
Section VI

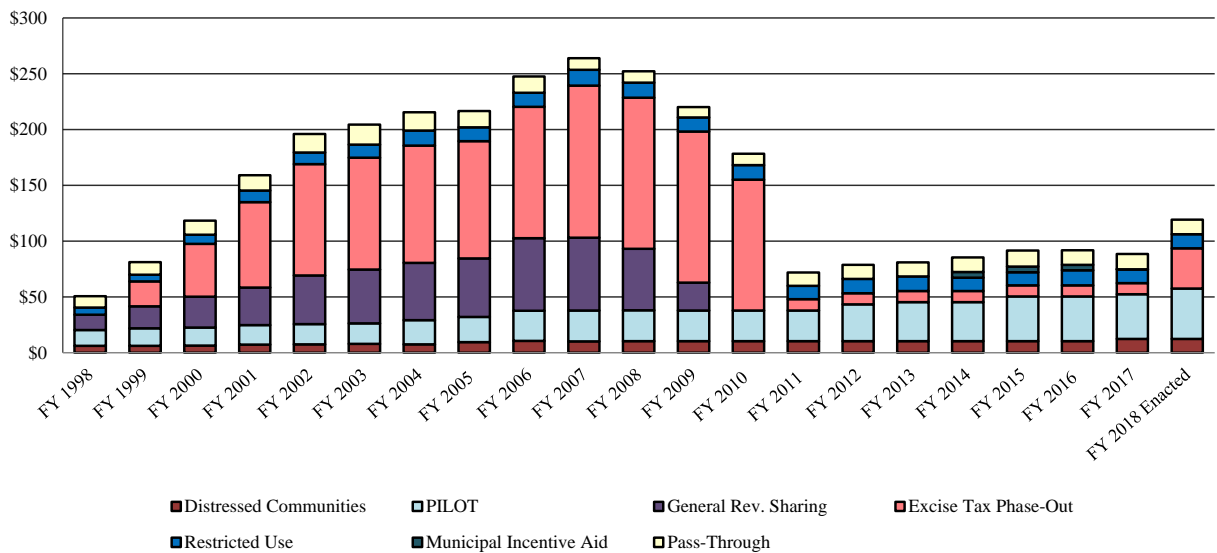
Special Reports

State Aid to Local Governments

Introduction

The Assembly provided state aid to cities and towns totaling \$76.8 million in FY 2017 and \$106.2 million in FY 2018. Funding for general aid programs in FY 2017 includes \$64.5 million, which is \$0.1 million more than enacted and is consistent with the Governor’s revised budget. Funding for general aid programs in FY 2018 includes \$93.6 million, \$29.1 million more than enacted and \$26.0 million more than the Governor recommended. The recommendation for restricted use programs includes the enacted level of \$12.3 million for FY 2017 and \$12.6 million, which is \$0.3 million more than enacted for FY 2018. Local communities will also receive \$13.6 million for FY 2017 and \$13.2 million in public service corporation property taxes, which the state collects and passes through to the communities.

The following graph shows historical funding data, in millions. The graph below also shows the allocation of funding for state aid programs from FY 1998 through the FY 2018 enacted amount.



The major changes included in the aid proposal are discussed on the following pages, followed by tables that show recommended distribution of general aid by community as well as restricted aid programs by community, including library operating aid, which is considered restricted and is not included in the general aid totals, and public service corporations’ tax collections, a local levy collected at the state level and returned to local governments for tax collection efficiency purposes. It should be noted that the estimated actual cost for the FY 2018 Motor Vehicle Excise Tax reimbursement is pending updated data not reflected in the distributions.

General. The Assembly provided the enacted level of \$64.5 million for FY 2017 and \$93.6 million for FY 2018 for general state aid programs to local governments.

Fiscal Year	2000	2005	2010	2015	2016	2017 Enacted	2017 Final	2018 Gov. Rec.	2018 Enacted	Chg. To Enacted
General Aid - State Sources										
Distressed Communities	\$ 6.6	\$ 9.5	\$ 10.4	\$ 10.4	\$ 10.4	\$ 12.4	\$ 12.4	\$ 12.4	\$ 12.4	\$ -
PILOT	16.1	22.7	27.6	40.1	40.1	42.0	42.0	45.2	45.2	3.2
Excise Tax Phase-Out	47.3	105.0	117.2	10.0	10.0	10.0	10.0	10.0	36.0	26.0
Municipal Incentive Aid	-	-	-	5.0	5.1	-	0.1	-	-	-
General Rev. Sharing	27.6	52.4	-	-	-	-	-	-	-	-
Subtotal	\$ 97.5	\$189.7	\$155.1	\$ 65.5	\$ 65.6	\$ 64.4	\$ 64.5	\$ 67.6	\$ 93.6	\$ 29.2
Restricted Use Aid - State Sources										
Library Resource Aid	\$ 5.7	\$ 8.1	\$ 8.8	\$ 8.8	\$ 8.8	\$ 9.4	\$ 9.4	\$ 9.4	\$ 9.4	\$ -
Library Const. Aid	1.6	2.5	2.6	2.3	2.7	2.2	2.2	2.3	2.2	(0.1)
Police & Fire Incentive	0.9	1.1	-	-	-	-	-	-	-	-
Prop. Val. Reimb.	0.0	0.6	1.6	0.7	1.4	0.6	0.6	0.9	0.9	0.4
Oversight Reimbursement	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	-
Subtotal	\$ 8.2	\$ 12.3	\$ 13.0	\$ 11.9	\$ 13.0	\$ 12.3	\$ 12.3	\$ 12.7	\$ 12.6	\$ 0.3
Total - State Sources	\$105.7	\$202.0	\$168.2	\$ 77.4	\$ 78.6	\$ 76.6	\$ 76.8	\$ 80.3	\$106.2	\$ 29.5
Other Aid - Pass-Through										
Public Service Corp.	\$ 12.8	\$ 14.6	\$ 10.2	\$ 14.3	\$ 14.3	\$ 13.6	\$ 13.6	\$ 13.6	\$ 13.2	\$ (0.4)

In millions

- **Distressed Communities Relief Fund.** The Assembly provided the enacted amount of \$12.4 million for the Distressed Communities Relief Fund. Communities' aid distribution is based on updated qualifying tax levies and reflects inclusion of Johnston and exclusion of Cranston as distressed communities for FY 2018. For both the first year of a community's qualification as a distressed community and the year that a community no longer qualifies, it receives a transition payment of half its proportional share.

The 2016 Assembly enacted legislation requiring that all communities qualifying as distressed participate in the Division of Taxation's refund offset program to collect taxes owed. All do participate.

- **Payment in Lieu of Taxes Program.** The Assembly provided \$45.2 million for FY 2018 for the Payment in Lieu of Taxes program that reimburses municipalities for property taxes that would have been due on real property exempted from taxation by state law, including property owned by private nonprofit higher educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility, or correctional facility. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced. The appropriation is \$3.2 million more than enacted and represents full funding for the program.

- **Motor Vehicle Excise Tax Phase-Out.** The Assembly funded the Motor Vehicle Excise at \$36.0 million for FY 2018. The Assembly provided \$26.0 million above the enacted level based on the legislation that ends the ability of municipalities to tax motor vehicles over time allowing no tax in FY 2024, and reimburses them for the lost tax revenues. By lowering values, increasing the minimum exemption, and lowering tax rates, the changes provide immediate and increasing relief to tax payers, improve interstate comparability and decrease intrastate variation. The new proposal fixes the current \$10.0 million reimbursement in statute as the base for reimbursements under the new program, and municipalities must maintain current calculation practices. Beginning with FY 2018, reimbursements are based on revenues lost resulting from the law changes.

The FY 2018 changes include increasing the vehicle exemption floor to \$1,000, no longer taxing cars more than 15 years old and using 95 percent of retail value, down from 100 percent. The minimum exemption and discount to the retail value grows over the next five years until the tax is no longer levied. For FY 2019, a \$50 rate ceiling is imposed and lowered over the phase out period.

- ***Municipal Incentive Aid.*** While FY 2016 was the final year of the three-year Municipal Incentive Aid program, an ineligible municipality's share is reappropriated to the following fiscal year. Johnston was ineligible in FY 2016 and its funds were reappropriated to FY 2017; as Johnston remained ineligible its share was redistributed among eligible communities consistent with current law. No funding is provided for FY 2018 consistent with current law.
- ***Library Resource Sharing Aid.*** The Assembly provided the enacted amount of \$9.4 million for library aid. Current law allows 25.0 percent reimbursement of second prior year expenditures.
- ***Library Construction Aid.*** The Assembly provided \$2.2 million in both years to fully fund library construction aid requirements. The state reimburses libraries up to half of the total costs for eligible projects on an installment basis, for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project.
- ***Property Valuation Reimbursement.*** The Assembly provided \$0.6 million for FY 2017 and \$0.9 million for FY 2018 to reimburse communities conducting property valuation updates.
- ***Oversight Reimbursement.*** The Assembly provided the enacted amount of \$0.1 million for both FY 2017 and FY 2018 to provide reimbursements of 50.0 percent of the cost of a financial advisor position to communities no longer under state Fiscal Stability Act oversight.
- ***Public Service Corporation Tax.*** The Budget assumes the state will collect and distribute the enacted amount of \$13.6 million for FY 2017 and \$13.2 million for FY 2018 of property taxes from public service corporations on behalf of municipalities and pass that back to them. The 2009 Assembly adopted the Governor's recommendation to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rate.

State Aid

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

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

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

General State Aid

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

Rankings	East			North			West		
	Central Falls	Cranston	Providence	Johnston	Providence	Pawtucket	Providence	Warwick	Woonsocket
FY 2015									
Levy/Full Value	1	7	11	4	5	8	2	6	3
Per Capita Income 2012	1	8	6	9	7	4	3	5	2
Personal Income/Full Value	1	16	22	9	6	3	14	4	2
Full Value Per Capita	1	9	10	8	6	3	4	5	2
Qualifying Rankings	4	2	1	2	4	4	3	4	4
FY 2016									
Levy/Full Value	2	7	8	9	4	5	3	6	1
Per Capita Income 2013	1	8	5	9	7	3	4	6	2
Personal Income/Full Value	1	13	15	22	5	3	14	4	2
Full Value Per Capita	1	9	7	12	6	3	4	5	2
Qualifying Rankings	4	2	3	0	4	4	3	4	4
FY 2017									
Levy/Full Value	3	8	9	6	5	7	2	4	1
Per Capita Income 2014	1	8	6	10	7	2	4	5	3
Personal Income/Full Value	1	13	15	11	5	4	7	2	3
Full Value Per Capita	1	8	7	9	6	3	4	5	2
Qualifying Rankings	4	3	2	1	4	4	4	4	4
FY 2018									
Levy/Full Value	2	8	9	4	6	7	3	5	1
Per Capita Income 2015	1	7	6	11	9	2	4	5	3
Personal Income/Full Value	1	16	18	6	3	4	12	5	2
Full Value Per Capita	1	11	8	7	6	3	4	5	2
Qualifying Rankings	4	2	2	3	3	4	3	4	4

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

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

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

Historically, a majority of the funds, \$9.6 million, was distributed on a weighted allocation and legislation was included in past budgets to allow \$0.8 million previously linked to lottery revenues to be shared equally among the communities. Since FY 2014, all of the funds are distributed on a weighted basis. The program had been level funded at \$10.4 million since FY 2008 until the 2016 Assembly increased funding to \$12.4 million.

The 2016 Assembly enacted legislation requiring that all communities qualifying as distressed participate in the Division of Taxation's refund offset program to collect taxes owed; the Division reports that all communities are compliant. The enacted budget also includes legislation establishing that if the Assembly appropriates more than the enacted level for the program, distressed communities will receive shares, even if they are receiving a transition payment.

Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification;

when a new community qualifies, that community receives 50.0 percent of current law requirements for the first year. The remaining 50.0 percent is distributed to the other distressed communities proportionately.

East Providence entered the program in FY 2016 and will no longer qualify after FY 2017. The Budget includes a 50.0 percent transition payment out of the program for Cranston and a 50.0 percent first year transition payment for Johnston.

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

The Assembly provided \$45.2 million for FY 2018, which is \$3.2 million more than enacted and represents full funding of the current law allowance of reimbursement of 27.0 percent of the value. The enacted budget provided reimbursements for FY 2017, totaling \$42.0 million, also representing full funding.

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

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

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

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

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

The Governor's budget proposed legislation to change the motor vehicle excise tax methodology assessing the valuation at not more than 70.0 percent of the clean retail value beginning January 1, 2018 and reimbursing municipalities for the loss of revenue estimated at \$58.0 million. That additional cost would not have impacted the state budget until FY 2019.

The 2017 Assembly enacted Article 11 of 2017-H 5175 to phase-out the motor vehicle excise tax and provided \$26.0 million to reimburse lost revenues to local municipalities for FY 2018. The legislation ends the ability of municipalities to tax motor vehicles over time, fixes the current \$10.0 million reimbursement in statute as the base for reimbursements under the new program, and requires municipalities to maintain current calculation practices. The legislation phases out the tax by lowering values, increasing the minimum exemption, and lowering tax rates. There is a separate provision to account for the fiscal year differential with the City of East Providence and other protections to ensure tax payers receive the relief.

Municipalities must submit certified tax rolls to the Department of Revenue's Division of Municipal Finance not later than August 31, 2017; for communities which sent bills prior to the enactment of the bill, the deadline for amended certified tax rolls is September 15, 2017. The Department is responsible for ensuring that communities do not exceed the 4.0 percent tax cap under current law, confirm that municipalities have continuity of the FY 2017 excise tax calculation methodology, certify the reimbursement amounts to each municipality, and assess the feasibility of standardizing the excise tax calculation for FY 2020 and thereafter.

For FY 2018 the changes include increasing the minimum exemption to \$1,000, lowering the assessed value from 100 percent to 95 percent, and no longer taxing cars older than 15 years old. The minimum exemption and discount to the retail value grows over the next five years until the tax is no longer levied. For FY 2019 a \$50 rate ceiling is imposed and lowered over the phase-out period.

Municipal Incentive Aid. The Municipal Incentive Aid program, which encouraged sustainable funding of retirement plans and reduction of unfunded liabilities, was conceived as a three year program. FY 2016 is the third and final year.

To receive aid, municipalities must meet certain benchmarks for each program year. For FY 2014, a municipality could receive funds if it had no locally administered pension plan, if it submitted an approved Funding Improvement Plan by June 1, 2013, or if its locally administered plan was not required to submit a Funding Improvement Plan. A municipality qualifies for the program for FY 2015 and FY 2016 if its pension plan is in the state-administered Municipal Employees Retirement System; if it has submitted or implemented an approved Funding Improvement Plan within one month after the close of the fiscal year and made the requisite payment; or, if it is not required to submit a Funding Improvement Plan and is making 100 percent of its required funding payment.

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

For FY 2014, 38 municipalities qualified for the program. Coventry did not submit a Funding Improvement Plan for one of its pension plans by the specified deadline; its FY 2014 payment was reappropriated to FY 2015, in which Coventry met the requirements for both years to receive its FY 2014 and FY 2015 proportional shares.

