 million from federal funds to reflect a new grant in a series of grants awarded by the National Oceanic and Atmospheric Administration as a result of the 2012 ground fish disaster declaration. Under the plan adopted by the state and the National Oceanic and Atmospheric Administration, one third of the funding will go to fishermen in the form of direct assistance. In Rhode Island, 43 permit holders in the state with over 5,000 pounds of ground fish landings in any one of the past four years will receive direct assistance of \$32,463 each. *The Governor recommended funding as requested.* **The Assembly concurred.**

**West Nile Virus.** The Department requested \$0.1 million more than enacted to reflect additional federal funds awarded by the Centers for Disease Control and Prevention to the Rhode Island Department of Health. These were then passed through the Department for the purpose of controlling the outbreak of communicable diseases such as the West Nile Virus, Eastern Equine Encephalitis and Zika Virus. Funding was used by the Department for additional seasonal help in the summer and fall of 2016, additional travel funds for the program coordinator to attend seminars, and personal vehicle travel reimbursement expenses for personnel collecting mosquito traps. A significant portion of the funds will be used for the purchase of pesticides for distribution to the cities and towns, trapping supplies as well as other supplies necessary to

complete the collection and diagnostics of mosquitos. *The Governor recommended funding as requested.*  
**The Assembly concurred.**

**Wildlife Outreach and Technical Assistance.** The Department requested \$0.2 million from federal funds to reflect a new grant awarded by the United States Fish and Wildlife Service to provide programs and technical assistance to school children and adults about wildlife in the state. The grant was awarded with the purpose to support initiatives that restore, conserve, manage, and enhance wild birds and mammals and their habitats. Initiatives also include providing public use and access to wildlife resources; hunter education and safety; and the development and management of shooting ranges. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Department of Transportation Recreational Projects.** The Department requested \$0.9 million, or \$12,000 more than enacted from other funds for recreational projects funded by a transfer of federal funds from the Department of Transportation. These include maintenance of state trails, purchases of equipment and materials, and funding for materials for local communities to maintain state trails. The requested increase for FY 2017 would be used for maintenance and repair work at Rocky Point.

*The Governor recommended \$0.8 million more than requested for Rocky Point trails design, Mohegan Bluffs and other trail projects, which were requested after the Department submitted its budget request.*  
**The Assembly concurred.**

**Natural Heritage Revolving Fund.** The Department eliminated the \$0.3 million enacted from restricted receipts for the natural heritage revolving fund. The Department noted that as a revolving loan program, it makes funds available for any municipality that needs to borrow for project development. The central fund is replenished as the municipality pays back its loans, creating the opportunity to issue other loans to new projects. However, the Department noted that there has been no activity in recent fiscal years. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Capital Projects.** The Department requested \$2.1 million less than enacted from all sources for eleven capital projects. This includes \$2.2 million less from restricted receipts for the Fort Adams marine educational improvements project to better reflect the planned work and revised project schedule and \$0.1 million more from Rhode Island Capital Plan funds for additional work for the Colt Water/Fire suppression system as part of the recreational facilities improvement project. The Department's operating request is consistent with its FY 2018 through FY 2022 capital request. *The Governor recommended \$10.6 million for thirteen capital projects, which is \$0.5 million less than requested.*

*The Governor subsequently requested an amendment to add \$250,000 from restricted receipts for the Department's renovation of the showers/bathrooms at Scarborough State Beach. The Department expects to complete the project by June 15, 2017.* **The Assembly shifted \$1.1 million from Rhode Island Capital Plan funds from FY 2017 to FY 2019 based on delays in the natural resources visitor's center project, and concurred with the remainder of the recommendation. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

**All Other Operations.** The Department requested \$138,826 more than enacted from all funds for all other expenses, including \$16,699 less from general revenues. The reduction from general revenues reflects \$33,000 less for licensing costs associated with the Department's conversion to Microsoft Office 365. Funding was included in the enacted budget; however, the conversion was completed in FY 2016. It is also offset by \$8,179 more for mobile expenses, which are consistent with FY 2016 expenditures and \$6,334 more for legal services, which the Department did not anticipate when it submitted the FY 2017 original request. The increase from federal funds reflect unspent funds from FY 2016, which the Department will use in FY 2017.

The increase from restricted receipts primarily reflects \$70,000 more for the Environmental Response Fund to reflect anticipated revenues derived from fines which are levied against entities found in violation of the state's environmental regulations and used for expenses related to environmental emergency response and preparedness. It also reflects \$90,214 more from fishing and hunting license receipts, which the Division of Fish and Wildlife collects to continue offering specific program activities, which include fisheries and wildlife research and management, freshwater fish hatcheries and fish stocking programs, habitat restoration, public access, land acquisition, education and information, public angling and hunting programs, and commercial fisheries management.

*The Governor recommended \$0.3 million more than requested from all funds, which includes \$0.4 million more from federal funds and \$0.1 million less from restricted receipts to reflect actual shellfish and marine license receipts. The recommendation from federal funds reflects funding the Department received after the budget request was submitted. **The Assembly concurred.***



## Coastal Resources Management Council

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 3,416,285	\$ 3,475,156	\$ 3,517,966	\$ 3,487,315
Contracted Services	267,095	3,015,974	3,597,001	3,597,001
<b>Subtotal</b>	<b>\$ 3,683,380</b>	<b>\$ 6,491,130</b>	<b>\$ 7,114,967</b>	<b>\$ 7,084,316</b>
Other State Operations	140,351	103,420	248,448	248,448
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	579,274	250,200	500,206	500,206
Capital	20,428	477,775	576,775	426,775
Capital Debt Service	-	-	-	-
Operating Transfers	-	-	-	-
<b>Total</b>	<b>\$ 4,423,433</b>	<b>\$ 7,322,525</b>	<b>\$ 8,440,396</b>	<b>\$ 8,259,745</b>
<b>Sources of Funds</b>				
General Revenue	\$ 2,410,069	\$ 2,452,438	\$ 2,500,547	\$ 2,469,896
Federal Aid	1,818,741	4,148,312	5,218,074	5,218,074
Restricted Receipts	194,623	250,000	250,000	250,000
Other	-	471,775	471,775	321,775
<b>Total</b>	<b>\$ 4,423,433</b>	<b>\$ 7,322,525</b>	<b>\$ 8,440,396</b>	<b>\$ 8,259,745</b>
<b>FTE Authorization</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>
<b>FTE Average</b>	<b>28.0</b>			

**FY 2017 Revised Request.** The Coastal Resources Management Council requested \$1.1 million more than the enacted budget from all sources, including \$0.2 million more from general revenues and \$0.9 million more from federal funds. *The Governor recommended \$1.1 million more than enacted, which includes \$153,172 less than requested from general revenues.* **The Assembly reduced general revenues by \$30,651 to reflect additional turnover savings and made adjustments to a capital project schedule.**

**National Oceanic and Atmospheric Administration Funds.** The Council requested \$0.2 million more than enacted from federal funds to reflect a combination of unspent funds from FY 2016, which were carried forward into FY 2017 and the receipt of \$128,500 in additional funds from the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act. The additional funds from the National Oceanic and Atmospheric Administration were received in July of 2016 since the state of Oregon recently lost some of its funding from this grant and it was redistributed among the rest of participating states.