For FY 2015 and FY 2016, 38 municipalities qualified; Johnston did not meet the funding requirements for eligibility and its FY 2015 payment was reappropriated to FY 2016. However, as it did not meet the funding requirements for both years, its FY 2015 proportional share was redistributed amongst the other qualifying communities in May 2016. Consistent with current law, there is no funding in FY 2018; however, the Budget includes the reappropriated FY 2016 Johnston aid to be paid during FY 2017; as Johnston remained ineligible its share was redistributed amongst the other communities in May 2017.

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

Legislation in 2005 and 2006 provided that a portion of video lottery net terminal income from Lincoln and Newport, up to a maximum of \$10.0 million, would be dedicated to the program for non-distressed communities.

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

Restricted Use State Aid

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

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

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

For FY 2009, the Assembly enacted legislation to reduce the maintenance of effort requirement for municipalities to library services funding of at least 80.0 percent of the previous fiscal year. The 2009 Assembly enacted legislation to continue allowing communities to meet the 80.0 percent maintenance of effort for libraries to qualify for state library aid.

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

Included in this aid program is the library resources services grant, which is provided to the Providence Public Library to serve as the state's reference resource center. The program is intended to provide high-quality reference services to libraries and their patrons, including research area-specific databases, librarian-assisted research, and some tutoring services. It had historically been funded at \$1.0 million per year. The 2016 Assembly concurred with the Governor's recommendation to reduce the statewide library resource reference grant to \$0.7 million, and provided \$9.4 million for library aid, \$0.9 million more than was recommended by the Governor.

The Assembly provided \$9.4 million for FY 2018 to level fund state support of public libraries at 22.8 percent.

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

The state grants-in-aid are limited to a maximum of 50.0 percent of total eligible costs, as determined by the Office of Library and Information Services. The grants are paid on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of a project. During the repayment period, the state share may include the costs of interest on the state share of the project costs if the municipality or free public library was required to borrow the state's share of the project costs.

Reimbursable costs also include any cost of borrowing for the state share during the construction period. Examples of costs ineligible for state funds include fundraising or public relations costs incurred by the municipality or the free library. In a case where the library is a component of local government, payments are made to the municipality. Payments are made directly to free public libraries.

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

The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects through the end of FY 2014. The Office has been permitted to accept applications since July 1, 2014. The Assembly provided \$2.2 million for FY 2018 to fully fund library construction aid.

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

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

Municipal Firefighters Incentive Pay. Current law establishes a Municipal Firefighters Incentive Pay program. The purpose of this program is to provide financial compensation to members of the municipal fire departments and fire districts, the Cumberland Rescue Department and emergency service technicians of the Town of Lincoln who have furthered their education at the college level.

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

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

The Assembly provided \$0.6 million for FY 2017 and \$0.9 million for FY 2018, reflecting anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations. Expenditures fluctuate annually, as shown in the following table.

Fiscal Year	Expenditures
2017	\$ 559,901
2016	1,300,849
2015	681,508
2014	460,616
2013	1,611,032

Seven communities are required to conduct assessments and qualify for reimbursements in FY 2017, including Charlestown, Cumberland, Glocester, Hopkinton, North Providence, Richmond, and West Greenwich. For FY 2018, the communities that qualify for reimbursement are Barrington, Cranston, East Greenwich, Exeter, Narragansett, Newport, and Tiverton.

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

Oversight Reimbursement. For FY 2017 and FY 2018, the Assembly provided the enacted level of \$0.1 million for reimbursements to Central Falls, East Providence, and Woonsocket. Legislation enacted by the 2013 Assembly requires that the state reimburse municipalities no longer subject to state Fiscal Stability Act oversight for 50.0 percent of the cost of an executive officer to act as a chief financial advisor.

Pass-Through Revenues

Public Service Corporation Tax. The Budget assumes the state will collect and distribute \$13.6 million for FY 2017 and \$13.2 million for FY 2018 of property taxes from public service corporations on behalf of municipalities and pass that back to them; this is \$0.3 million less than enacted to reflect actual expenditures. The 2009 Assembly concurred with Governor Carcieri’s proposal to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rates. Annual tax collections had dropped from \$16.6 million in FY 2004 to \$10.2 million in FY 2010.

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

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

Other Local Revenues

Meals and Beverage. The 2003 Assembly enacted a one percent additional tax on gross receipts from sale of food and beverages sold in or from eating and drinking establishments effective August 1, 2003. Meals are defined as food sold ready for immediate consumption, regardless of when or where consumed. Eating establishments include all entities preparing these foods, including caterers. The Division of Taxation collects the tax and distributes it to the city or town where the meals and beverages were delivered. Distributions for the last four fiscal years are shown in the following table.

Fiscal Year	Total Collections
2016	\$25,683,737
2015	23,901,840
2014	22,334,876
2013	21,355,178

Hotel Tax. The 2004 Assembly enacted a one percent additional tax on occupancy charges effective January 1, 2005. The tax is paid by anyone receiving monetary charge for occupancy of any space furnished in a structure with a minimum of one room that is kept, used, maintained, advertised as or held out to the public to be a space where living quarters are supplied for pay to transient use. The Division of Taxation collects the tax for all except the City of Newport and distributes it to the city or town where the occupancy occurred. An expansion of the types of lodging to which this tax applies has increased recent collections. Distributions for the last four fiscal years are shown in the following table.

Fiscal Year	Total Collections
2016	\$ 4,057,884
2015	3,413,541
2014	3,138,100
2013	2,961,884

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

Distribution by Community

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

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>FY 2017 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 233,472	233,472	\$ 239,765	\$ (91,518)
Bristol	1,049,086	1,049,086	1,067,255	56,501
Burrillville	345,996	345,996	354,413	(60,633)
Central Falls	344,609	344,609	353,188	(62,353)
Charlestown	44,097	44,097	45,865	(32,560)
Coventry	244,791	244,791	255,942	(134,631)
Cranston	7,668,224	7,668,224	7,716,386	774,628
Cumberland	247,620	247,620	258,309	(129,364)
East Greenwich	516,397	516,397	520,854	(6,351)
East Providence	1,566,995	1,566,995	1,588,937	(120,944)
Exeter	92,110	92,110	94,316	(20,601)
Foster	72,955	72,955	74,795	(15,454)
Glocester	102,420	102,420	106,027	(34,910)
Hopkinton	69,295	69,295	73,478	(28,218)
Jamestown	22,042	22,042	23,062	(39,152)
Johnston ¹	422,637	559,977	437,352	60,807
Lincoln	198,583	198,583	209,041	(132,056)
Little Compton	12,896	12,896	13,934	(27,260)
Middletown	63,006	63,006	78,315	(85,345)
Narragansett	60,810	60,810	63,843	(109,766)
Newport	1,435,708	1,435,708	1,441,630	(61,791)
New Shoreham	6,714	6,714	7,023	(4,203)
North Kingstown	187,428	187,428	197,865	(158,669)
North Providence	1,422,762	1,422,762	1,431,086	(778,311)
North Smithfield	177,990	177,990	184,877	(50,797)
Pawtucket	2,873,394	2,873,394	2,909,735	(47,905)
Portsmouth	84,669	84,669	96,974	(92,438)
Providence	37,624,443	37,624,443	37,386,401	1,383,959
Richmond	65,687	65,687	67,738	(27,702)
Scituate	68,633	68,633	72,660	(102,315)
Smithfield	965,856	965,856	980,670	(4,227)
South Kingstown	337,948	337,948	344,771	(149,265)
Tiverton	59,170	59,170	64,720	(119,840)
Warren	92,183	92,183	95,772	(37,804)
Warwick	2,677,487	2,677,487	2,737,727	(168,142)
Westerly	375,840	375,840	382,393	(87,576)
West Greenwich	54,390	54,390	56,815	(32,023)
West Warwick	1,123,696	1,123,696	1,134,244	(62,046)
Woonsocket	1,351,520	1,351,520	1,332,724	(122,785)
Subtotal	\$ 64,363,560	\$ 64,500,900	\$ 64,500,900	\$ (963,064)

FY 2018 MV Data Update*

Total

¹ FY 2017 Revised reflects Johnston Municipal Incentive Aid reappropriated to FY 2017. Johnston was out of compliance and its aid was distributed amongst all other communities.

*MV Figures reflect value of FY 2017 levy but legislation uses FY 2018 levy, which is likely to be higher.

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

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.</i>	<i>FY 2018 Enacted</i>	<i>Change to FY 2017 Final</i>
Barrington	\$ 233,472	\$ 235,823	\$ 653,355	\$ 413,590
Bristol	1,049,086	1,133,302	1,437,620	370,365
Burrillville	345,996	300,270	792,150	437,737
Central Falls	344,609	349,504	658,924	305,736
Charlestown	44,097	45,147	153,869	108,004
Coventry	244,791	249,489	946,836	690,894
Cranston	7,668,224	7,644,842	10,060,422	2,344,036
Cumberland	247,620	252,144	837,112	578,803
East Greenwich	516,397	543,048	734,771	213,917
East Providence	1,566,995	750,675	1,913,055	324,118
Exeter	92,110	93,007	339,178	244,862
Foster	72,955	73,576	312,994	238,199
Glocester	102,420	103,736	429,132	323,105
Hopkinton	69,295	70,389	288,401	214,923
Jamestown	22,042	22,770	72,145	49,083
Johnston ¹	422,637	1,023,970	2,325,115	1,887,763
Lincoln	198,583	201,426	620,593	411,552
Little Compton	12,896	13,365	44,361	30,427
Middletown	63,006	65,174	218,789	140,474
Narragansett	60,810	62,933	199,464	135,621
Newport	1,435,708	1,486,506	1,664,177	222,547
New Shoreham	6,714	6,827	28,561	21,538
North Kingstown	187,428	190,942	614,912	417,047
North Providence	1,422,762	1,424,222	2,850,249	1,419,163
North Smithfield	177,990	179,603	610,666	425,789
Pawtucket	2,873,394	2,898,917	5,326,395	2,416,660
Portsmouth	84,669	86,997	301,276	204,302
Providence	37,624,443	41,007,416	44,898,543	7,512,142
Richmond	65,687	66,715	256,116	188,378
Scituate	68,633	70,024	233,537	160,878
Smithfield	965,856	977,309	1,548,572	567,903
South Kingstown	337,948	347,874	670,014	325,243
Tiverton	59,170	61,292	208,862	144,143
Warren	92,183	93,607	362,400	266,628
Warwick	2,677,487	2,666,161	4,757,842	2,020,116
Westerly	375,840	380,757	981,202	598,809
West Greenwich	54,390	55,209	223,181	166,366
West Warwick	1,123,696	1,160,049	1,635,457	501,213
Woonsocket	1,351,520	1,332,386	2,549,628	1,216,904
Subtotal	\$ 64,363,560	\$ 67,727,403	\$ 92,759,878	\$ 28,258,977
FY 2018 MV Data Update*			\$ 830,186	\$ 830,186
Total			\$ 93,590,064	\$ 29,089,163

¹ FY 2017 Revised reflects Johnston Municipal Incentive Aid reappropriated to FY 2017. Johnston was out of compliance and its aid was distributed amongst all other communities.

*MV Figures reflect value of FY 2017 levy but legislation uses FY 2018 levy, which is likely to be higher.

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>FY 2017 Final</i>	<i>Change to Enacted</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	223,894	223,894	223,894	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	1,341,001	1,341,001	1,341,001	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	817,097	817,097	817,097	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	1,032,992	1,032,992	1,032,992	-
North Smithfield	-	-	-	-
Pawtucket	1,523,936	1,523,936	1,523,936	-
Portsmouth	-	-	-	-
Providence	5,604,286	5,604,286	5,604,286	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	891,916	891,916	891,916	-
Woonsocket	949,336	949,336	949,336	-
Total	\$ 12,384,458	\$ 12,384,458	\$ 12,384,458	\$ -

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.</i>	<i>FY 2018 Enacted</i>	<i>Change to FY 2017 Final</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	223,894	225,398	225,398	1,504
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	1,341,001	1,341,001	1,341,001	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	817,097	-	-	(817,097)
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	601,333	601,333	601,333
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	1,032,992	1,030,137	1,030,137	(2,855)
North Smithfield	-	-	-	-
Pawtucket	1,523,936	1,539,903	1,539,903	15,967
Portsmouth	-	-	-	-
Providence	5,604,286	5,797,634	5,797,634	193,348
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	891,916	924,370	924,370	32,454
Woonsocket	949,336	924,681	924,681	(24,655)
Total	\$ 12,384,458	\$ 12,384,458	\$ 12,384,458	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>FY 2017 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 15,995	\$ 15,995	\$ 15,995	\$ -
Bristol	954,792	954,792	954,792	-
Burrillville	145,198	145,198	145,198	-
Central Falls	24,507	24,507	24,507	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,322,139	5,322,139	5,322,139	-
Cumberland	135	135	135	-
East Greenwich	434,980	434,980	434,980	-
East Providence	248,601	248,601	248,601	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,357,719	1,357,719	1,357,719	-
New Shoreham	-	-	-	-
North Kingstown	1,737	1,737	1,737	-
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	554,958	554,958	554,958	-
Portsmouth	-	-	-	-
Providence	30,137,743	30,137,743	30,137,743	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	710,097	710,097	710,097	-
South Kingstown	198,218	198,218	198,218	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,712,951	1,712,951	1,712,951	-
Westerly	159,333	159,333	159,333	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
Total	\$ 41,979,103	\$ 41,979,103	\$ 41,979,103	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.</i>	<i>FY 2018 Enacted</i>	<i>Change to FY 2017 Final</i>
Barrington	\$ 15,995	\$ 16,157	\$ 16,157	\$ 162
Bristol	954,792	1,035,981	1,035,981	81,189
Burrillville	145,198	97,322	97,322	(47,876)
Central Falls	24,507	25,295	25,295	788
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,322,139	5,287,952	5,287,952	(34,187)
Cumberland	135	135	135	-
East Greenwich	434,980	459,869	459,869	24,889
East Providence	248,601	243,053	243,053	(5,548)
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,357,719	1,405,248	1,405,248	47,529
New Shoreham	-	-	-	-
North Kingstown	1,737	1,712	1,712	(25)
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	554,958	554,958	554,958	-
Portsmouth	-	-	-	-
Providence	30,137,743	33,303,459	33,303,459	3,165,716
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	710,097	718,669	718,669	8,572
South Kingstown	198,218	204,036	204,036	5,818
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,712,951	1,690,561	1,690,561	(22,390)
Westerly	159,333	161,199	161,199	1,866
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
Total	\$ 41,979,103	\$ 45,205,606	\$ 45,205,606	\$ 3,226,503