The request includes \$70,000 more to purchase two vehicles, \$15,000 more for auto maintenance and fuel, \$60,000 more for computer upgrades and information technology support, \$15,500 more for travel expenses, \$7,500 more for advertising and printing expenses, \$13,400 more for communication system expenses, \$14,000 more for contracted professional expenses, \$5,600 more for freight and delivery services, \$8,000 more for maintenance and repairs and \$30,000 more for other expenses such as furniture and equipment, staff training, computer equipment and miscellaneous expenses. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Permitting Database.** The Council requested \$150,000 from general revenues for a new permitting database to be built and managed for the Council. The Council indicated its current permit database was developed 20 years ago and is outdated and in need of replacement. The agency noted that the \$150,000 would represent an annual payment to a vendor for database functionality and maintenance. The Council requested the database in the last two budget cycles, but in both instances the Governor did not recommend it and the Assembly did not include it in the enacted budget. *The Governor did not recommend funding for this project.* **The Assembly concurred.**

**Salaries and Benefits.** The Council requested \$36,862 more than enacted from all sources for salaries and benefits, including \$39,191 more from general revenues and \$2,329 less from federal funds. The request includes statewide medical benefits savings and overtime payments. The Council currently has one vacancy, which it anticipated will be filled at the beginning of the fourth quarter of FY 2017. It should be noted that the request includes a lower salary for this position than assumed in the enacted budget. *The Governor recommended \$5,948 more than requested to correct cost assumptions for the vacant position offset by statewide benefit savings.* **The Assembly reduced general revenue expenditures by \$30,651 to reflect additional turnover savings based on updated projections.**

**Pawtuxet River Modeling Project.** The Council requested \$64,515 more than enacted from federal funds for a project to create a validated geographic information system-based watershed and river model for the Pawtuxet River watershed, assess flooding risks to public and private property along the river, and evaluate dam management issues. Funding reflects unspent funds in FY 2016, which will be used in FY 2017. The project has been granted a no-cost extension from April 2017 to August 2017 to provide the project team sufficient time for integrating data from an ongoing Scituate Reservoir Dam modeling study to determine impacts on downstream community floodplains. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Aquatic Invasive Species.** The Council requested \$4,000 more than enacted from federal funds for the aquatic invasive species management program. Funding reflects unspent funds in FY 2016, which will be used in FY 2017 to continue the coordination and communication of early detection and rapid response strategies to prevent the spread of aquatic invasive species. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Shoreline Change Beach Special Area Management Plans.** The Council requested \$40,810 more than enacted from federal funds for three special area management plans to address erosion issues along the Rhode Island shoreline. Funding reflects unspent funds from FY 2016, which will be used in FY 2017 to continue identifying at risk areas and infrastructure based on coastal hazard overlay, develop shoreline change mapping and analysis, and research storm surge inundation and wave analysis. The Council noted that the project will be completed with the National Oceanic and Atmospheric Administration before the end of December 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Coastal Environmental Risk Index.** The Council requested \$0.1 million more than enacted from federal funds to develop a Coastal Environmental Risk Index in collaboration with the University of Rhode Island. Funding reflects unspent funds from FY 2016, which will be used in FY 2017. The Index will provide a summary of the risk that coastal areas face from the environment; specifically storm induced flooding and the associated wave environment, sea level rise, and shoreline erosion/accretion and apply the index to selected coastal pilot sites. *The Governor recommended funding as requested.* **The Assembly concurred.**

**High Resolution Coastal Inundation Grant.** Subsequent to the Council's budget submission, it received a new grant from the National Oceanic and Atmospheric Administration. The goal of the grant is to develop tools, information and approaches to support decisions for the expanded implementation and innovation of green infrastructure/living shoreline approaches to increase coastal resilience to erosion, flooding, and

storm impacts in each of the coastal New England states. *The Governor's budget includes \$18,236 from federal funds.* **The Assembly concurred.**

**Coastal Resilience III: Shoreline Change Maps and Parcel Data.** Subsequent to the Council's budget submission, it received a new federal grant through the state's Executive Office of Commerce, Office of Housing and Community Development. The grant will support recovery planning in all twenty one Rhode Island coastal municipalities with existing and updated shoreline change data and a coordinated parcel dataset format to enable future statewide application of the Rhode Island Coastal Environmental Risk Index that is currently under development. *The Governor's budget includes \$150,000 from federal funds.* **The Assembly concurred.**

**Capital Projects.** The Council requested \$0.4 million more than the approved plan to reflect newly requested funding for the marsh elevation and breachway dredging/disposal at Ninigret Pond. The Council's FY 2017 revised request is not consistent with its FY 2018 through FY 2022 capital request since the Council subsequently requested \$0.4 million more than the approved plan for the marsh elevation and breachway dredging/disposal at Ninigret Pond; it also inadvertently omitted \$0.3 million from Rhode Island Capital Plan funds for the Narragansett Bay Special Area Management Plan and it shifted \$0.3 million from federal funds for the Narrow River Salt Marsh Restoration project to the Nature Conservancy. The Council noted that it is still involved with the project as far as guidance and consulting, but funding is now administered by the Nature Conservancy. *The Governor recommended funding essentially as requested.* **The Assembly shifted \$0.2 million from Rhode Island Capital Plan funds from FY 2017 to FY 2021 for the Rhode Island Coastal Storm Risk Study based on an updated project schedule. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

**All Other Operations.** The Council requested \$12,090 more than enacted from general revenues for remaining expenses, which include \$15,000 more for a new initiative to monitor the migration off the shore barrier at Charlestown, which began in calendar year 2016. The Council's Special Area Management Plan recognizes the need for comprehensive planning and monitoring to address the impacts of storm surge, flooding, sea level rise and erosion. The Special Area Management Plan is a management tool for the Town of Charlestown to address challenging coastal issues such as water quality and coastal development patterns. The request also includes \$2,000 less for temporary services and \$800 less for printing expenses. The request is 8.3 percent higher than the enacted budget and 14.2 percent higher than FY 2016 expenditures. *The Governor recommended funding as requested.* **The Assembly concurred.**