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>FY 2017 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 217,477	\$ 217,477	\$ 221,581	\$ 4,104
Bristol	94,294	94,294	109,436	15,142
Burrillville	200,798	200,798	207,065	6,267
Central Falls	96,208	96,208	102,184	5,976
Charlestown	44,097	44,097	44,815	718
Coventry	244,791	244,791	251,244	6,453
Cranston	1,005,084	1,005,084	1,042,441	37,357
Cumberland	247,485	247,485	253,650	6,165
East Greenwich	81,417	81,417	84,112	2,695
East Providence	501,297	501,297	516,914	15,617
Exeter	92,110	92,110	93,419	1,309
Foster	72,955	72,955	74,174	1,219
Glocester	102,420	102,420	104,711	2,291
Hopkinton	69,295	69,295	72,384	3,089
Jamestown	22,042	22,042	22,334	292
Johnston	422,637	422,637	437,352	14,715
Lincoln	198,583	198,583	206,198	7,615
Little Compton	12,896	12,896	13,465	569
Middletown	63,006	63,006	76,147	13,141
Narragansett	60,810	60,810	61,720	910
Newport	77,989	77,989	80,642	2,653
New Shoreham	6,714	6,714	6,910	196
North Kingstown	185,691	185,691	192,589	6,898
North Providence	389,770	389,770	393,779	4,009
North Smithfield	177,990	177,990	183,264	5,274
Pawtucket	794,500	794,500	821,285	26,785
Portsmouth	84,669	84,669	94,646	9,977
Providence	1,882,415	1,882,415	1,620,464	(261,951)
Richmond	65,687	65,687	66,710	1,023
Scituate	68,633	68,633	71,269	2,636
Smithfield	255,759	255,759	267,692	11,933
South Kingstown	139,730	139,730	142,445	2,715
Tiverton	59,170	59,170	62,598	3,428
Warren	92,183	92,183	94,349	2,166
Warwick	964,536	964,536	1,013,712	49,176
Westerly	216,507	216,507	220,009	3,502
West Greenwich	54,390	54,390	55,996	1,606
West Warwick	231,779	231,779	238,429	6,650
Woonsocket	402,183	402,183	377,867	(24,317)
Subtotal	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -
FY 2018 MV Data Update*	-	-	-	-
Total	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -

*Figures reflect value of FY 2017 levy but legislation uses FY 2018 levy, which is likely to be higher

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.*</i>	<i>FY 2018 Enacted</i>	<i>Change to FY 2017 Final</i>
Barrington	\$ 217,477	\$ 217,477	\$ 637,198	\$ 415,617
Bristol	94,294	94,294	401,639	292,203
Burrillville	200,798	200,798	694,828	487,763
Central Falls	96,208	96,208	408,231	306,047
Charlestown	44,097	44,097	153,869	109,054
Coventry	244,791	244,791	946,836	695,592
Cranston	1,005,084	1,005,084	3,431,469	2,389,028
Cumberland	247,485	247,485	836,977	583,327
East Greenwich	81,417	81,417	274,902	190,790
East Providence	501,297	501,297	1,670,002	1,153,088
Exeter	92,110	92,110	339,178	245,759
Foster	72,955	72,955	312,994	238,820
Glocester	102,420	102,420	429,132	324,421
Hopkinton	69,295	69,295	288,401	216,017
Jamestown	22,042	22,042	72,145	49,811
Johnston	422,637	422,637	1,723,782	1,286,430
Lincoln	198,583	198,583	620,593	414,395
Little Compton	12,896	12,896	44,361	30,896
Middletown	63,006	63,006	218,789	142,642
Narragansett	60,810	60,810	199,464	137,744
Newport	77,989	77,989	258,929	178,287
New Shoreham	6,714	6,714	28,561	21,651
North Kingstown	185,691	185,691	613,200	420,611
North Providence	389,770	389,770	1,820,112	1,426,333
North Smithfield	177,990	177,990	610,666	427,402
Pawtucket	794,500	794,500	3,231,534	2,410,249
Portsmouth	84,669	84,669	301,276	206,630
Providence	1,882,415	1,882,415	5,797,450	4,176,986
Richmond	65,687	65,687	256,116	189,406
Scituate	68,633	68,633	233,537	162,268
Smithfield	255,759	255,759	829,903	562,211
South Kingstown	139,730	139,730	465,978	323,533
Tiverton	59,170	59,170	208,862	146,264
Warren	92,183	92,183	362,400	268,051
Warwick	964,536	964,536	3,067,281	2,053,569
Westerly	216,507	216,507	820,003	599,994
West Greenwich	54,390	54,390	223,181	167,185
West Warwick	231,779	231,779	711,086	472,657
Woonsocket	402,183	402,183	1,624,947	1,247,080
Subtotal	\$ 10,000,000	\$ 10,000,000	\$ 35,169,814	\$ 25,169,814
FY 2018 MV Data Update*	-	-	830,186	830,186
Total	\$ 10,000,000	\$ 10,000,000	\$ 36,000,000	\$ 26,000,000

*Figures reflect value of FY 2017 levy but legislation uses FY 2018 levy, which is likely to be higher

Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>FY 2017 Final</i>	<i>Change to Enacted</i>
Barrington	\$ -	\$ -	\$ 2,189	\$ 2,189
Bristol	-	-	3,027	3,027
Burrillville	-	-	2,150	2,150
Central Falls	-	-	2,603	2,603
Charlestown	-	-	1,050	1,050
Coventry	-	-	4,698	4,698
Cranston	-	-	10,805	10,805
Cumberland	-	-	4,524	4,524
East Greenwich	-	-	1,762	1,762
East Providence	-	-	6,325	6,325
Exeter	-	-	897	897
Foster	-	-	621	621
Glocester	-	-	1,316	1,316
Hopkinton	-	-	1,094	1,094
Jamestown	-	-	728	728
Johnston	-	137,340	-	-
Lincoln	-	-	2,843	2,843
Little Compton	-	-	469	469
Middletown	-	-	2,168	2,168
Narragansett	-	-	2,123	2,123
Newport	-	-	3,269	3,269
New Shoreham	-	-	113	113
North Kingstown	-	-	3,539	3,539
North Providence	-	-	4,315	4,315
North Smithfield	-	-	1,613	1,613
Pawtucket	-	-	9,556	9,556
Portsmouth	-	-	2,328	2,328
Providence	-	-	23,908	23,908
Richmond	-	-	1,028	1,028
Scituate	-	-	1,391	1,391
Smithfield	-	-	2,881	2,881
South Kingstown	-	-	4,108	4,108
Tiverton	-	-	2,122	2,122
Warren	-	-	1,423	1,423
Warwick	-	-	11,064	11,064
Westerly	-	-	3,051	3,051
West Greenwich	-	-	819	819
West Warwick	-	-	3,899	3,899
Woonsocket	-	-	5,522	5,522
Total	\$ -	\$ 137,340	\$ 137,340	\$ 137,340

**FY 2017 Revised reflects Johnston Municipal Incentive Aid reappropriated to FY 2017. Johnston was out of compliance and its aid was distributed amongst all other communities.*

Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.</i>	<i>FY 2018 Enacted</i>	<i>Change to FY 2017 Final</i>
Barrington	\$ -	\$ -	\$ -	\$ (2,189)
Bristol	-	-	-	(3,027)
Burrillville	-	-	-	(2,150)
Central Falls	-	-	-	(2,603)
Charlestown	-	-	-	(1,050)
Coventry	-	-	-	(4,698)
Cranston	-	-	-	(10,805)
Cumberland	-	-	-	(4,524)
East Greenwich	-	-	-	(1,762)
East Providence	-	-	-	(6,325)
Exeter	-	-	-	(897)
Foster	-	-	-	(621)
Glocester	-	-	-	(1,316)
Hopkinton	-	-	-	(1,094)
Jamestown	-	-	-	(728)
Johnston	-	-	-	-
Lincoln	-	-	-	(2,843)
Little Compton	-	-	-	(469)
Middletown	-	-	-	(2,168)
Narragansett	-	-	-	(2,123)
Newport	-	-	-	(3,269)
New Shoreham	-	-	-	(113)
North Kingstown	-	-	-	(3,539)
North Providence	-	-	-	(4,315)
North Smithfield	-	-	-	(1,613)
Pawtucket	-	-	-	(9,556)
Portsmouth	-	-	-	(2,328)
Providence	-	-	-	(23,908)
Richmond	-	-	-	(1,028)
Scituate	-	-	-	(1,391)
Smithfield	-	-	-	(2,881)
South Kingstown	-	-	-	(4,108)
Tiverton	-	-	-	(2,122)
Warren	-	-	-	(1,423)
Warwick	-	-	-	(11,064)
Westerly	-	-	-	(3,051)
West Greenwich	-	-	-	(819)
West Warwick	-	-	-	(3,899)
Woonsocket	-	-	-	(5,522)
Total	\$ -	\$ -	\$ -	\$ (137,340)

**FY 2017 Revised reflects Johnston Municipal Incentive Aid reappropriated to FY 2017. Johnston was out of compliance and its aid was distributed amongst all other communities.*

Library Aid

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>FY 2017 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 374,284	\$ 374,284	\$ 374,284	\$ -
Bristol	185,859	185,859	185,859	-
Burrillville	165,414	165,414	165,414	-
Central Falls	30,523	30,523	30,523	-
Charlestown	51,221	51,221	51,221	-
Coventry	244,374	244,374	244,374	-
Cranston	595,274	595,274	595,274	-
Cumberland	287,647	287,647	287,647	-
East Greenwich	134,295	134,295	134,295	-
East Providence	422,447	422,447	422,447	-
Exeter	52,087	52,087	52,087	-
Foster	34,462	34,462	34,462	-
Glocester	78,763	78,763	78,763	-
Hopkinton	36,298	36,298	36,298	-
Jamestown	115,055	115,055	115,055	-
Johnston	122,211	122,211	122,211	-
Lincoln	210,541	210,541	210,541	-
Little Compton	36,397	36,397	36,397	-
Middletown	147,598	147,598	147,598	-
Narragansett	153,079	153,079	153,079	-
Newport	417,539	417,539	417,539	-
New Shoreham	88,318	88,318	88,318	-
North Kingstown	293,678	293,678	293,678	-
North Providence	192,234	192,234	192,234	-
North Smithfield	78,789	78,789	78,789	-
Pawtucket	384,468	384,468	384,468	-
Portsmouth	116,931	116,931	116,931	-
Providence*	2,047,753	2,047,753	2,047,753	-
Richmond	27,268	27,268	27,268	-
Scituate	104,517	104,517	104,517	-
Smithfield	298,995	298,995	298,995	-
South Kingstown	225,653	225,653	225,653	-
Tiverton	116,085	116,085	116,085	-
Warren	57,784	57,784	57,784	-
Warwick	739,844	739,844	739,844	-
Westerly	318,145	318,145	318,145	-
West Greenwich	32,312	32,312	32,312	-
West Warwick	162,630	162,630	162,630	-
Woonsocket	181,300	181,300	181,300	-
Total	\$ 9,362,072	\$ 9,362,072	\$ 9,362,072	\$ -

*Includes the Statewide Reference Library Resource Grant.

Library Aid

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.</i>	<i>FY 2018 Enacted</i>	<i>Change to FY 2017 Final</i>
Barrington	\$ 374,284	\$ 380,070	\$ 380,070	\$ 5,786
Bristol	185,859	187,103	187,103	1,244
Burrillville	165,414	170,118	170,118	4,704
Central Falls	30,523	27,075	27,075	(3,448)
Charlestown	51,221	50,815	50,815	(406)
Coventry	244,374	238,140	238,140	(6,234)
Cranston	595,274	582,746	582,746	(12,528)
Cumberland	287,647	285,364	285,364	(2,283)
East Greenwich	134,295	132,321	132,321	(1,974)
East Providence	422,447	415,613	415,613	(6,834)
Exeter	52,087	52,931	52,931	844
Foster	34,462	34,371	34,371	(91)
Glocester	78,763	77,938	77,938	(825)
Hopkinton	36,298	35,323	35,323	(975)
Jamestown	115,055	126,828	126,828	11,773
Johnston	122,211	124,168	124,168	1,957
Lincoln	210,541	203,414	203,414	(7,127)
Little Compton	36,397	35,067	35,067	(1,330)
Middletown	147,598	145,593	145,593	(2,005)
Narragansett	153,079	191,652	191,652	38,573
Newport	417,539	411,403	411,403	(6,136)
New Shoreham	88,318	74,303	74,303	(14,015)
North Kingstown	293,678	282,085	282,085	(11,593)
North Providence	192,234	202,114	202,114	9,880
North Smithfield	78,789	78,305	78,305	(484)
Pawtucket	384,468	409,155	409,155	24,687
Portsmouth	116,931	113,853	113,853	(3,078)
Providence*	2,047,753	2,028,860	2,028,860	(18,893)
Richmond	27,268	26,001	26,001	(1,267)
Scituate	104,517	104,815	104,815	298
Smithfield	298,995	294,639	294,639	(4,356)
South Kingstown	225,653	218,810	218,810	(6,843)
Tiverton	116,085	123,043	123,043	6,958
Warren	57,784	56,598	56,598	(1,186)
Warwick	739,844	739,962	739,962	118
Westerly	318,145	318,791	318,791	646
West Greenwich	32,312	33,299	33,299	987
West Warwick	162,630	162,506	162,506	(124)
Woonsocket	181,300	186,880	186,880	5,580
Total	\$ 9,362,072	\$ 9,362,072	\$ 9,362,072	\$ -

*Includes the Statewide Reference Library Resource Grant.

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2017 Gov. Rev.</i>	<i>FY 2017 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 209,719	\$ 209,719	\$ 209,719	\$ -
Bristol	289,577	289,577	289,577	-
Burrillville	207,376	207,376	207,376	-
Central Falls	249,834	249,834	249,834	-
Charlestown	100,263	100,263	100,263	-
Coventry	450,490	450,490	450,490	-
Cranston	1,038,680	1,038,680	1,038,680	-
Cumberland	436,817	436,817	436,817	-
East Greenwich	168,882	168,882	168,882	-
East Providence	607,219	607,219	607,219	-
Exeter	85,909	85,909	85,909	-
Foster	59,761	59,761	59,761	-
Glocester	126,732	126,732	126,732	-
Hopkinton	104,846	104,846	104,846	-
Jamestown	70,086	70,086	70,086	-
Johnston	373,181	373,181	373,181	-
Lincoln	274,218	274,218	274,218	-
Little Compton	44,943	44,943	44,943	-
Middletown	207,028	207,028	207,028	-
Narragansett	203,230	203,230	203,230	-
Newport	316,689	316,689	316,689	-
New Shoreham	11,497	11,497	11,497	-
North Kingstown	339,927	339,927	339,927	-
North Providence	414,648	414,648	414,648	-
North Smithfield	155,854	155,854	155,854	-
Pawtucket	918,089	918,089	918,089	-
Portsmouth	223,391	223,391	223,391	-
Providence	2,298,821	2,298,821	2,298,821	-
Richmond	98,461	98,461	98,461	-
Scituate	134,071	134,071	134,071	-
Smithfield	276,509	276,509	276,509	-
South Kingstown	393,252	393,252	393,252	-
Tiverton	203,475	203,475	203,475	-
Warren	135,886	135,886	135,886	-
Warwick	1,056,511	1,056,511	1,056,511	-
Westerly	292,589	292,589	292,589	-
West Greenwich	78,764	78,764	78,764	-
West Warwick	372,833	372,833	372,833	-
Woonsocket	529,588	529,588	529,588	-
Total	\$ 13,559,646	\$ 13,559,646	\$ 13,559,646	\$ -

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2017 Enacted</i>	<i>FY 2018 Gov. Rec.</i>	<i>FY 2018 Enacted*</i>	<i>Change to FY 2017 Final</i>
Barrington	\$ 209,719	\$ 209,719	\$ 203,389	\$ (6,330)
Bristol	289,577	289,577	279,397	(10,180)
Burrillville	207,376	207,376	202,015	(5,361)
Central Falls	249,834	249,834	242,093	(7,742)
Charlestown	100,263	100,263	97,097	(3,166)
Coventry	450,490	450,490	437,024	(13,466)
Cranston	1,038,680	1,038,680	1,008,961	(29,720)
Cumberland	436,817	436,817	426,317	(10,500)
East Greenwich	168,882	168,882	163,835	(5,047)
East Providence	607,219	607,219	590,502	(16,717)
Exeter	85,909	85,909	83,592	(2,317)
Foster	59,761	59,761	58,356	(1,406)
Glocester	126,732	126,732	123,645	(3,088)
Hopkinton	104,846	104,846	101,482	(3,364)
Jamestown	70,086	70,086	68,263	(1,824)
Johnston	373,181	373,181	363,489	(9,692)
Lincoln	274,218	274,218	267,304	(6,914)
Little Compton	44,943	44,943	43,776	(1,167)
Middletown	207,028	207,028	200,603	(6,425)
Narragansett	203,230	203,230	196,380	(6,850)
Newport	316,689	316,689	305,570	(11,119)
New Shoreham	11,497	11,497	11,319	(178)
North Kingstown	339,927	339,927	328,695	(11,232)
North Providence	414,648	414,648	403,417	(11,231)
North Smithfield	155,854	155,854	151,904	(3,950)
Pawtucket	918,089	918,089	891,950	(26,139)
Portsmouth	223,391	223,391	216,894	(6,497)
Providence	2,298,821	2,298,821	2,232,279	(66,542)
Richmond	98,461	98,461	95,248	(3,213)
Scituate	134,071	134,071	130,554	(3,517)
Smithfield	276,509	276,509	268,766	(7,744)
South Kingstown	393,252	393,252	382,004	(11,248)
Tiverton	203,475	203,475	197,617	(5,858)
Warren	135,886	135,886	131,578	(4,308)
Warwick	1,056,511	1,056,511	1,022,628	(33,883)
Westerly	292,589	292,589	283,383	(9,207)
West Greenwich	78,764	78,764	76,421	(2,343)
West Warwick	372,833	372,833	360,940	(11,893)
Woonsocket	529,588	529,588	514,881	(14,707)
Total	\$ 13,559,646	\$ 13,559,646	\$ 13,163,564	\$ (396,083)

*FY 2018 Gov. Rec. based on prior data; Enacted reflects actual data.

Meals and Beverage Tax

<i>City or Town</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>
Barrington	\$ 137,483	\$ 150,289	\$ 160,982	\$ 172,575
Bristol	333,801	349,976	393,164	445,779
Burrillville	194,053	188,267	197,923	190,021
Central Falls	95,042	108,588	118,346	121,924
Charlestown	109,250	129,269	146,233	158,031
Coventry	353,161	369,572	392,485	389,819
Cranston	1,496,186	1,565,772	1,711,751	1,792,828
Cumberland	387,440	398,311	449,395	473,622
East Greenwich	505,899	542,163	603,838	677,598
East Providence	815,946	850,141	900,412	960,092
Exeter	77,753	82,729	91,328	100,330
Foster	14,837	15,555	15,854	17,936
Glocester	72,985	72,882	71,838	75,375
Hopkinton	51,648	48,816	48,178	52,205
Jamestown	77,397	82,430	93,444	92,434
Johnston	464,676	477,395	543,799	584,763
Lincoln	680,872	752,037	807,125	784,459
Little Compton	38,168	36,886	44,318	57,268
Middletown	601,666	650,819	650,757	725,596
Narragansett	500,618	523,958	583,414	664,935
Newport	1,912,423	1,850,957	2,069,020	2,266,128
New Shoreham	257,729	287,318	316,803	361,187
North Kingstown	462,381	473,098	507,483	556,133
North Providence	348,156	314,626	326,139	348,364
North Smithfield	195,593	229,300	242,418	314,344
Pawtucket	649,192	707,825	755,669	812,269
Portsmouth	177,469	175,345	179,150	229,833
Providence	4,555,807	4,744,243	4,927,997	5,260,911
Richmond	118,985	121,428	137,772	141,584
Scituate	67,382	63,926	68,385	64,084
Smithfield	582,110	649,927	678,253	786,891
South Kingstown	642,828	705,854	762,720	834,015
Tiverton	188,622	199,203	211,399	225,960
Warren	230,369	249,162	270,327	356,392
Warwick	2,338,168	2,502,697	2,657,702	2,712,574
Westerly	713,100	747,540	796,790	873,436
West Greenwich	103,943	124,809	136,840	137,441
West Warwick	313,596	321,518	337,902	347,921
Woonsocket	488,443	470,248	494,486	516,678
Total	\$ 21,355,178	\$ 22,334,876	\$ 23,901,840	\$ 25,683,737

Local Hotel Tax

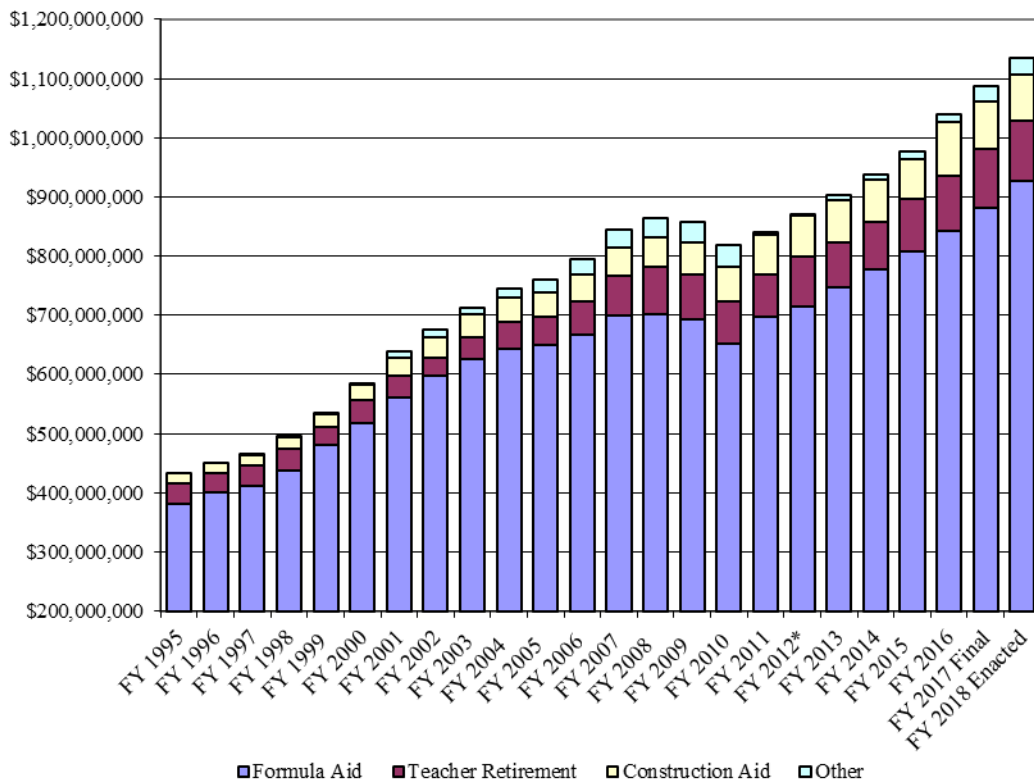
<i>City or Town</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>
Barrington	\$ -	\$ -	\$ -	\$ 269
Bristol	14,631	15,804	16,409	18,894
Burrillville	-	-	-	-
Central Falls	-	-	-	30
Charlestown	8,232	8,825	8,228	17,619
Coventry	29,526	34,086	40,343	44,161
Cranston	3,929	3,885	4,217	7,251
Cumberland	-	-	-	-
East Greenwich	229	370	249	384
East Providence	15,256	18,373	20,329	21,968
Exeter	-	-	-	7
Foster	38	104	93	70
Glocester	816	1,148	900	1,024
Hopkinton	-	-	-	347
Jamestown	4,043	3,870	4,743	7,420
Johnston	3,020	3,165	4,169	3,913
Lincoln	41,808	43,671	46,909	47,758
Little Compton	4,474	1,835	164	2,003
Middletown	259,616	289,889	331,476	370,993
Narragansett	34,265	34,462	36,258	68,467
Newport	790,380	815,986	862,954	1,065,006
New Shoreham	112,692	126,106	123,771	225,100
North Kingstown	31,236	32,951	36,732	36,972
North Providence	-	-	-	3
North Smithfield	1,379	1,284	1,444	1,498
Pawtucket	20,463	22,076	23,287	18,564
Portsmouth	3,943	4,913	8,333	8,476
Providence	782,201	825,596	901,828	1,002,140
Richmond	1,596	1,462	1,735	1,833
Scituate	1,458	2,059	2,824	2,972
Smithfield	56,971	62,429	65,311	76,793
South Kingstown	56,764	58,652	62,422	78,293
Tiverton	-	-	-	306
Warren	-	-	-	247
Warwick	416,065	432,937	474,245	524,392
Westerly	163,639	188,057	218,992	269,593
West Greenwich	39,230	40,274	41,057	47,165
West Warwick	36,974	41,880	50,205	59,550
Woonsocket	27,010	21,953	23,914	26,403
Total	\$ 2,961,884	\$ 3,138,100	\$ 3,413,541	\$ 4,057,884

Education Aid

Summary

The Assembly enacted \$1,134.3 million for FY 2018 total aid for local school districts. This is \$48.7 million more than enacted for FY 2017. Funding for FY 2018 includes \$926.0 million in direct distributions to local school districts, \$25.5 million in categorical funding, \$1.0 million in other aid for distribution by the Department, \$101.8 million for the state's contribution to teacher retirement, and \$80.0 million for school construction costs.

State Education Aid



*Davies begins appearing with education aid

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

The funding plan also allows for additional support from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. There is redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula is being phased in over a ten-year period. As FY 2018 is the seventh year of the transition period, only districts that are receiving less state aid will have that remaining loss phased in; the gaining districts will now receive the full amount of the aid produced by the formula each year. Districts are billed quarterly for students attending charter and state schools.

On October 22, 2015, the Governor created a Working Group to Review the Permanent Education Foundation Aid Formula through an executive order. The group was tasked with reviewing the degree to which the funding formula is meeting the needs of all students and schools, ensuring formula fairness between school types, and the degree to which the formula incorporates best practices in funding, efficiency and innovation. The group met eight times between November 3, 2015 and January 14, 2016. It issued a series of recommendations in a report that either impacted the education funding formula directly, or dealt with other regulations or statutes dealing with education funding, particularly at the local level. Based on those recommendations, the 2016 Assembly created two new categories of additional state support: one to support high-cost English language learners for FY 2017 only and one to support those traditional districts that have at least 5.0 percent of their students enrolled at a school of choice, including charter and state schools, to be phased out by FY 2020. The Governor recommended making the categorical support for English language learners permanent for FY 2018. The Assembly concurred.

Education Aid by Component

The Budget includes \$1,134.3 million for FY 2018 education aid for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This also includes teacher retirement and school housing aid as well as other formula aid for distribution by the Department of Elementary and Secondary Education. This is \$48.7 million more than enacted for FY 2017.

Education Aid	FY 2017 Enacted	FY 2017 Final	FY 2018 Governor	FY 2018 Enacted	Change to Enacted	Change to Final	Change to Governor
Operating Aid							
Local Districts	\$ 738,857,082	\$ 738,857,082	\$ 772,628,489	\$ 775,063,799	\$ 36,206,717	\$ 33,771,407	\$ 2,435,310
Central Falls	39,100,578	39,100,578	39,351,304	39,878,367	777,789	250,726	527,063
Met School*	9,342,007	9,342,007	9,342,007	9,342,007	-	-	-
Davies Career & Technical*	12,590,093	12,590,093	13,358,058	13,358,058	767,965	767,965	-
Charter Schools	75,177,727	75,055,934	84,181,184	82,748,544	7,570,817	9,125,250	(1,432,640)
UCAP	1,115,290	1,115,290	1,390,794	1,494,741	379,451	275,504	103,947
Group Homes Funding	4,797,072	4,865,072	4,108,209	4,108,209	(688,863)	(756,863)	-
Subtotal	\$ 880,979,849	\$ 880,926,056	\$ 924,360,045	\$ 925,993,725	\$ 45,013,876	\$ 43,433,989	\$ 1,633,680
Categorical Funding							
High Cost Special Education	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ -	\$ -	\$ -
Career and Technical	4,500,000	4,500,000	4,500,000	4,500,000	-	-	-
Early Childhood	5,160,000	5,160,000	6,240,000	6,240,000	1,080,000	1,080,000	-
Non-Public Transportation**	3,249,743	3,249,743	3,038,684	3,038,684	(211,059)	(211,059)	-
Regional District Transportation**	3,101,617	3,101,617	3,312,676	3,772,676	671,059	211,059	460,000
English Language Learners	2,494,939	2,372,225	2,494,939	2,494,939	-	122,714	-
School of Choice Density Aid	1,492,225	1,492,225	938,900	910,500	(581,725)	(553,325)	(28,400)
Subtotal	\$ 24,498,524	\$ 24,375,810	\$ 25,025,199	\$ 25,456,799	\$ 958,275	\$ 649,389	\$ 431,600
Set-Aside Funds							
Textbook Loans	\$ 240,000	\$ 159,541	\$ 240,000	\$ 240,000	\$ -	\$ 80,459	\$ -
School Breakfast	270,000	270,000	270,000	270,000	-	-	-
Recovery High School	500,000	500,000	500,000	500,000	-	-	-
Subtotal	\$ 1,010,000	\$ 929,541	\$ 1,010,000	\$ 1,010,000	\$ -	\$ 80,459	\$ -
Total	\$ 906,488,373	\$ 906,231,407	\$ 950,395,244	\$ 952,460,524	\$ 45,972,151	\$ 44,163,837	\$ 2,065,280
Other Aid							
Teacher Retirement	\$ 99,076,582	\$ 100,222,241	\$ 100,659,986	\$ 101,833,986	\$ 2,757,404	\$ 437,745	\$ 1,174,000
Construction Aid	70,907,110	68,891,558	70,907,110	70,907,110	-	2,015,552	-
School Building Authority Fund	9,092,890	11,108,442	9,092,890	9,092,890	-	(2,015,552)	-
Statewide Total	\$ 1,085,564,955	\$ 1,086,453,648	\$ 1,131,055,230	\$ 1,134,294,510	\$ 48,729,555	\$ 44,601,582	\$ 3,239,280

*Only reflects operating support consistent with other school districts. Capital projects funded from Rhode Island Capital Plan funds appear in the Department of Elementary and Secondary Education's operating budget. **Formerly a single category, shown separately for comparability.

The table above compares the FY 2018 enacted funding for the major components of education aid to the FY 2017 enacted budget and the Governor's FY 2018 recommendation. It is followed by an explanation of each of the items in the table.

The funding formula calculation for FY 2018 uses March 13, 2017 student enrollment data adjusted for FY 2018 projected charter school enrollments, a per pupil core instruction amount of \$9,163 and state share ratio variables updated with June 30, 2016 data. It was designed such that districts that were receiving more

state funding would have the additional funding phased in over seven years and districts that are going to receive less state funding would have that loss phased in over ten years. As FY 2018 is the seventh year of the transition period, only districts that are receiving less state aid are subject to a phase in; the gaining districts will now receive the full amount of the aid produced by the formula each year. Districts are billed quarterly for students attending charter and state schools.