## Department of Transportation

	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
<b>Expenditures by Program</b>				
Central Management	\$ 8,145,319	\$ 9,204,542	\$ 13,308,290	\$ 13,225,718
Management and Budget	1,354,386	3,009,298	4,098,703	4,098,703
Infrastructure Program	385,629,854	466,244,005	517,051,471	506,721,619
<b>Total</b>	<b>\$ 395,129,559</b>	<b>\$ 478,457,845</b>	<b>\$ 534,458,464</b>	<b>\$ 524,046,040</b>
<b>Expenditures by Category</b>				
Salaries and Benefits	\$ 64,093,613	\$ 80,684,364	\$ 80,240,782	\$ 70,158,210
Contracted Services	43,604,611	38,664,600	39,315,642	40,409,886
<b>Subtotal</b>	<b>\$ 107,698,224</b>	<b>\$ 119,348,964</b>	<b>\$ 119,556,424</b>	<b>\$ 110,568,096</b>
Other State Operations	30,982,675	34,381,436	39,396,198	33,396,198
Aid to Local Units of Government	-	-	-	-
Assistance, Grants, and Benefits	21,512,155	24,396,400	27,482,381	37,806,584
Capital	138,645,723	214,394,670	250,840,938	245,092,639
Capital Debt Service	-	-	-	-
Operating Transfers	96,290,782	85,936,375	97,182,523	97,182,523
<b>Total</b>	<b>\$ 395,129,559</b>	<b>\$ 478,457,845</b>	<b>\$ 534,458,464</b>	<b>\$ 524,046,040</b>
<b>Sources of Funds</b>				
General Revenue	\$ -	\$ -	\$ -	\$ -
Federal Aid	254,067,959	272,409,980	271,544,359	272,962,806
Restricted Receipts	2,890,620	180,219	3,610,153	3,610,153
Other	138,170,980	205,867,646	259,303,952	247,473,081
<b>Total</b>	<b>\$ 395,129,559</b>	<b>\$ 478,457,845</b>	<b>\$ 534,458,464</b>	<b>\$ 524,046,040</b>
<b>FTE Authorization</b>	<b>752.0</b>	<b>701.0</b>	<b>741.0</b>	<b>701.0</b>
<b>FTE Average</b>	<b>630.9</b>			

**FY 2017 Revised Request.** The Department of Transportation requested \$46.1 million more than enacted from all sources, including \$5.0 million less from federal funds, offset by increases of \$3.4 million from restricted receipts and \$47.7 million more from other funds, of which \$7.2 million is Rhode Island Capital Plan funds. The Department requested 40.0 positions more than the authorized level reflecting the restoration of eliminated vacancies in the FY 2017 enacted budget.

*The Governor recommended \$9.9 million more than requested, including \$0.5 million less from Rhode Island Capital Plan funds, offset by \$4.2 million more from federal funds to reflect awards that the Department received subsequent to the submission of the request and \$6.2 million more from other funds primarily gas tax based an upward revision to the yield. She recommended the 40.0 new positions requested. As of the pay period ending January 21, 2017, the Department had 69.0 positions vacant.*

*She subsequently requested several amendments revising capital projects to reflect further delays or savings. The Assembly provided \$524.0 million from all sources of funds, \$10.4 million less than recommended. It amended the distribution of the Highway Maintenance Account to require*

transfers of 50.0 percent for FY 2017 and 80.0 percent for FY 2018. The Budget assumes use of \$13.0 million and \$9.4 million as general revenues in FY 2017 and FY 2018, respectively. All funds collected in FY 2019 and after would be transferred to the account. Based on current spending projections, it reduced expenditures by \$8.0 million for vehicle and equipment purchases and assumed savings from turnover and winter maintenance. It authorized the enacted level of staffing.

### Reorganization

The 2015 Assembly enacted legislation in Article 15 of 2015-H 5900, Substitute A, as amended, repealing the current department divisions: administration (including the business management office, legal counsel, public information office, audit office, property management office), planning, public works, maintenance, and airports. The legislation requires the Department of Transportation to be organized in accordance with a project management-based program and utilize an asset management system in order to manage the delivery of projects from conception to completion, the director to appoint a chief operating officer to oversee daily operations of the Department, and repeals the requirement for a deputy director who must be a highway engineer.

The legislation requires the following divisions: finance, planning, project management, and operations and maintenance. It also requires the offices of civil rights, safety, external affairs, legal, personnel, information services and other divisions or subdivisions as the Director deems necessary. The Department is currently working on the reorganization, which consists of three phases. The first phase includes the development of a project management methodology and developing job descriptions for new positions. The Department is currently working on phase II, which includes defining performance metrics. Phase III will include training and defining goals.

### Fund Sources

The Department of Transportation receives funding through four major sources: federal funds, gasoline tax proceeds, Rhode Island Capital Plan funds and transportation related fees collected by the Division of Motor Vehicles. General obligation bond proceeds had been historically used as the state's match for federal funds; however, increasing amounts of motor vehicle fees and Rhode Island Capital Plan funds are being used as the state match in lieu of future bonding; no new bonds have been authorized since 2010. The Department also receives funding from other sources, such as restricted receipts and funding derived from the sale of department-owned land. This analysis will explain the individual fund sources as well as expenditures from these sources. The following table illustrates the fund sources for FY 2017.

Source	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
Federal Highway Admin. Funds	\$ 206,557,342	\$ 216,400,000	\$ 211,904,127	\$ 201,904,127
Other Federal Funds	47,510,617	56,009,980	59,640,232	71,058,679
Gasoline Tax*	95,362,278	90,581,475	106,887,077	105,804,505
Unallocated Bond Proceeds	[15,000,000]	-	[5,000,000]	[5,000,000]
Land Sale Revenue	310,126	1,000,000	1,041,771	1,041,771
Interstate 195 Land Sales	-	1,500,000	1,500,000	1,500,000
Rhode Island Capital Plan Funds	12,052,271	32,843,444	39,522,975	41,774,676
Restricted Receipts	2,890,620	180,219	3,610,153	3,610,153
Motor Vehicle Fee Transfer	30,446,305	79,792,727	110,202,129	97,202,129
Other Funds	-	150,000	150,000	150,000
<b>Total</b>	<b>\$ 395,129,559</b>	<b>\$ 478,457,845</b>	<b>\$ 534,458,464</b>	<b>\$ 524,046,040</b>

\*Excludes gasoline tax debt service for the Department, RIPTA and costs for centralized services, which are in DOA

**Federal Funds - Highway Administration.** On December 4, 2015, President Obama signed into law, the Fixing America's Surface Transportation (FAST) Act for \$305 billion for five years. Under this

authorization, the state would receive an average of \$231 million annually from the Federal Highway Administration. This is approximately \$21 million more through federal fiscal year 2021 than the Department previously received. These federal funds are apportioned to states according to authorizations contained in federal law.

The Department’s annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies. These funds appear in both the Department’s capital and operating budgets. In the Department’s capital plan, funds appear in the project labeled Highway Improvement Program.

The previous federal authorization, the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) for highway and transit programs was set to expire on September 30, 2014. Before the expiration, Congress provided a short term fix in July 2014 by transferring \$10.8 billion to the fund. This transfer was offset by new revenues of \$6.4 billion from pension smoothing, \$3.5 billion from customer user fees and \$1.0 billion from excess funding in the Leaking Underground Storage Tank Fund. This transfer into the fund continued to fund all state apportionments at the enacted level through May 31, 2015, which is two-thirds of the federal fiscal year. Congress then extended the deadline for two additional months.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for the Department’s transit projects administered by the Federal Transit Administration are not included under this project, but are included in the Fixed Guideway (Commuter Rail) Project. Rhode Island Public Transit Authority projects using transit funds are included in the Authority’s capital budget submission. The Highway Improvement Program is directed towards implementing the Department’s capital program as identified in the Transportation Improvement Program. This is adopted by the State Planning Council and approved by the Governor and establishes priorities for planning, design, and project implementation.

In October 2015, the Department proposed its 10-year plan for federal FY 2016 through federal FY 2025, which has since been adopted. Federal law requires that a statewide transportation improvement plan covers a period of no less than four years. The prior plan expired on September 30, 2016. The Department noted that two states have moved to establish 10-year plans: New Jersey and North Carolina.

The following table illustrates the proportion of funding allotted to each program area in the FY 2017 revised budget. It excludes salary and benefit costs.

<b>Program Area</b>	<b>FY 2017 Final</b>	<b>Share of Total</b>
Administrative Program	\$ 5,858,540	3.1%
Bike/Pedestrian Program	5,359,210	3.0%
Bridge Program	24,665,683	13.8%
CMAQ Program	5,339,999	3.0%
Highway Program	15,084,052	8.5%
Interstate Program	9,802,290	5.5%
GARVEE Projects	26,895,241	15.1%
Federal Highway Earmark Projects	17,832,296	10.0%
Pavement Management Program	16,747,675	9.4%
Traffic Safety Program	18,939,973	10.6%
Transit	26,748,443	15.0%
Other Programs	5,049,553	2.8%
<b>Total</b>	<b>\$ 178,322,955</b>	<b>100%</b>

**Other Federal Funds.** This source is comprised of the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration, and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of commuter rail in the southern part of the state. The revised request includes \$47.7 million from these funds, which is \$8.4 million less than enacted, including \$1.3 million less for debt service from refinancing projects that were previously financed through GARVEE bonds. It also includes \$5.9 million less for transit. *The Governor recommended \$3.6 million more than requested, reflective of anticipated awards. She subsequently requested an amendment to include \$11.4 million from federal funds for the Kingston Station as part of the Commuter Rail Project.* **The Assembly concurred and assumed \$10.0 million in turnover savings, based on projected salary and benefit costs.**

**General Obligation Bond Proceeds.** The state has utilized general obligation bonds to provide a match totaling \$40 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by \$0.02 cents of the gasoline tax. The voters approved \$60.0 million of general obligation bonds in both November 2002 and 2004 that matched federal highway funds and was programmed for FY 2004 through FY 2007. The voters approved \$80.0 million in November 2006, 2008 and 2010 to provide \$40.0 million each year, with funding programmed through FY 2014. As noted previously, an initiative by the 2011 Assembly replaced borrowing with pay-go sources. *The recommendation does not assume new general obligation bond borrowing for the Department.* **The Assembly concurred.**

**Unallocated Bond Proceeds.** During previous debt authorizations, the actual state match from general obligation bond authorizations fluctuated based on the amount of federal funds received in a given fiscal year. In these cases, the bond proceeds were kept in a separate account and remained unallocated. Over several years, the funds accumulated to a level of approximately \$25 million, which the Department has used as "working capital" during the year to make payments to vendors.

In his FY 2015 budget recommendation, Governor Chafee included a portion of these funds to be used for maintenance related activities by the Department. As part of the transportation funding reforms previously described, the Assembly programmed these funds to enhance available resources, including \$17.0 million in FY 2015 and \$8.0 million in FY 2016. It should be noted that, as with all general obligation bond proceeds, these sources are not shown in the Department's operating budget.

Based on a report of the Intermodal Surface Transportation Fund produced by the Controller in August 2015, it appears that \$23.0 million of the general obligation bond proceeds were available; however, they were not reflected in the Department's FY 2017 through FY 2021 capital budget. The funds were subsequently included in the FY 2018 through FY 2022 capital budget, which assumes use of \$15.0 million in FY 2016, \$5.0 million in FY 2017 and \$3.0 million in FY 2018. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Land Sale Revenue.** Sales of Department-owned land can be used to purchase land and equipment, or to offset operating costs throughout the Department, including personnel expenses. Funding is being used for purchases related to the Department's materials testing facility on Jefferson Boulevard. The revised request includes \$1.0 million from this source, \$41,771 more than enacted. *The Governor concurred.* **The Assembly concurred.**

**Interstate 195 Land Sales.** Consistent with the enacted budget, the Department assumed receipts of \$1.5 million in FY 2017 from the sale of land made available through the relocation of Interstate 195. The Department sold the land made available from the relocation to finance a portion of project expenses. The 2011 Assembly enacted 2011-H 5994, Substitute A, as amended, which provided that after the appraisal of



the parcels, they would be purchased by the Economic Development Corporation through the issuance of bonds. The payment of the bond proceeds to the Department has allowed it to complete the relocation project, while the Corporation is eligible to sell the parcels at its own pace. The principal amount for the bonds is \$38.4 million, amortized over a ten-year period. *The Governor concurred.* **The Assembly concurred.**

**Rhode Island Capital Plan Funds.** These funds are appropriated according to the Department’s capital budget request, and appear as other funds in the Department’s operating budget. Funds are used for projects such as storage and maintenance facilities, as well as upgrades to department-owned property, such as roof repairs or fire alarm installation. Beginning in FY 2013, approximately \$20 million from this source was included to be used as a portion of the state match for federal highway funds.