Operating Aid

Local Districts. The Budget includes \$775.1 million for formula aid to locally operated school districts. This is \$36.2 million more than enacted and reflects the seventh year of the funding formula.

Central Falls Operations. The Budget includes \$39.9 million for formula aid for the Central Falls School District. This is \$0.8 million or 2.0 percent more than FY 2017 enacted aid. Beginning with FY 2012, Central Falls is funded pursuant to the funding formula.

The formula includes a stabilization fund for the Central Falls School District until the city can begin paying its local share. This is the fourth year of stabilization funding and the budget includes \$6.8 million. The formula produces a \$1.2 million reduction, reflecting year seven of the funding formula. This reduction reflects a declining Central Falls enrollment primarily due to the growth in the number of students attending charter schools.

Metropolitan Career and Technical School. The Budget includes \$9.3 million for formula aid for the Metropolitan Career and Technical School. This is consistent with the FY 2017 enacted level. The 2016 Assembly enacted a new stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Budget includes \$0.8 million in stabilization funding for the Met School, which is \$0.6 million more than enacted. This offsets the \$0.6 million reduction, reflecting year seven of the formula.

Prior to FY 2012, the Met School was fully state supported. The Met School is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Table 6 at the end of this report includes estimated enrollment for FY 2018.

The 2016 Assembly enacted a measure that reduces the local tuition payments to charter and state schools by the greater of seven percent of the local per pupil funding or the district's "unique" costs. Unique costs are the per pupil value of the district's costs for preschool services and screening, services to students ages 18 to 21, career and technical education, out-of-district special education placements, retiree health benefits, debt service and rental costs offset by those same costs for charter schools. In the case of districts where the unique cost calculation is greater, local tuition payments to mayoral academies with teachers that do not participate in the state retirement system are further reduced by the value of the unfunded pension liability reflected in the districts' per pupil cost.

Davies Career and Technical School. The Budget includes \$13.4 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$0.8 million more than the FY 2017 enacted level and includes \$0.1 million to represent the state's share of teacher retirement costs. The funding formula legislation requires that state schools participating in the state retirement system have their state aid adjusted to reflect reimbursement for the employer contributions for those staff employed by the state.

Davies was fully state supported until FY 2012, but is now funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which must pay it to the School. Davies' operating budget is submitted as part of the

Department's budget and Davies' employees are still state employees. Table 6 at the end of this report includes estimated enrollment by sending district for FY 2018.

The 2016 Assembly enacted a new stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and the implication of allowing local districts to hold back a share of its per pupil funding as well as recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Budget includes \$3.2 million in additional funding to Davies, \$1.6 million more than enacted. This offsets the \$0.9 million reduction, reflecting year seven of the formula.

The 2016 Assembly also enacted a measure that reduces the local tuition payments to charter and state schools by the greater of seven percent of the local per pupil funding or the district's "unique" costs. Unique costs are the per pupil value of the district's costs for preschool services and screening, services to students ages 18 to 21, career and technical education, out-of-district special education placements, retiree health benefits, debt service and rental costs offset by those same costs for charter schools. In the case of districts where the unique cost calculation is greater, local tuition payments to mayoral academies with teachers that do not participate in the state retirement system are further reduced by the value of the unfunded pension liability reflected in the districts' per pupil cost.

Charter Schools. The Budget includes \$82.7 million for formula aid to charter schools. This is \$7.6 million more than the FY 2017 enacted level. Since FY 2012, charter schools are funded pursuant to the education funding formula, like other districts. The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district, which must pay it to the school.

Charter schools are public schools authorized by the state to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters are reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and are included in the total. There are currently 22 charter schools in Rhode Island. Table 6 at the end of this report includes estimated enrollment for FY 2018.

The 2016 Assembly enacted a measure that reduces the local tuition payments to charter and state schools by the greater of seven percent of the local per pupil funding or the district's "unique" costs. Unique costs are the per pupil value of the district's costs for preschool services and screening, services to students ages 18 to 21, career and technical education, out-of-district special education placements, retiree health benefits, debt service and rental costs offset by those same costs for charter schools. In the case of districts where the unique cost calculation is greater, local tuition payments to mayoral academies with teachers that do not participate in the state retirement system are further reduced by the value of the unfunded pension liability reflected in the districts' per pupil cost.

Urban Collaborative Accelerated Program. The Budget includes \$1.5 million for the fifth year of funding for the Urban Collaborative Accelerated Program (UCAP) for FY 2018. The 2012 Assembly adopted legislation requiring that the Urban Collaborative Accelerated Program is funded pursuant to the education funding formula beginning in FY 2014. The program operates as an independent public school dedicated to reducing the dropout rates in Providence, Central Falls and Cranston. Table 6 at the end of this report includes estimated enrollment by sending district for FY 2018.

Group Homes. The Budget includes \$4.1 million for group home aid, based on 397 beds. The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out-of-district group homes. Prior to that, the district of official residence, generally based on the parents' residence, was

required to pay the district in which the child is placed for the cost of the child's education. This system produced disputes among communities concerning financial responsibility. These disputes often resulted in legal fees for all parties involved, and districts hosting group homes were largely unsuccessful in seeking reimbursements.

The 2007 revision ensured payment more closely reflects the actual number of group home beds open at the time of the budget. Increases in beds prior to December 31 of each year are paid as part of the supplemental budget for that year and included in the budget year recommendation. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2017 would not be reflected until FY 2018. The 2008 Assembly increased the per bed amount from \$15,000 to \$22,000 for the group home beds associated with Bradley Hospital's residential CRAFT program. The 2016 Assembly increased the per bed amount from \$22,000 to \$26,000 for group home beds associated with the residential CRAFT program. It also increased the per bed amount from \$15,000 to \$17,000 for all other group home beds.

In FY 2018, the 16 communities hosting group homes will receive \$17,000 per bed or \$26,000 for CRAFT beds.

Categorical Funding

The education funding formula allows for additional resources from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts, which is an entitlement based on the formula. For each other categorical fund, the Department of Elementary and Secondary Education prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, out-year estimates contained in the Governor's FY 2018 budget recommendation assume these costs will remain constant.

For FY 2018, density aid is provided for districts affected by large numbers of their students attending charter and state schools; this is the second year of a three-year program that will phase out by FY 2020. The Assembly concurred with the Governor's recommendation to make permanent the English language categorical fund, for which the enacted budget included one-time funding only. It also enacted legislation separating the transportation aid category into two distinct categories, one for non-public school transportation and one for regional school districts.

High Cost Special Education. The funding formula allows for additional resources from the state for high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Budget includes \$4.5 million for FY 2018, consistent with the enacted budget. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, out-year estimates contained in the Governor's FY 2018 budget recommendation assume these costs will remain constant. This was first funded in FY 2013 at \$500,000.

The 2016 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to collect data on those special educational costs that exceed four times the per pupil amount in order to evaluate the impact of a change in thresholds. The 2017 Assembly also enacted legislation requiring the Department collect data on those costs that exceed two and three times the current threshold.

Career and Technical Programs. The funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and

technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment, maintenance, repair and supplies necessary for maintaining the quality of highly specialized programs. The Department developed criteria for the purpose of allocating funds and prorates the funds available for distribution among those eligible school districts, if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. The Budget includes the enacted level of \$4.5 million for FY 2018. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, out-year estimates contained in the Governor's FY 2018 budget recommendation assume these costs will remain constant. This was first funded in FY 2013 at \$3.0 million. These funds are not shown in the distribution tables at the end of this report.

Early Childhood Education. The funding formula allows for additional resources from the state to increase access to voluntary, free, high quality pre-kindergarten programs. The Budget includes \$6.2 million for FY 2018, which is \$1.1 million more than enacted. These funds are currently distributed through a request for proposal process and have been going directly to childcare programs. All early childhood categorical funds have been used as a match for a federal grant since FY 2016. The corresponding increase in federal grant funds is \$2.8 million. The total additional money of \$6.0 million in FY 2018 will provide funds to increase the pre-kindergarten classes by four from 56 to 60. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, out-year estimates contained in the Governor's FY 2018 budget recommendation assume these costs will remain constant. This was first funded in FY 2013 at \$1.5 million. These funds are not shown in the distribution tables at the end of this report.

Non-Public Transportation. The funding formula allows for additional resources from the state to districts for transportation costs. The state currently provides funding to mitigate the excess costs associated with transporting students to out-of-district, non-public schools and within regionalized school districts. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, out-year estimates contained in the Governor's FY 2018 budget recommendation assume these costs will remain constant. This was first funded in FY 2012 at \$1.1 million.

Prior to FY 2018, funding for transportation costs were allocated through a single category of aid. The Department of Elementary and Secondary Education then separately distributed funding for non-public schools and regionalized school transportation. For FY 2017, districts with non-public transportation costs received \$3.2 million of the \$6.4 million enacted. The Governor's budget includes \$3.0 million for non-public school transportation, which is \$211,059 less than enacted. The Assembly concurred and enacted legislation to create two distinct categories of transportation aid, one for non-public school student transportation and the other for regional school districts.

Regional District Transportation. The funding formula allows for additional resources from the state to districts for transportation costs. The state currently provides funding to mitigate the excess costs associated with transporting students to out-of-district, non-public schools and within regionalized school districts.

Prior to FY 2018, funding for transportation costs were allocated through a single category of aid. The Department of Elementary and Secondary Education then separately distributed funding for non-public schools and regionalized school transportation. For FY 2017, regional school districts received \$3.1 million of the \$6.4 million enacted. The Governor's budget includes \$3.3 million for regional district transportation, which is \$211,059 more than enacted. The Assembly provided an additional \$460,000 and enacted legislation to create two distinct categories of transportation aid, one for non-public school student transportation and the other for regional school districts.

English Language Learners. The Budget includes \$2.5 million to support English language learners that are in the most intensive programs. The 2016 Assembly enacted legislation to provide funding for this

category for FY 2017 only, but concurred with the Governor’s proposed legislation in her FY 2018 budget to make this funding permanent. The funding is used on evidence-based programs proven to increase outcomes and are monitored by the Department of Elementary and Secondary Education. This recommendation emerged from the Governor’s funding formula work group. The calculation is 10.0 percent of the core instruction amount, applied to students in the most intensive English learner programs.

School of Choice Density Aid. The Budget includes \$0.9 million for year two of a three-year program that will phase out in FY 2020. This category of funding provides additional state support for those districts who have at least 5.0 percent of their students enrolled at a school of choice, which includes charter schools or state schools. For FY 2017, six districts were eligible for this funding, which provided \$175 per pupil for every student sent to a charter or state school. This recommendation emerged from the Governor’s funding formula work group. For FY 2018, the seven districts will receive \$100 per student.

Set-Aside Funds

Textbook Loans. The Budget includes the enacted level of \$240,000 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 12th grade. Final FY 2017 expenditures were \$159,541.

School Breakfast. The Budget includes \$270,000 for FY 2018 for the administrative cost reimbursement to districts for the school breakfast program, which is consistent with the enacted level. State law mandates that all public schools provide a breakfast program and costs, other than transportation, associated with this program in excess of federal money for the meals, shall be borne exclusively by the state.

Current law requires the Assembly to “*annually appropriate some sum and distribute it based on each district's proportion of the number of breakfasts served in the prior school year relative to the statewide total in the same year.*” As in the lunch program, children from families with incomes at or below 130 percent of poverty are eligible for free meals. Children from families between 130 percent and 185 percent of poverty are eligible for reduced-price meals. Children from families over 185 percent of poverty pay a regular price for their meals.

Recovery High School. The 2016 Assembly enacted legislation to provide \$500,000 for FY 2017 only to support the state’s recovery high school. Recovery high schools are specifically designed for students recovering from a substance abuse disorder. The legislation also removed districts from the enrollment process and changed the local tuition payment from the local per pupil expenditures to the core instruction amount. For FY 2018, the Governor recommended funding consistent with the enacted budget. The Assembly concurred and removed the reference in the legislation limiting this to FY 2017 only.

Other Aid

Teacher Retirement. The Budget includes \$101.8 million to fund the state’s 40.0 percent share of the employer contribution for teacher retirement, an increase of \$2.8 million or 2.8 percent more than the FY 2017 enacted budget. Prior to changes enacted in 2011, teachers had contributed 9.5 percent of their salaries; as of July 1, 2012, teachers contribute 8.75 percent. That rate is set in the General Laws. Employers contribute the difference between the teachers’ share and the amount needed to support the system, as determined annually by the State Employees’ Retirement System. For districts that choose not to participate in Social Security, there is an additional 4.0 percent contribution; 2.0 percent paid by both the employee and the district. The state does not pay a share of this 2.0 percent.

School Housing (Construction) Aid. The Budget includes \$70.9 million for construction aid to local districts. This is consistent with the enacted budget and will likely change based on the timeline of

municipalities finishing projects. The state reimburses cities and towns for a share of school capital projects. The shares are based on a district's wealth compared to the aggregate state wealth, and the minimum share for each district is 35.0 percent for FY 2018. The funding formula legislation had included a two-year phased increase in the state's minimum housing aid share to provide that no local district receives less than a 40.0 percent state reimbursement by FY 2012 for projects completed after June 30, 2012. The previous minimum had been 30.0 percent.

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

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

To encourage municipalities to refinance their bonds, the 2013 General Assembly enacted legislation that entitles towns to 80.0 percent of the total savings from bond refinancing, rather than the typical local share, for bond refinancing occurring between July 1, 2013 and December 31, 2015.

Current law requires that the difference between the annual school housing aid appropriation and actual aid be deposited into the School Building Authority Fund. As actual FY 2017 aid was \$2.0 million less than enacted, the remaining funding was transferred to the School Building Authority Fund.

School Building Authority Fund. The Budget includes \$9.1 million from general revenues for the School Building Authority Fund, consistent with the enacted budget. This program complements the School Housing Aid program and is for smaller projects that do not require the full rehabilitation of a school. The funding is distributed by the Rhode Island Health and Educational Building Corporation and is used for financial assistance and loans, pursuant to loan agreements with the Corporation and local education agencies. The Council on Elementary and Secondary Education must approve all projects prior to the award of financial assistance through the Fund. This is different from the regular school construction aid program in that disbursements from this fund do not require General Assembly approval and loans of up to \$500,000 do not require local voter approval.

The final FY 2017 allocation to the Fund is \$11.1 million, or \$2.0 million more than enacted, consistent with current law that requires that the difference between the annual housing aid appropriation and actual aid goes to the Fund.

Calculation and Distribution Tables

The ten tables on the following pages include the calculation and distribution of the FY 2018 enacted education aid to districts, charter and state schools. Tables 1A and 1B show the total recommended funding and Tables 2 through 8 illustrate different components of the funding formula. Table 9 has education aid to districts for FY 2012 through FY 2016 for comparison purposes.

Table 1A: Total Education Aid for Districts for FY 2018

Table 1B: Total Education Aid for Charter and State Schools for FY 2018

Table 2: Calculation of Funding Formula for FY 2018

Table 3: Calculation of Group Home Aid

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2018 Estimated Charter & State School Enrollment by Sending District

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

Table 8: Categorical Aid for FY 2018

Table 9: Education Aid for FY 2012 - FY 2016

Table 1A: Total Education Aid for Districts for FY 2018

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

B. Column **B** is the amount of group home aid districts will receive in FY 2018. Changes from FY 2017 are shown in Table 3. Group home aid is paid pursuant to current law in addition to aid paid through the funding formula.

C. The formula allows for additional resources from the state for high cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. Also included is year two of density aid funding, a three-year program that will phase out in FY 2020. The 2017 Assembly enacted a permanent category of funding for English language learners for FY 2018. The distribution from high cost special education, transportation, English learners, and charter school density aid is shown in Column **C**. Specific programs are shown in Table 8.

D. Column **D** shows the total FY 2018 enacted aid.

E. Column **E** is the FY 2017 enacted aid.

F. Column **F** is the difference between the FY 2018 enacted budget shown in Column **D** and the FY 2017 enacted budget shown in Column **E**.

G. Column **G** is the Governor's recommended budget. It was based on March 2016 student enrollment data.

H. Column **H** is the difference between the FY 2018 enacted budget shown in Column **D** and the Governor's FY 2018 recommendation shown in Column **G**.

Table 1A: Total Education Aid for Districts for FY 2018

<i>District</i>	<i>A FY 2018 Formula Aid</i>	<i>B Group Home Aid</i>	<i>C Categoricals</i>	<i>D Total FY 2018 Enacted Aid</i>
Barrington	\$ 5,157,779	\$ -	\$ 190,028	\$ 5,347,807
Burrillville	13,040,423	80,233	65,206	13,185,862
Charlestown	1,660,642	-	7,100	1,667,742
Coventry	23,060,907	85,982	56,086	23,202,975
Cranston	57,303,969	40,942	1,660,681	59,005,591
Cumberland	18,967,499	-	221,164	19,188,663
East Greenwich	2,535,361	-	204,580	2,739,941
East Providence	34,854,923	475,998	188,204	35,519,125
Foster	1,142,883	-	64,166	1,207,049
Glocester	2,389,577	-	17,807	2,407,384
Hopkinton	5,273,139	-	-	5,273,139
Jamestown	452,432	-	21,319	473,751
Johnston	18,225,966	-	412,842	18,638,808
Lincoln	12,332,011	105,292	73,190	12,510,493
Little Compton	397,073	-	40	397,113
Middletown	7,862,135	322,549	78,143	8,262,827
Narragansett	2,102,116	-	37,355	2,139,471
Newport	11,378,178	154,312	57,429	11,589,919
New Shoreham	122,100	-	19,968	142,068
North Kingstown	10,705,101	-	44,442	10,749,543
North Providence	21,512,305	153,801	353,039	22,019,145
North Smithfield	5,842,519	106,653	75,890	6,025,062
Pawtucket	88,188,641	294,434	670,947	89,154,022
Portsmouth	3,821,874	590,830	63,396	4,476,100
Providence	245,114,202	601,950	3,074,705	248,790,857
Richmond	4,676,150	-	-	4,676,150
Scituate	3,548,201	-	64,303	3,612,503
Smithfield	6,009,184	218,712	113,308	6,341,204
South Kingstown	6,478,789	249,723	226,943	6,955,455
Tiverton	6,456,229	-	75,055	6,531,284
Warwick	38,216,746	354,602	574,990	39,146,338
Westerly	8,690,035	-	161,918	8,851,953
West Warwick	24,295,114	-	81,784	24,376,898
Woonsocket	59,367,500	47,695	231,381	59,646,576
Bristol-Warren	14,194,634	108,583	1,424,134	15,727,351
Chariho	114,962	-	1,895,414	2,010,376
Exeter-West Greenwich	4,949,253	115,918	1,124,924	6,190,095
Foster-Glocester	4,623,248	-	407,691	5,030,939
Central Falls	39,878,367	-	442,279	40,320,646
Total	\$ 814,942,166	\$ 4,108,209	\$ 14,481,851	\$ 833,532,224
<i>Adjusted Chariho</i>	11,724,892	-	1,902,514	13,627,406

Table 1A: Total Education Aid for Districts for FY 2018

<i>District</i>	<i>E</i> <i>FY 2017</i> <i>Enacted</i>	<i>F</i> <i>Total FY 2018</i> <i>Chg. to Enacted</i>	<i>G</i> <i>FY 2018</i> <i>Governor</i>	<i>H</i> <i>FY 2018 Total</i> <i>Chg. to Governor</i>
Barrington	\$ 5,551,766	\$ (203,960)	\$ 5,330,690	\$ 17,117
Burrillville	13,111,036	74,826	13,526,436	(340,575)
Charlestown	1,683,295	(15,554)	1,653,819	13,923
Coventry	23,602,823	(399,848)	23,735,308	(532,333)
Cranston	56,028,985	2,976,607	59,866,615	(861,024)
Cumberland	17,980,588	1,208,075	18,746,381	442,282
East Greenwich	2,810,467	(70,526)	2,730,740	9,201
East Providence	33,101,436	2,417,689	36,021,616	(502,491)
Foster	1,199,424	7,625	1,218,824	(11,774)
Glocester	2,546,748	(139,364)	2,398,858	8,526
Hopkinton	5,386,069	(112,929)	5,290,964	(17,825)
Jamestown	473,875	(124)	478,188	(4,437)
Johnston	16,142,240	2,496,568	18,796,575	(157,767)
Lincoln	11,192,952	1,317,541	12,224,790	285,703
Little Compton	413,267	(16,154)	398,001	(888)
Middletown	8,621,818	(358,990)	8,317,752	(54,924)
Narragansett	2,150,151	(10,680)	2,137,486	1,986
Newport	10,938,355	651,564	11,703,496	(113,577)
New Shoreham	131,168	10,900	137,176	4,892
North Kingstown	10,897,112	(147,569)	10,740,244	9,299
North Providence	20,168,707	1,850,438	22,195,389	(176,244)
North Smithfield	6,177,521	(152,459)	6,045,280	(20,219)
Pawtucket	83,927,607	5,226,416	88,992,089	161,934
Portsmouth	4,787,381	(311,281)	4,482,590	(6,490)
Providence	235,212,373	13,578,484	244,810,080	3,980,777
Richmond	4,840,982	(164,832)	4,637,363	38,787
Scituate	3,794,601	(182,098)	3,637,924	(25,421)
Smithfield	5,961,894	379,309	6,321,221	19,983
South Kingstown	7,485,517	(530,062)	6,996,426	(40,971)
Tiverton	6,284,270	247,014	6,552,625	(21,341)
Warwick	38,252,322	894,016	39,154,478	(8,140)
Westerly	8,904,660	(52,707)	9,132,701	(280,748)
West Warwick	23,082,050	1,294,848	24,310,492	66,406
Woonsocket	56,340,793	3,305,783	58,982,216	664,360
Bristol-Warren	16,003,657	(276,306)	15,715,892	11,460
Chariho	1,810,108	200,268	1,132,795	877,580
Exeter-West Greenwich	6,384,057	(193,962)	6,767,194	(577,099)
Foster-Glocester	5,130,308	(99,369)	5,017,658	13,282
Central Falls	39,687,299	633,347	39,799,883	520,763
Total	\$ 798,199,682	\$ 35,332,544	\$ 830,138,253	\$ 3,393,971
<i>Adjusted Chariho</i>	13,720,454	(93,048)	12,714,942	912,465

Table 1B: Total Education Aid for Charter and State Schools for FY 2018

- A.** Column **A** is the FY 2017 enacted formula aid.
- B.** Column **B** includes mid-year revisions to FY 2017 based on current law requirements that any changes in enrollment as of October 1 that are greater than 10.0 percent get adjusted in that year.
- C.** Column **C** is the base formula aid calculation for FY 2018. It uses March 2017 enrollment and lottery data.
- D.** Column **D** is the difference between FY 2018 base funding and FY 2017 enacted formula aid.
- E.** Column **E** shows the transition calculation for districts that are receiving less state funding; that loss is being phased in over ten years. Charter and state schools that are receiving more state funding were subject to a seven-year phase in. As FY 2018 is the seventh year of the transition period, Column **E** is the same as Column **D** for gaining districts. Beginning in FY 2018, only districts that are receiving less state aid will have that remaining loss phased in.
- F.** Column **F** is the FY 2018 recommended formula aid. It is the transition calculation in Column **E** added or subtracted from the FY 2017 formula aid shown in Column **B**. Growth due to adding grades is paid in the year of the growth.
- G.** Column **G** is the difference between the seventh year of funding under the formula in Column **F** and total state formula aid shown in Column **C**.
- H.** Column **H** includes the distribution of English language learners categorical funding.
- I.** Column **I** includes the distribution of high cost special education categorical funding.
- J.** Column **J** is the total recommended aid for FY 2018. It includes the formula aid shown in Column **F** as well as the distributions from categorical funding shown in columns **H** and **I**.
- K.** Column **K** shows the Governor's FY 2018 recommended formula aid. It was based on March 2016 enrollment data and projected charter school enrollments for FY 2018.
- L.** Column **L** is the difference between the FY 2018 enacted aid shown in Column **J** and the Governor's recommendation shown in Column **K**.

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2018

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>
<i>School</i>	<i>FY2017 Enacted Formula Aid</i>	<i>FY2017 Rev. Formula Aid</i>	<i>FY2018 Base Formula Funding</i>	<i>Change to Enacted</i>	<i>Transition =D or 1/4th*</i>	<i>FY2018 Enacted Formula Aid**</i>
Academy for Career Exploration (Textron)	\$ 2,350,612	\$ 2,233,076	\$ 2,114,269	\$ (236,343)	\$ (59,086)	\$ 2,291,526
Achievement First	7,220,957	7,220,957	9,209,052	1,988,095	1,988,095	9,209,052
Beacon	2,353,074	2,353,074	2,761,557	408,483	408,483	2,761,557
Blackstone	3,107,898	3,107,898	3,713,520	605,622	605,622	3,713,520
Compass	485,495	485,495	362,514	(122,981)	(30,745)	454,750
Greene School	1,064,989	1,064,989	1,259,306	194,317	194,317	1,259,306
Highlander	5,015,985	5,015,985	5,489,465	473,480	473,480	5,489,465
Hope Academy	1,027,078	1,027,078	1,415,780	388,702	388,702	1,415,780
International	3,031,448	3,031,448	3,166,641	135,193	135,193	3,166,641
Kingston Hill	592,656	588,399	519,645	(73,011)	(18,253)	574,403
Learning Community	6,121,487	6,121,487	6,323,147	201,660	201,660	6,323,147
New England Laborers	1,148,340	1,148,340	1,125,517	(22,823)	(5,706)	1,142,634
Nowell	1,615,892	1,615,892	1,531,204	(84,688)	(21,172)	1,594,720
Nurses Institute	2,542,960	2,542,960	2,589,415	46,456	46,456	2,589,415
Paul Cuffee	7,941,389	7,941,389	8,401,014	459,625	459,625	8,401,014
RI Mayoral Academies						
Blackstone Prep.	13,436,201	13,436,201	15,265,732	1,829,531	1,829,531	15,265,732
RISE Mayoral Academy	868,551	868,551	1,351,280	482,729	482,729	1,351,280
Segue Institute	2,720,353	2,720,353	2,702,978	(17,375)	(4,344)	2,716,009
Southside Elementary	757,281	757,281	1,034,710	277,429	277,429	1,034,710
Times2 Academy	7,545,985	7,545,985	7,545,696	(290)	(72)	7,545,913
Trinity	2,187,348	2,187,348	2,187,948	600	600	2,187,948
Village Green	2,041,748	2,041,748	2,260,023	218,275	218,275	2,260,023
Charter Schools Subtotal	\$ 75,177,727	\$ 75,055,934	\$ 82,330,413	\$ 7,152,687	\$ 7,570,821	\$ 82,748,544
Davies Career and Tech	11,043,048	11,043,048	7,641,216	(3,401,832)	(850,458)	13,358,058
Met School	9,209,491	9,209,491	6,700,371	(2,509,120)	(627,280)	9,342,007
Urban Collaborative	1,115,290	1,115,290	1,539,678	424,388	379,451	1,494,741
Total	\$ 96,545,556	\$ 96,423,763	\$ 98,211,675	\$ 1,666,123	\$ 6,472,534	\$ 106,943,350

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

**Includes a state schools stabilization payment of \$3.2 million to Davies and \$0.8 million to Met.

Table 1B: Total Education Aid for Charter and State Schools for FY 2018

<i>School</i>	<i>G</i> <i>Change to</i> <i>Base</i> <i>Calculation</i>	<i>H</i> <i>English</i> <i>Language</i> <i>Learners</i> <i>Categorical</i>	<i>I</i> <i>High Cost</i> <i>Special Ed</i> <i>Categorical</i>	<i>J</i> <i>FY 2018</i> <i>Enacted Total</i> <i>Aid**</i>	<i>K</i> <i>FY 2018</i> <i>Governor Rec.</i> <i>Aid*</i>	<i>L</i> <i>FY 2018</i> <i>Enacted Aid</i> <i>Change to</i> <i>Governor</i>
Academy for Career Exploration (Textron)	\$ 177,257	\$ 10,007	\$ -	\$ 2,301,533	\$ 2,439,814	\$ (138,281)
Achievement First	-	24,950	-	9,234,002	9,187,122	46,880
Beacon	-	-	-	2,761,557	2,750,059	11,498
Blackstone	-	2,523	-	3,716,043	3,688,815	27,228
Compass	92,236	-	-	454,750	459,614	(4,864)
Greene School	-	2,129	-	1,261,435	1,155,709	105,726
Highlander	-	15,907	-	5,505,372	5,506,860	(1,488)
Hope Academy	-	1,072	-	1,416,852	1,393,722	23,130
International	-	21,587	-	3,188,228	3,143,958	44,270
Kingston Hill	54,758	109	5,046	579,558	582,699	(3,141)
Learning Community	-	20,840	13,616	6,357,603	6,262,516	95,087
New England Laborers	17,117	2,488	-	1,145,122	1,176,222	(31,100)
Nowell	63,516	7,290	-	1,602,010	2,442,259	(840,249)
Nurses Institute	-	4,289	-	2,593,704	2,679,347	(85,643)
Paul Cuffee	-	25,732	-	8,426,746	8,050,342	376,404
RI Mayoral Academies						
Blackstone Prep.	-	20,497	-	15,286,229	16,116,547	(830,318)
RISE Mayoral Academy	-	-	-	1,351,280	1,368,632	(17,352)
Segue Institute	13,031	8,847	-	2,724,856	2,825,598	(100,742)
Southside Elementary	-	1,072	-	1,035,782	1,026,172	9,610
Times2 Academy	-	10,722	-	7,556,635	7,671,742	(115,107)
Trinity	-	5,361	-	2,193,309	2,218,936	(25,627)
Village Green	-	5,388	-	2,265,411	2,243,971	21,440
Charter Schools Subtotal	\$ 417,915	\$ 190,810	\$ 18,662	\$ 82,958,017	\$ 84,390,657	\$ (1,432,639)
Davies Career and Tech	5,716,842	9,767	-	13,367,825	13,367,825	-
Met School	2,641,636	10,505	-	9,352,512	9,352,512	-
Urban Collaborative	(44,937)	5,204	-	1,499,945	1,395,998	103,947
Total	\$ 8,731,456	\$ 216,285	\$ 18,662	\$ 107,178,299	\$ 108,272,042	\$ (1,328,692)

**Includes a state schools stabilization payment of \$3.2 million to Davies and \$0.8 million to Met.

*Includes a state schools stabilization payment of \$3.1 million to Davies and \$0.8 million to Met.