The Department requested \$40.1 million from this source in its FY 2017 revised request, \$7.2 million more than enacted. This includes \$1.0 million in new expenditures for Capital Equipment Replacement and reappropriation of \$1.0 million for Salt Storage Facilities and \$5.3 million for the Highway Improvement Program, for which the FY 2016 final budget included a total of \$43.4 million and reported expenditures were \$11.9 million. This resulted in a surplus balance of \$31.5 million. The Department’s FY 2018 through FY 2022 capital budget request assumes use of the funds over the next six years, in increments of \$5.3 million.

*The Governor recommended \$6.7 million more than enacted to reflect the reappropriation for three projects. She subsequently requested several amendments revising capital projects to reflect further delays or savings; one amendment included \$3.0 million in FY 2017 to the Rhode Island Airport Corporation for expansion to the Federal Inspection Services facility to support new international flights and for improvements to Runway 16/34.* **The Assembly concurred.**

**Restricted Receipts.** This source is comprised of funds the Department receives when it performs work for municipalities and other entities, and is used to fund personnel costs for employees who perform work on the projects. This source contributes \$3.6 million to the Department, which is \$3.4 million more than enacted, reflective of recent history. Actual expenditures were \$2.4 million in FY 2015 and \$2.9 million in FY 2016. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Motor Vehicle Fee Transfers.** Consistent with the enacted budget, the revised request includes \$79.8 million of transportation related fees and surcharges collected by the Division of Motor Vehicles and transferred to the Department. It also includes \$30.4 million in carry-forward funds from FY 2016.

Fiscal year 2014 was the first year of the phased-in vehicle surcharge fees, including a \$10.00 surcharge on biennial vehicle registrations, a \$5.00 surcharge on annual vehicle registrations and a \$10.00 surcharge on operator licenses, purchased on a five-year basis. The biennial registration surcharge increased in \$10.00 increments to a total of \$30.00, the annual registration surcharge increased in \$5.00 increments to a total of \$15.00, and the license surcharge increased in \$10.00 increments to a total of \$30.00 beginning in FY 2014 and ending in FY 2016. The following table summarizes the incremental fee increases:

<b>Fiscal Year</b>	<b>Biennial Registration Fee</b>	<b>Annual Registration Fee</b>	<b>License Fee</b>
2013	\$ 60.00	\$ 30.00	\$ 30.00
2014	\$ 70.00	\$ 35.00	\$ 40.00
2015	\$ 80.00	\$ 40.00	\$ 50.00
2016	\$ 90.00	\$ 45.00	\$ 60.00

These fees will be transferred to the Department for use as a portion of the state match for federal funds. The following table shows actual revenue derived from the surcharge through FY 2016 and the estimate for FY 2017.

<b>Fiscal Year</b>	<b>Biennial Registrations</b>	<b>Annual Registrations</b>	<b>Licenses</b>	<b>Total</b>
2014	\$ 4,015,655	\$ 591,140	\$ 1,260,140	\$ 5,868,949
2015	\$ 7,384,812	\$ 1,530,362	\$ 2,437,586	\$ 11,354,775
2016	\$ 10,945,319	\$ 2,268,210	\$ 3,612,842	\$ 16,828,387

In addition to the surcharges, portions of other fees collected by the Division of Motor Vehicles are transferred to the Department. The Assembly included Article 21 of 2014-H 7133 Substitute A, as amended, which allocates new revenue sources, as well as transferring existing sources currently deposited into general revenues, into the Highway Maintenance Account for the Department of Transportation to use for costs related to maintenance and repairs of highways, roads and bridges.

The new sources of funding include an increase in the vehicle emission inspection fee from \$39 to \$55, the transfer of rental car surcharges, and the addition of a \$25 surcharge for good driving dismissals. The legislation also established a schedule to transfer the majority of all other transportation related fees currently collected by the Division of Motor Vehicles to the Highway Maintenance Account. These fees were initially estimated at \$50 million per year and were deposited as general revenues. The inspection fee, the good driver dismissal surcharge and car rental surcharges are transferred as of FY 2015, and the remaining revenues will be transferred incrementally beginning with 25.0 percent in FY 2016 and 75.0 percent in FY 2017, with all of the funds being transferred in FY 2018.

The table below shows the source and the total including surcharges explained previously.

<b>Source</b>	<b>FY 2016 Reported</b>	<b>FY 2017 Enacted</b>	<b>FY 2017 Revised</b>	<b>FY 2017 Final</b>
Inspection Sticker Increase	\$ 9,517,350	\$ 10,996,619	\$ 10,996,619	\$ 10,996,619
Title Fees	10,665,087	9,115,521	9,115,521	9,115,521
Rental Car Surcharge	2,210,148	3,162,262	3,162,262	3,162,262
Good Driving Surcharge	524,509	418,183	418,183	418,183
License and Registration Transfer	12,862,500	37,050,000	37,050,000	24,050,000
<b>Subtotal</b>	<b>\$ 35,779,594</b>	<b>\$ 60,742,585</b>	<b>\$ 60,742,585</b>	<b>\$ 47,742,585</b>
Surcharges	21,441,584	19,050,142	19,050,142	19,050,142
<b>Total</b>	<b>\$ 57,221,178</b>	<b>\$ 79,792,727</b>	<b>\$ 79,792,727</b>	<b>\$ 66,792,727</b>

The new funds were established in the Highway Maintenance Account, which is within the Intermodal Surface Transportation Fund, and account for \$79.8 million in FY 2017. This includes \$42.7 million from the fee surcharge increase and a transfer of \$37.1 million or 75.0 percent of the fees collected by the Division of Motor Vehicles to the Department. As part of her FY 2016 budget recommendation, Governor Raimondo included Article 21 of 2015-H 5900 to delay the transfer of transportation related fees collected by the Division of Motor Vehicles to the Department. The Assembly did not concur and maintained the current law transfer. *The Governor recommended funding as requested.*

**The Assembly amended the distribution of the Highway Maintenance Account to require transfers of 50.0 percent for FY 2017 and 80.0 percent for FY 2018. The Budget assumes use of \$13.0 million and \$9.4 million as general revenues in FY 2017 and FY 2018, respectively. All funds collected in FY 2019 and after would be transferred to the account.**

**Other Funds.** These funds are derived from the sale of department-owned surplus property and equipment, proceeds from the state infrastructure bank and proceeds derived from the sale of outdoor advertising at the

Department’s maintenance facilities. The Department’s revised request includes the enacted amount of \$150,000 from these sources. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Gasoline Tax Proceeds.** The distribution of proceeds derived from the gasoline tax remained the same from FY 2009 through FY 2015. FY 2016 is the first year the gasoline tax is related to changes in the Consumer Price Index, commonly referred to as inflation. This increased the gasoline tax by one cent, for a total of 34 cents in FY 2016 and FY 2017. The distribution of the gasoline tax is illustrated below.