Table 2: Calculation of Funding Formula for FY 2018

- A.** The FY 2018 student counts are shown in Column **A** based on the resident average daily membership as of March 13, 2017. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.
- B.** Column **B** includes the number of students in pre-kindergarten through 12th grade that are in “poverty status” which is defined as a child whose family income is at or below 185.0 percent of federal poverty guidelines.
- C.** Column **C** includes the percent of students that are in poverty status - Column **B** divided by Column **A**.
- D.** Column **D** is the core instruction funding, which is the student count in Column **A** times the core instruction per pupil amount of \$9,163. The legislation requires the core instruction per pupil amount to be updated annually.
- E.** Column **E** includes the student success factor funding which is a single poverty weight as a proxy for student supports and is 40.0 percent times the number of students in pre-kindergarten through 12th grade that are in poverty status in Column **B** times the core instruction amount.
- F.** The total foundation amount in Column **F** is the sum of the core instruction amount in Column **D** plus the student success factor funding in Column **E**.
- G.** Column **G** is the state share ratio; the calculation is described in Table 4.
- H.** Column **H** includes the state foundation aid under the funding formula. It is the total foundation amount in Column **F** times the state share ratio in Column **G**.
- I.** Column **I** is the FY 2017 enacted formula aid in Table 5.
- J.** Column **J** is the seventh year transition amount for districts that are receiving less state funding; that loss is being phased in over ten years. Charter and state schools that are receiving more state funding were subject to a seven-year phase in. As FY 2018 is the seventh year of the transition period, Column **J** is the amount produced by the formula for gaining districts. Beginning in FY 2018, only districts that are receiving less state aid will have that remaining loss phased in and for those districts it is the amount that will be subtracted from the FY 2018 base aid amount. This year’s version calculates aid for regional school districts by member community; this is the second year that regional school districts are calculated this way to comply with a 2015 Superior Court decision. The calculation is shown in Table 5.
- K.** Column **K** is the amount that districts would receive in the seventh year of the new formula’s implementation pursuant to the ten-year phase in of the formula.
- L.** Column **L** is the difference between the seventh year of funding under the formula shown in Column **K** and the total state foundation aid shown in Column **H**.

Table 2: Calculation of Funding Formula for FY 2018

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>
<i>District</i>	<i>FY2018 PK-12 RADM</i>	<i>FY2018 Poverty Status</i>	<i>% Poverty Status</i>	<i>Core Instruction Funding</i>	<i>Student Success Factor Funding</i>	<i>Total Foundation</i>	<i>State Share Ratio (Table 4)</i>
Barrington	3,355	169	5.0%	\$ 30,741,865	\$ 619,419	\$ 31,361,284	15.9%
Burrillville	2,321	745	32.1%	21,267,323	2,730,574	23,997,897	54.3%
Charlestown	862	188	21.8%	7,898,506	689,058	8,587,564	18.4%
Coventry	4,619	1,362	29.5%	42,323,897	4,992,002	47,315,899	48.7%
Cranston	10,185	4,187	41.1%	93,325,155	15,346,192	108,671,347	52.7%
Cumberland	4,503	955	21.2%	41,260,989	3,500,266	44,761,255	42.4%
East Greenwich	2,477	170	6.9%	22,696,751	623,084	23,319,835	9.7%
East Providence	5,214	2,676	51.3%	47,775,882	9,808,075	57,583,957	60.5%
Foster	266	57	21.4%	2,437,358	208,916	2,646,274	40.8%
Glocester	545	80	14.7%	4,993,835	293,216	5,287,051	38.8%
Hopkinton	1,116	255	22.8%	10,225,908	934,626	11,160,534	44.2%
Jamestown	629	59	9.4%	5,763,527	216,247	5,979,774	7.6%
Johnston	3,218	1,428	44.4%	29,486,534	5,233,906	34,720,440	52.5%
Lincoln	2,949	770	26.1%	27,021,687	2,822,204	29,843,891	41.3%
Little Compton	373	49	13.1%	3,417,799	179,595	3,597,394	9.7%
Middletown	2,207	720	32.6%	20,222,741	2,638,944	22,861,685	30.8%
Narragansett	1,287	294	22.8%	11,792,781	1,077,569	12,870,350	16.1%
Newport	2,122	1,357	63.9%	19,443,886	4,973,676	24,417,562	46.6%
New Shoreham	116	22	19.0%	1,062,908	80,634	1,143,542	10.7%
North Kingstown	3,863	847	21.9%	35,396,669	3,104,424	38,501,093	26.7%
North Providence	3,460	1,542	44.6%	31,703,980	5,651,738	37,355,718	57.6%
North Smithfield	1,698	303	17.8%	15,558,774	1,110,556	16,669,330	32.9%
Pawtucket	8,813	6,719	76.2%	80,753,519	24,626,479	105,379,998	83.7%
Portsmouth	2,338	372	15.9%	21,423,094	1,363,454	22,786,548	14.2%
Providence	22,790	19,541	85.7%	208,824,770	71,621,673	280,446,443	87.4%
Richmond	1,178	195	16.6%	10,794,014	714,714	11,508,728	36.3%
Scituate	1,341	240	17.9%	12,287,583	879,648	13,167,231	23.2%
Smithfield	2,382	360	15.1%	21,826,266	1,319,472	23,145,738	26.0%
South Kingstown	3,136	572	18.2%	28,735,168	2,096,494	30,831,662	16.0%
Tiverton	1,848	523	28.3%	16,933,224	1,916,900	18,850,124	34.3%
Warwick	9,063	3,165	34.9%	83,044,269	11,600,358	94,644,627	40.4%
Westerly	2,837	1,007	35.5%	25,995,431	3,690,856	29,686,287	28.9%
West Warwick	3,440	1,827	53.1%	31,520,720	6,696,320	38,217,040	63.6%
Woonsocket	5,773	4,392	76.1%	52,897,999	16,097,558	68,995,557	86.0%
Bristol-Warren	3,199	1,089		29,312,437	3,991,403	33,303,840	see
Chariho	-	-	0.0%	-	-	-	table
Exeter-West Greenwich	1,639	241		15,018,157	883,313	15,901,470	below
Foster-Glocester	1,093	209	19.1%	10,015,159	766,027	10,781,186	39.5%
Central Falls	2,530	2,244	88.7%	23,182,390	8,224,709	31,407,099	94.1%
Total	130,785	60,931		\$ 1,198,382,955	\$ 223,324,301	\$ 1,421,707,256	
<i>Bristol</i>	<i>1,965</i>	<i>571</i>	<i>29.1%</i>	<i>18,005,295</i>	<i>2,092,829</i>	<i>20,098,124</i>	<i>28.2%</i>
<i>Warren</i>	<i>1,234</i>	<i>518</i>	<i>42.0%</i>	<i>11,307,142</i>	<i>1,898,574</i>	<i>13,205,716</i>	<i>52.4%</i>
<i>Exeter</i>	<i>773</i>	<i>135</i>	<i>17.5%</i>	<i>7,082,999</i>	<i>494,802</i>	<i>7,577,801</i>	<i>24.7%</i>
<i>West Greenwich</i>	<i>866</i>	<i>106</i>	<i>12.2%</i>	<i>7,935,158</i>	<i>388,511</i>	<i>8,323,669</i>	<i>26.8%</i>
<i>Adjusted Chariho</i>	<i>3,156</i>	<i>638</i>		<i>28,918,428</i>	<i>2,338,398</i>	<i>31,256,826</i>	

Table 2: Calculation of Funding Formula for FY 2018

<i>District</i>	<i>H</i> <i>FY 2018 Base</i> <i>Funding</i>	<i>I</i> <i>FY 2017</i> <i>Enacted</i> <i>Formula Aid*</i>	<i>J</i> <i>Adjusted Year</i> <i>Six Difference</i> <i>(Table 5)</i>	<i>K</i> <i>FY 2018</i> <i>Recommended</i> <i>Formula Aid*</i>	<i>L</i> <i>Difference</i> <i>from Base</i> <i>Funding</i>
Barrington	\$ 4,985,803	\$ 5,215,104	\$ (57,325)	\$ 5,157,779	\$ 171,976
Burrillville	13,040,423	12,982,040	58,383	13,040,423	-
Charlestown	1,578,804	1,687,921	(27,279)	1,660,642	81,837
Coventry	23,060,907	22,704,444	356,463	23,060,907	-
Cranston	57,303,969	54,827,149	2,476,820	57,303,969	-
Cumberland	18,967,499	17,659,354	1,308,145	18,967,499	-
East Greenwich	2,262,505	2,626,313	(90,952)	2,535,361	272,856
East Providence	34,854,923	32,245,114	2,609,809	34,854,923	-
Foster	1,079,537	1,163,998	(21,115)	1,142,883	63,346
Glocester	2,049,675	2,502,877	(113,300)	2,389,577	339,901
Hopkinton	4,934,351	5,386,069	(112,929)	5,273,139	338,788
Jamestown	452,432	438,902	13,530	452,432	-
Johnston	18,225,966	15,770,318	2,455,648	18,225,966	-
Lincoln	12,332,011	10,906,917	1,425,094	12,332,011	-
Little Compton	348,493	413,267	(16,194)	397,073	48,581
Middletown	7,045,573	8,134,323	(272,187)	7,862,135	816,562
Narragansett	2,065,862	2,114,201	(12,085)	2,102,116	36,255
Newport	11,378,178	10,720,594	657,584	11,378,178	-
New Shoreham	122,100	110,826	11,274	122,100	-
North Kingstown	10,282,387	10,846,006	(140,905)	10,705,101	422,714
North Providence	21,512,305	19,547,302	1,965,003	21,512,305	-
North Smithfield	5,489,818	5,960,086	(117,567)	5,842,519	352,701
Pawtucket	88,188,641	82,687,909	5,500,732	88,188,641	-
Portsmouth	3,227,737	4,019,920	(198,046)	3,821,874	594,137
Providence	245,114,202	230,869,652	14,244,550	245,114,202	-
Richmond	4,181,653	4,840,982	(164,832)	4,676,150	494,497
Scituate	3,056,868	3,711,978	(163,777)	3,548,201	491,332
Smithfield	6,009,184	5,536,267	472,917	6,009,184	-
South Kingstown	4,932,343	6,994,271	(515,482)	6,478,789	1,546,446
Tiverton	6,456,229	6,230,844	225,385	6,456,229	-
Warwick	38,216,746	37,368,197	848,549	38,216,746	-
Westerly	8,585,472	8,724,889	(34,854)	8,690,035	104,562
West Warwick	24,295,114	23,016,375	1,278,739	24,295,114	-
Woonsocket	59,367,500	56,033,685	3,333,815	59,367,500	-
Bristol-Warren	12,584,377	14,731,387	(536,753)	14,194,634	1,610,257
Chariho	-	153,282	(38,321)	114,962	114,962
Exeter-West Greenwich	4,103,823	5,231,063	(281,810)	4,949,253	845,430
Foster-Glocester	4,263,226	4,743,256	(120,007)	4,623,248	360,022
Central Falls	29,543,131	39,100,578	(2,389,362)	39,878,367	10,335,237
Total	\$ 795,499,767	\$ 777,957,659	\$ 33,817,356	\$ 814,942,166	\$ 19,442,399
<i>Bristol</i>	<i>5,667,190</i>	<i>6,526,088</i>	<i>(214,725)</i>	<i>6,311,363</i>	<i>644,174</i>
<i>Warren</i>	<i>6,917,186</i>	<i>8,205,299</i>	<i>(322,028)</i>	<i>7,883,271</i>	<i>966,085</i>
<i>Exeter</i>	<i>1,871,985</i>	<i>2,295,387</i>	<i>(105,850)</i>	<i>2,189,537</i>	<i>317,551</i>
<i>West Greenwich</i>	<i>2,231,838</i>	<i>2,935,676</i>	<i>(175,960)</i>	<i>2,759,716</i>	<i>527,879</i>
<i>Adjusted Chariho</i>	<i>10,694,808</i>	<i>12,068,254</i>	<i>(343,361)</i>	<i>11,724,892</i>	<i>1,030,084</i>

*This includes a \$4.8 million stabilization fund payment to Central Falls in FY 2017 and \$6.8 million in FY 2018.

Table 3: Calculation of Group Home Aid for FY 2018

- A.** Column *A* is the FY 2017 enacted amount of group home aid. The distribution includes \$17,000 per bed with the exception of \$26,000 per bed for the group home beds associated with Bradley Hospital's residential CRAFT program, both of which are then adjusted for the seven or ten-year phase in.
- B.** Column *B* is the revised current law entitlement based on the January 10, 2017 report from the Department of Children, Youth and Families that identified 397 beds eligible for aid.
- C.** Column *C* shows the Governor's FY 2018 recommendation that assumes a bed count of 397.
- D.** Column *D* is the difference between the FY 2017 enacted aid shown in column *A* and the Governor's FY 2018 recommendation in column *C*.
- E.** Column *E* is the difference between the FY 2017 revised current law entitlement shown in column *B* and the Governor's FY 2018 recommendation in column *C*.
- F.** Column *F* shows FY 2018 enacted group home aid. The impact of group home beds on district enrollment is shown as a reduction to group home aid. The total amount of funding based on the number of beds in a district is reduced by that district's state share of core instruction and student success factor amounts. For those districts that are receiving less state aid, the reduction is phased-in over the remaining years of the transition period.
- G.** Column *G* is the difference between the FY 2018 enacted aid in Column *F* and the Governor's FY 2018 recommendation shown in Column *C*.