Entity	FY 2016 Reported	FY 2017 Enacted	FY 2017 Revised	FY 2017 Final
Department of Transportation	19.25	19.25	19.25	19.25
Rhode Island Public Transit Authority	9.75	9.75	9.75	9.75
Turnpike and Bridge Authority	3.5	3.5	3.5	3.5
Elderly Transportation	1.0	1.0	1.0	1.0
Underground Storage Tank Fund	0.5	0.5	0.5	0.5
<b>Total (in cents)</b>	<b>34.0</b>	<b>34.0</b>	<b>34.0</b>	<b>34.0</b>

**Department of Transportation Gasoline Tax.** Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 32 cents per gallon, indexed to the Consumer Price Index every other year, rounded to the nearest cent, effective July 1, 2014. Additionally, Section 46-12.9-11 of the Rhode Island General Laws establishes a one-cent environmental protection regulatory fee, half of which is deposited in the Intermodal Surface Transportation Fund. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline tax proceeds are deposited into the Intermodal Surface Transportation Fund from which statutory transfers are made to the Department, the Rhode Island Public Transit Authority, the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services for the elderly/disabled transportation program.

The Department’s revised request assumes a per penny yield of \$4.459 million, which is \$126,033 more than enacted. *The Governor’s revised budget assumes a per penny yield of \$4.549 million, which is \$217,044 more than enacted and \$91,011 more than the revised request.* **The Assembly concurred.**

The following table shows the recent history of available gasoline tax proceeds and other non-federal funds included in the FY 2017 budget.

<b>Non Federal Sources</b>	<b>FY 2016 Reported</b>	<b>FY 2017 Enacted</b>	<b>FY 2017 Revised</b>	<b>FY 2017 Final</b>
<i>Gas Tax Yield per Cent</i>	4.479	4.333	4.550	4.550
<i>RIDOT Cents</i>	19.25	19.25	19.25	19.25
<i>RIPTA Cents</i>	9.75	9.75	9.75	9.75
<i>Turnpike and Bridge Authority Cents</i>	3.50	3.50	3.50	3.50
<b>Transportation Revenues</b>				
Balance Forward	\$ 10,635,803	\$ -	\$ 40,471,942	\$ 40,471,942
Gas Tax	145,576,535	140,815,740	147,869,670	147,869,670
Motor Vehicles Fees, Surcharges & Transfer	57,219,812	79,792,727	79,792,727	66,792,727
Surplus Property & Outdoor Advertising	232,922	150,000	150,000	150,000
Restricted Receipts	2,882,249	180,219	2,882,249	2,882,249
Interstate 195 Land Sales	-	1,500,000	1,500,000	1,500,000
Land Sales	1,472,618	1,000,000	1,000,000	1,000,000
Rhode Island Capital Plan Funds	12,052,271	32,843,444	39,522,975	41,774,676
<b>Total Revenues</b>	<b>\$ 230,072,210</b>	<b>\$ 256,282,130</b>	<b>\$ 313,189,563</b>	<b>\$ 302,441,264</b>
<b>Transportation Expenses</b>				
General Maintenance	\$ 9,146,036	\$ 39,667,347	\$ 71,820,399	\$ 71,820,399
Winter Maintenance	12,088,019	21,282,741	21,067,441	15,067,441
Vehicle Maintenance	8,085,981	7,186,049	15,511,289	15,511,289
Other Operations	22,075,724	29,148,934	34,935,422	26,852,850
GARVEE Bond Debt Service	8,980,627	8,665,584	9,099,672	9,099,672
G.O. Debt Service*	46,008,318	45,942,881	45,942,881	45,942,881
State Match - Gas Tax	2,963,488	3,024,417	380,020	380,020
State Match - RICAP	11,930,456	27,200,000	32,451,346	32,451,346
Internal Service Funds Transparency*	2,530,350	4,291,384	3,694,538	3,694,538
Restricted Receipts	2,890,620	180,219	3,610,153	3,610,153
Interstate 195 Land Sales	-	1,500,000	1,500,000	1,500,000
Land Sales	310,126	1,000,000	1,041,771	1,041,771
Surplus Property & Outdoor Advertising	-	150,000	150,000	150,000
Equipment Replacement	-	1,500,000	1,500,000	1,500,000
Facilities	121,815	4,143,444	5,571,629	7,823,330
RIPTA - Gas Tax	44,068,107	42,244,722	44,360,901	44,360,901
RIPTA - Highway Account - 5%	2,723,453	3,989,636	3,989,636	3,989,636
Turnpike and Bridge Authority	15,677,148	15,164,772	15,924,426	15,924,426
<b>Total Expenditures</b>	<b>\$ 189,600,268</b>	<b>\$ 256,282,130</b>	<b>\$ 312,551,524</b>	<b>\$ 300,720,653</b>
Surplus/Deficit	\$ 40,471,942	\$ -	\$ 638,039	\$ 1,720,611

\*Shown in the Department of Administration's budget.

**New Positions (40.0 FTE).** The request includes \$1.7 million from federal funds and gasoline tax proceeds to fund 40.0 new full-time equivalent positions. The request assumes a start date in April 2017. The annualized value of the positions is \$6.7 million. Of the requested positions, 28 are project managers and as of November 2017, eight have been filled internally. The Department indicated project managers will be responsible for the oversight and delivery of assigned projects from initiation to closeout. Other positions include administrators of new programs, reflective of the Department's reorganization.

*The Governor concurred with the funding and increased the staffing authorization. The Assembly included the funding; however, it did not increase the staffing authorized. The Department's average filled positions through the last pay period ending in May 2017, were 640.0 full-time equivalent positions, or 61.0 positions below the authorized level.*

**Other Salaries and Benefits.** The Department requested \$2.2 million more than enacted from all sources for salary and benefit costs for the authorized level of 701.0 full-time equivalent positions. This includes \$0.2 million less for overtime, and \$0.3 million less for interns; the Department usually recruits interns interested in the field of engineering and transportation. It includes \$0.5 million for updated medical benefits, consistent with FY 2017 revised planning values. It also includes step increases for numerous positions. The request is \$18.6 million more than FY 2016 reported expenditures, for which average filled

positions were 630.9. Through the end of November 2016, average filled positions were 634.9 positions, which is 66.1 positions below the authorized level. The current average filled is only 3.9 positions more than FY 2016 reported.

Based on staff's calculation, the request is overstated by \$3.3 million. It appears that the Department miscalculated certain benefits, including retirement. In instances where the Department is promoting someone from within the Department or whereby new positions are being filled internally, it appears that some positions are budgeted twice. This will likely result in additional savings that is not reflected in the request.

*The Governor recommended \$4.3 million less than requested to correct the benefit error and updated turnover savings. The savings are being redirected to purchase vehicles and equipment. She also recommended \$0.1 million to partially fund a position in the Office of the Governor. **The Assembly did not concur with the allocated personnel expenditures for the Governor's Office. It also assumed \$10.0 million in turnover savings from federal funds, based on updated payroll projections.***

**Highway Improvement Projects.** The Department requested \$186.1 million from federal funds matched by \$50.9 million from motor vehicle surcharges and Rhode Island Capital Plan funds for highway projects in FY 2017. This is \$10.9 million more than enacted reflective of carry forward funds from FY 2016. This includes \$5.3 million from Rhode Island Capital Plan funds, for which the final budget included \$43.4 million and reported expenditures were \$11.9 million, resulting in a surplus balance of \$31.5 million. The Department's FY 2018 through FY 2022 capital budget assumes use of the funds over the next six years, in increments of \$5.3 million. The request also includes \$5.6 million from highway maintenance funds for pavement, bridge and transportation alternative projects.

Program Area	FY 2017	Share of
	Final	Total
Administrative Program	\$ 5,858,540	3.1%
Bike/Pedestrian Program	5,359,210	3.0%
Bridge Program	24,665,683	13.8%
CMAQ Program	5,339,999	3.0%
Highway Program	15,084,052	8.5%
Interstate Program	9,802,290	5.5%
GARVEE Projects	26,895,241	15.1%
Federal Highway Earmark Projects	17,832,296	10.0%
Pavement Management Program	16,747,675	9.4%
Traffic Safety Program	18,939,973	10.6%
Transit	26,748,443	15.0%
Other Programs	5,049,553	2.8%
<b>Total</b>	<b>\$ 178,322,955</b>	<b>100%</b>

*The Governor recommended \$7.8 million less than requested in order to pay increased debt service costs from the new debt issuance pursuant to the RhodeWorks legislation adopted by the Assembly authorizing the bonds. **The Assembly concurred.***

**GARVEE Debt Service Adjustment.** The revised request includes \$1.3 million in additional savings, reflective of the interest rate that the Department obtained from refinancing projects that were previously financed through Grant Anticipation Revenue Vehicle (GARVEE) bonds. The 2016 Assembly adopted legislation to allow the Department to refinance the debt; \$244.9 million was outstanding. The Department completed the refinancing in June 2016. In total, an additional \$11.3 million of long-term debt will be incurred to save a projected \$129 million during the next three fiscal years.

The request also includes the enacted amount of \$8.8 million from the dedicated 2 cents for debt service for Motor Fuel Tax Revenue bonds. Though the Department's request assumed a higher per penny yield from the gasoline tax, no adjustment was made to reflect this understating the request by \$0.2 million.

*The Governor recommended \$8.3 million more than requested, including \$7.8 million based on an updated debt service payment and \$0.4 million to reflect the adjustment to the gas tax yield. **The Assembly concurred.***

**Immediate Action Projects.** The Department requested \$6.3 million from highway maintenance funds for new projects that require immediate actions. The Department indicated that several of these are considered emergency projects and must be done for safety reasons. The Department provided a list of 11 projects, which were found to be necessary after inspections were conducted. Of the requested amount, \$4.5 million will be used to repair five bridges along Routes 6 and 10. The approved 10-year transportation plan assumes \$58.0 million in total funding for these projects. *The Governor recommended funding as requested. **The Assembly concurred.***

**Winter Maintenance Operations.** Excluding salaries and benefits, the Department requested the enacted amount of \$18.9 million from gasoline tax proceeds for expenses related to the winter maintenance program for FY 2017. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. *The Governor recommended funding as requested. **The Assembly reduced expenditures by \$6.0 million based on actual costs.***

**Vehicle and Equipment Purchases.** The Department requested \$17.0 million more than enacted, including \$16.0 million from gas tax proceeds and \$1.0 million from Rhode Island Capital Plan funds to purchase heavy trucks, sweepers, loaders, backhoes and tractors to replace the Maintenance Division's existing fleet, especially those used for winter operations. Use of the gas tax is attributed to a surplus that the Department incurred in FY 2016. Presently more than two-thirds of the Department's fleet is over ten years old, and it indicated that the fleet is aging faster than it is being replaced; however, of the requested funds, 24.0 percent will be used to replace the Department's current fleet and 76.0 percent will go toward increasing the fleet.

*The Governor recommended \$9.2 million more than requested; all from gas tax proceeds to reflect an upward revision to the gas tax yield as well as redirecting additional savings from utilities and salaries and benefits previously discussed. **Based on projected expenses, the Assembly reduced the recommended increase by \$8.0 million.***

**Vehicles and Equipment Rental.** The Department requested \$1.7 million to rent specialty equipment for the Maintenance Division, which is responsible for maintaining and repairing state roadways. The enacted budget included only \$0.3 million from gas tax proceeds for this purpose. Though the current request includes \$17.0 million in new funding to purchase equipment, the Department indicated that the lead time to acquire the equipment ranges from two to nine months and that a short-term rental for certain equipment is needed. Reported expenditures for rental equipment were \$0.7 million in FY 2016 and \$0.5 million in FY 2015. The current request is \$1.3 million more than FY 2016 reported expenditures. *The Governor recommended funding as requested. **The Assembly concurred.***

**Current Fleet Operations.** The Department requested \$0.8 million more from gas tax proceeds than enacted for operating costs of its current fleet. This includes an additional \$0.6 million in payment to the State Fleet Revolving Loan Fund for vehicles it previously purchased. It also includes \$0.2 million more for fuel, insurance and routine maintenance. The current request is \$0.4 million more than FY 2016 reported expenses. *The Governor recommended funding as requested. **The Assembly concurred.***

**Highway Lighting.** The Department requested revised expenditures of \$5.4 million, \$1.2 million or 29.8 percent more than enacted for electricity costs associated with lighting masts and traffic signals along state owned highways and roads. The Department is in the process of converting the existing state highway system lighting; 6,000 of the 7,500 lights have been converted to LEDs in several phases. Based on the financial agreement with National Grid, the Department should incur savings 24 months from the implementation date; the pilot program was fully implemented in the spring of 2015. The request does not assume any savings from the pilot conversion.

Subsequently, the Department indicated that it overestimated expenditures. Reported expenditures were \$3.9 million or \$0.3 million below the final appropriation in FY 2016 and FY 2015 expenditures were \$4.1 million, or \$0.2 million below FY 2016. *The Governor recommended \$1.5 million less than requested, reflective of historical expenditures.* **The Assembly concurred.**

**Other Maintenance Operations.** The Department requested \$0.2 million more than enacted from gas tax proceeds for all other operations for the Maintenance Division. This includes \$0.3 million more for supplies, such as paint and signage, and \$50,000 for pot-hole claims. This is offset by \$125,000 budgeted for replacing lighting structures along state roadways. The Department indicated that the funding is not needed and further noted in the event an expense is incurred, it will be paid with Regional Greenhouse Gas Initiative funds, as part of the highway lighting conversion project. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Public Transit Authority.** Currently, the Rhode Island Public Transit Authority receives 9.75 cents of the 34-cent gas tax. The funds are transferred to the Authority but reflected in the Department of Transportation's budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation. The Authority will also receive its share of funding from the Highway Maintenance Account, which is based on 5.0 percent of all fines and fees collected into the account, or \$4.0 million.

The FY 2017 enacted budget was based on a per penny yield of \$4.333 million; the Department utilized a per penny yield of \$4.459 million, which is \$126,033 more per penny. The revised request includes \$1.4 million more in transfer to the Authority. This is overstated by \$0.2 million based on the per penny yield utilized. *The Governor recommended \$2.1 million more than enacted to reflect an upward revision to the gasoline tax yield.* **The Assembly concurred.**

**Turnpike and Bridge Authority.** The request includes the enacted amount of \$15.2 million of gasoline tax revenue to be transferred to the Rhode Island Turnpike and Bridge Authority for operations related to the four bridges under its purview: Newport Pell, Sakonnet River, Mount Hope, and Jamestown bridges. Funding was provided by the 2014 Assembly in lieu of placing a toll on the newly constructed Sakonnet River Bridge. *The Governor recommended \$0.8 million more than enacted to reflect an upward revision to the gasoline tax yield.* **The Assembly concurred.**

**Financial and Project Management Systems.** The Department requested \$1.4 million more than enacted from gas tax proceeds to upgrade its Oracle financial management system. This includes \$0.9 million in carry forward funds from FY 2016 for the financial system and new expenditures of \$0.5 million for the project management system. The Department indicated that Oracle support for the current system ended in December 2014. As of January 2015, severe system issues have not been resolved, limiting the use of one or all of the modules. While the financial management system is maintained and supported by various department users and a small Division of Information Technology staff, the Department noted that expertise does not currently exist to manage, upgrade and implement this system internally. The specialized skill needed to upgrade requires consulting services for project management, database administrators and technical lead programmers. Funds will be used to purchase a Project Tracking and Management System solution. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Legal Services.** The Department requested new expenditures of \$135,000 from gas tax proceeds for legal services pertaining to the RhodeWorks Program, an initiative to accelerate the replacement and reconstruction of state bridges with the goal of reducing the percentage of deficient bridges. The Department indicated that outside legal services will be needed as it goes through the memorandum of understanding with federal agencies for implementation of its 10-year transportation plan and for legal services relating to individual tolling locations. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Third Party Projects Reimbursement.** The Department requested \$3.4 million more than enacted from receipts it receives when it performs work for municipalities and other entities such as water authorities and the Airport Corporation. The enacted budget included \$0.2 million to fund personnel costs for employees who perform work on the projects. The increase is based on projected work and recent spending. Expenditures were \$2.9 million in FY 2016 and \$2.4 million in FY 2015. *The Governor recommended funding as requested.* **The Assembly concurred.**

**Congestion Mitigation Grant Adjustment.** The Department requested \$10.2 million, \$3.9 million more than enacted from federal funds for congestion mitigation air quality grants, reflective of additional funds that the Department received to support transit operations, such as parking garages and train stations. Funds will also be used for programs to help meet the requirements of the federal Clean Air Act and to assist the state in improving air quality through congestion relief and lowering emissions.

Based on historical spending patterns, it appears that the Department routinely overestimates its ability to spend these funds. Expenditures in FY 2016 were \$4.7 million or 61.8 percent of the final appropriation. Expenditures in FY 2015 were \$5.4 million. *The Governor recommended funding as requested.* **The Assembly concurred.**

**National Highway Safety Grants.** The Department requested \$45,000 less than enacted from the National Highway Transportation Safety Administration to fund safety activities such as enforcement, traffic studies, signage and research. *The Governor recommended \$2.0 million more than requested to reflect a new award.* **The Assembly concurred.**

**Capital - Commuter Rail Project.** The Department requested \$5.9 million less from federal transit funds for the Commuter Rail project, which will extend commuter rail service along Amtrak's northeast corridor south of Providence. Of the reduction, \$0.3 million is to reflect a shift of funding for the administration of the Rideshare Program to the Rhode Island Public Transit Authority; however, the Department will continue to oversee the program. The Department indicated that the Authority will now apply for and receive this funding directly from the Federal Transit Authority. The remaining \$5.5 million reduction relates to a grant that the Department had applied for but did not receive for the Pawtucket/Central Falls Train Station.

*The Governor recommended \$2.0 million more than requested to reflect a new federal grant to improve the transit corridor between Kennedy Plaza, the Providence Train Station and other hubs. She subsequently requested an amendment to include \$11.4 million from federal funds for the Kingston Station as part of the Commuter Rail Project.* **The Assembly concurred.**

**Capital - Other Projects.** Consistent with the capital budget, the Department's request includes the reappropriation of \$1.0 million from Rhode Island Capital Plan funds for the construction of salt storage facilities at various locations statewide where salt is currently stored uncovered. There are 23 salt storage facilities throughout the state. Of these sites, three remain without an enclosed facility, resulting in a negative impact on both the environment as well as operational efficiency. The request inadvertently excluded the reappropriations for the Rhode Island Public Authority Land and Buildings and the Train Station Maintenance and Repairs projects.



*The Governor recommended \$0.5 million more than requested to reflect the reappropriation of \$142,696 for the Land and Buildings project and \$323,556 for Train Station Maintenance and Repairs. She subsequently requested several amendments revising the projects to reflect delays and updating costs. She also recommended \$3.0 million in FY 2017 to the Rhode Island Airport Corporation for expansion to the Federal Inspection Services facility to support new international flights and for improvements to Runway 16/34. **The Assembly concurred. A detailed description of the projects is included in the Capital Budget section of this publication.***

**All Other Expenses.** The Department requested \$54,760 more from gas tax proceeds for all other expenses. This includes adjustments for building maintenance and computer supplies, offset by the removal of \$0.1 million for the Capitol Police officer assigned to the Department's headquarters building.

*The Governor concurred and added \$0.1 million to reflect funding for the Capitol Police assigned to the Department's headquarters. **The Assembly concurred.***