Table 3: Group Home Aid

<i>District</i>	<i>A</i> <i>FY 2017</i> <i>Enacted</i>	<i>B</i> <i>FY 2017</i> <i>Revised</i>	<i>C</i> <i>FY 2018</i> <i>Governor</i>	<i>D</i> <i>Change to</i> <i>Enacted</i>	<i>E</i> <i>Change to</i> <i>Revised</i>	<i>F</i> <i>FY 2018</i> <i>Enacted</i>	<i>G</i> <i>Change to</i> <i>Governor</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	82,140	82,140	80,233	(1,907)	(1,907)	80,233	-
Charlestown	-	-	-	-	-	-	-
Coventry	99,129	99,129	85,982	(13,147)	(13,147)	85,982	-
Cranston	47,702	47,702	40,942	(6,760)	(6,760)	40,942	-
Cumberland	-	-	-	-	-	-	-
East Greenwich	-	-	-	-	-	-	-
East Providence	550,150	550,150	475,998	(74,152)	(74,152)	475,998	-
Foster	-	-	-	-	-	-	-
Glocester	-	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-	-
Johnston	-	-	-	-	-	-	-
Lincoln	119,396	119,396	105,292	(14,104)	(14,104)	105,292	-
Little Compton	-	-	-	-	-	-	-
Middletown	334,390	334,390	322,549	(11,841)	(11,841)	322,549	-
Narragansett	-	-	-	-	-	-	-
Newport	184,817	184,817	154,312	(30,505)	(30,505)	154,312	-
New Shoreham	-	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-	-
North Providence	185,742	185,742	153,801	(31,941)	(31,941)	153,801	-
North Smithfield	108,137	108,137	106,653	(1,484)	(1,484)	106,653	-
Pawtucket	458,964	458,964	294,434	(164,530)	(164,530)	294,434	-
Portsmouth	600,518	600,518	590,830	(9,688)	(9,688)	590,830	-
Providence	819,685	887,685	601,950	(217,735)	(285,735)	601,950	-
Richmond	-	-	-	-	-	-	-
Scituate	-	-	-	-	-	-	-
Smithfield	235,340	235,340	218,712	(16,628)	(16,628)	218,712	-
South Kingstown	253,242	253,242	249,723	(3,519)	(3,519)	249,723	-
Tiverton	-	-	-	-	-	-	-
Warwick	407,284	407,284	354,602	(52,682)	(52,682)	354,602	-
Westerly	-	-	-	-	-	-	-
West Warwick	-	-	-	-	-	-	-
Woonsocket	75,400	75,400	47,695	(27,705)	(27,705)	47,695	-
Bristol-Warren	117,362	117,362	108,583	(8,779)	(8,779)	108,583	-
Chariho	-	-	-	-	-	-	-
Exeter-West Greenwich	117,674	117,674	115,918	(1,756)	(1,756)	115,918	-
Foster-Glocester	-	-	-	-	-	-	-
Central Falls	-	-	-	-	-	-	-
Total	\$ 4,797,072	\$ 4,865,072	\$ 4,108,209	\$ (688,863)	\$ (756,863)	\$ 4,108,209	\$ -

Table 4: Calculation of State Share Ratio

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

A. The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2013, is used for FY 2018 calculations. Property value is certified annually by the Department of Revenue, Division of Municipal Finance, based on local sales data and appraisals.

B. The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2013, as reported by the Department of Revenue's Division of Municipal Finance. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV).

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

C. The FY 2018 student counts are shown in Column *C* based on the resident average daily membership as of June 30, 2016. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

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

E. Column *E* includes the percentage of students in poverty status in pre-kindergarten through 6th grade as of June 30, 2016. Poverty status is defined as being at 185 percent of federal poverty guidelines.

F. The calculation in Column *F* is the square root of the sum of the state share ratio for the community calculation in Column *D* squared plus the district's percentage of students in poverty status in grades pre-kindergarten through 6th in Column *E* squared, divided by two.

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{SSRC}^2 + \%PK6FRPL^2}{2}}$$

G. Column *G* shows what the share ratio was for FY 2017. It uses property valuations as of December 31, 2012 and student counts as of June 30, 2015.

H. Column *H* shows the difference between the share ratio for FY 2018 and that for FY 2017.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>A</i> <i>Assessed Value</i> <i>12/31/13</i>	<i>B</i> <i>Adjusted EWAV</i> <i>12/31/13</i>	<i>C</i> <i>June 2016</i> <i>Student Count*</i>	<i>D</i> <i>Adjusted</i> <i>EWAV</i>
Barrington	\$ 2,962,782,871	\$ 4,419,363,601	3,282	21.8%
Bristol	2,913,601,850	2,798,865,920	2,057	21.0%
Burrillville	1,458,704,458	1,327,872,250	2,408	68.0%
Charlestown	2,336,020,837	2,197,815,454	905	0.0%
Coventry	3,290,466,535	3,180,058,232	4,603	59.9%
Cranston	7,087,818,813	6,942,197,033	10,202	60.5%
Cumberland	3,619,485,610	3,871,966,767	4,951	54.6%
East Greenwich	2,317,545,796	3,730,266,922	2,404	9.9%
East Providence	4,191,559,834	3,216,715,710	5,344	65.0%
Exeter	834,396,496	1,000,461,433	799	27.3%
Foster	543,747,430	232,381,429	280	51.8%
Glocester	1,012,877,591	451,779,684	552	52.5%
Hopkinton	861,381,645	833,670,698	1,125	57.0%
Jamestown	2,187,785,891	3,454,687,579	648	0.0%
Johnston	2,666,780,888	2,427,625,792	3,298	57.3%
Lincoln	2,626,930,583	2,761,366,561	3,179	49.6%
Little Compton	1,906,481,450	2,401,222,172	375	0.0%
Middletown	2,640,851,053	2,817,359,645	2,295	28.7%
Narragansett	4,543,637,822	5,657,390,383	1,311	0.0%
Newport	1,686,542,237	2,233,452,930	2,149	0.0%
New Shoreham	5,233,368,597	5,982,794,493	113	0.0%
North Kingstown	3,813,435,427	4,977,090,024	3,976	27.3%
North Providence	2,464,372,461	2,080,529,206	3,666	67.0%
North Smithfield	1,520,632,887	1,804,761,709	1,760	40.5%
Pawtucket	3,719,759,947	2,265,734,440	10,440	87.4%
Portsmouth	3,165,400,368	3,640,564,615	2,351	10.1%
Providence	10,667,176,830	6,114,681,072	27,146	86.9%
Richmond	843,502,119	1,039,537,702	1,150	47.5%
Scituate	1,475,065,064	1,729,106,943	1,405	28.5%
Smithfield	2,587,201,035	2,763,945,837	2,389	32.8%
South Kingstown	4,357,830,030	5,225,736,951	3,330	8.9%
Tiverton	1,937,535,874	2,075,409,710	1,830	34.1%
Warren	1,180,811,281	912,855,566	1,270	58.3%
Warwick	9,087,309,330	8,734,608,069	9,059	44.0%
West Greenwich	859,039,323	947,223,080	857	35.8%
West Warwick	2,082,488,022	1,577,282,752	3,508	73.9%
Westerly	5,985,005,586	5,066,610,499	2,935	0.0%
Woonsocket	1,797,475,272	950,852,801	6,072	90.9%
Foster/Glocester	918,089,738	918,089,738	1,118	52.3%
Central Falls	470,365,510	173,239,247	3,960	97.5%
Total	\$115,855,264,391	\$ 114,937,174,650	140,502	

*Includes charter and state school students

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY2016 %</i> <i>Students in</i> <i>Poverty</i>	<i>F</i> <i>FY2018 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY2017 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to</i> <i>Share Ratio</i>
Barrington	5.5%	15.9%	17.4%	-1.5%
Bristol	33.9%	28.2%	26.8%	1.4%
Burrillville	35.8%	54.3%	53.6%	0.8%
Charlestown	26.0%	18.4%	19.5%	-1.1%
Coventry	34.1%	48.7%	49.0%	-0.2%
Cranston	43.6%	52.7%	53.6%	-0.9%
Cumberland	24.7%	42.4%	43.0%	-0.6%
East Greenwich	9.5%	9.7%	8.7%	1.0%
East Providence	55.7%	60.5%	59.5%	0.9%
Exeter	21.8%	24.7%	22.9%	1.8%
Foster	25.4%	40.8%	40.5%	0.3%
Glocester	15.8%	38.8%	37.7%	1.1%
Hopkinton	25.7%	44.2%	45.5%	-1.3%
Jamestown	10.7%	7.6%	7.4%	0.1%
Johnston	47.2%	52.5%	50.2%	2.3%
Lincoln	30.9%	41.3%	40.0%	1.3%
Little Compton	13.7%	9.7%	12.0%	-2.3%
Middletown	32.8%	30.8%	31.2%	-0.3%
Narragansett	22.7%	16.1%	16.2%	-0.1%
Newport	65.9%	46.6%	45.7%	0.9%
New Shoreham	15.1%	10.7%	12.7%	-2.0%
North Kingstown	26.1%	26.7%	28.1%	-1.4%
North Providence	46.3%	57.6%	57.2%	0.5%
North Smithfield	23.0%	32.9%	37.4%	-4.5%
Pawtucket	79.8%	83.7%	83.3%	0.4%
Portsmouth	17.3%	14.2%	14.4%	-0.3%
Providence	87.9%	87.4%	87.8%	-0.4%
Richmond	19.6%	36.3%	36.4%	0.0%
Scituate	16.3%	23.2%	21.2%	2.1%
Smithfield	16.5%	26.0%	26.0%	0.0%
South Kingstown	20.8%	16.0%	18.6%	-2.6%
Tiverton	34.4%	34.3%	33.8%	0.4%
Warren	45.7%	52.4%	51.5%	0.9%
Warwick	36.4%	40.4%	40.5%	-0.1%
West Greenwich	12.5%	26.8%	30.9%	-4.1%
West Warwick	51.2%	63.6%	64.7%	-1.2%
Westerly	40.9%	28.9%	30.2%	-1.3%
Woonsocket	80.9%	86.0%	85.4%	0.7%
Foster/Glocester	19.8%	39.5%	39.7%	-0.1%
Central Falls	90.5%	94.1%	94.3%	-0.2%
Total				

Table 5: Transition Plan for Districts

The funding formula results in a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities and allow for an adjustment period, the law allows for a transition of up to ten years. The Department of Elementary and Secondary Education developed a methodology to implement this transition based on how a district fared compared to funding distributions under the old system. It requires establishing the total gain or loss to each district. This year's version calculates aid for regional school districts by member community; this is the second year that it is calculated this way to comply with a 2015 Superior Court decision.

A. Column **A** is the amount of formula aid that districts received in the sixth year of the formula's implementation, FY 2017.

B. Column **B** is the FY 2018 total base funding calculation.

C. Column **C** is the difference between FY 2018 base funding shown in Column **B** and the amount of formula aid received in FY 2017 and shown in Column **A**.

D. Column **D** shows the transition calculation for districts that are receiving less state funding; that loss is being phased in over ten years. Charter and state schools that are receiving more state funding were subject to a seven-year phase in. As FY 2018 is the seventh year of the transition period, Column **D** is the same as Column **C** for those districts. Beginning in FY 2018, only districts that are receiving less state aid will have that remaining loss phased in; the other districts will receive total aid as produced by the formula each year.

Table 5: Transition Plan for Districts

<i>District</i>	<i>A</i> <i>FY 2017</i> <i>Enacted Base</i> <i>Formula</i>	<i>B</i> <i>FY 2018 Base</i> <i>Calculation</i>	<i>C</i> <i>Difference</i>	<i>D</i> <i>Transition =</i> <i>C or 1/4th</i>
Barrington	\$ 5,215,104	\$ 4,985,803	\$ (229,301)	\$ (57,325)
Burrillville	12,982,040	13,040,423	58,383	58,383
Charlestown	1,687,921	1,578,804	(109,116)	(27,279)
Coventry	22,704,444	23,060,907	356,463	356,463
Cranston	54,827,149	57,303,969	2,476,820	2,476,820
Cumberland	17,659,354	18,967,499	1,308,145	1,308,145
East Greenwich	2,626,313	2,262,505	(363,808)	(90,952)
East Providence	32,245,114	34,854,923	2,609,809	2,609,809
Foster	1,163,998	1,079,537	(84,461)	(21,115)
Glocester	2,502,877	2,049,675	(453,202)	(113,300)
Hopkinton	5,386,069	4,934,351	(451,718)	(112,929)
Jamestown	438,902	452,432	13,530	13,530
Johnston	15,770,318	18,225,966	2,455,648	2,455,648
Lincoln	10,906,917	12,332,011	1,425,094	1,425,094
Little Compton	413,267	348,493	(64,774)	(16,194)
Middletown	8,134,323	7,045,573	(1,088,750)	(272,187)
Narragansett	2,114,201	2,065,862	(48,340)	(12,085)
Newport	10,720,594	11,378,178	657,584	657,584
New Shoreham	110,826	122,100	11,274	11,274
North Kingstown	10,846,006	10,282,387	(563,619)	(140,905)
North Providence	19,547,302	21,512,305	1,965,003	1,965,003
North Smithfield	5,960,086	5,489,818	(470,268)	(117,567)
Pawtucket	82,687,909	88,188,641	5,500,732	5,500,732
Portsmouth	4,019,920	3,227,737	(792,183)	(198,046)
Providence	230,869,652	245,114,202	14,244,550	14,244,550
Richmond	4,840,982	4,181,653	(659,329)	(164,832)
Scituate	3,711,978	3,056,868	(655,110)	(163,777)
Smithfield	5,536,267	6,009,184	472,917	472,917
South Kingstown	6,994,271	4,932,343	(2,061,928)	(515,482)
Tiverton	6,230,844	6,456,229	225,385	225,385
Warwick	37,368,197	38,216,746	848,549	848,549
Westerly	8,724,889	8,585,472	(139,416)	(34,854)
West Warwick	23,016,375	24,295,114	1,278,739	1,278,739
Woonsocket	56,033,685	59,367,500	3,333,815	3,333,815
Bristol-Warren	14,731,387	12,584,377	(2,147,011)	(536,753)
Chariho	153,282	-	(153,282)	(38,321)
Exeter-West Greenwich	5,231,063	4,103,823	(1,127,240)	(281,810)
Foster-Glocester	4,743,256	4,263,226	(480,029)	(120,007)
Central Falls	39,100,578	29,543,131	(9,557,447)	(2,389,362)
Total	\$ 777,957,659	\$ 795,499,767	\$ 17,542,107	\$ 33,817,356
<i>Bristol</i>	<i>6,526,088</i>	<i>5,667,190</i>	<i>(858,898)</i>	<i>(214,725)</i>
<i>Warren</i>	<i>8,205,299</i>	<i>6,917,186</i>	<i>(1,288,113)</i>	<i>(322,028)</i>
<i>Exeter</i>	<i>2,295,387</i>	<i>1,871,985</i>	<i>(423,402)</i>	<i>(105,850)</i>
<i>West Greenwich</i>	<i>2,935,676</i>	<i>2,231,838</i>	<i>(703,838)</i>	<i>(175,960)</i>
<i>Adjusted Chariho</i>	<i>12,068,254</i>	<i>10,694,808</i>	<i>(1,373,445)</i>	<i>(343,361)</i>

Table 6: FY 2018 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>ACE (Textron)</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>Greene School</i>
Barrington	-	-	-	-	-	-
Burrillville	-	-	20	-	-	-
Charlestown	-	-	-	-	34	2
Coventry	-	-	2	-	1	45
Cranston	-	69	6	-	-	11
Cumberland	-	-	35	-	-	2
East Greenwich	-	-	-	-	3	1
East Providence	-	-	4	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	10
Jamestown	-	-	-	-	2	-
Johnston	-	-	8	-	-	1
Lincoln	-	-	9	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	6	2
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	2	-	38	9
North Providence	-	39	8	1	-	-
North Smithfield	-	-	22	-	-	-
Pawtucket	-	-	10	167	-	13
Portsmouth	-	-	1	-	-	-
Providence	198	780	21	43	2	34
Richmond	-	-	-	-	-	2
Scituate	-	-	7	-	-	1
Smithfield	-	-	5	-	-	-
South Kingstown	-	-	-	-	36	11
Tiverton	-	-	-	-	-	-
Warwick	-	18	16	-	1	17
Westerly	-	-	-	-	28	14
West Warwick	-	2	6	-	-	11
Woonsocket	-	-	174	-	-	-
Bristol-Warren	-	-	1	-	-	-
Exeter-West Greenwich	-	-	-	-	17	2
Foster-Glocester	-	-	-	-	-	2
Central Falls	-	-	7	139	-	20
Total	198	908	364	350	168	210
<i>Adjusted Chariho</i>	-	-	-	-	34	14

Table 6: FY 2018 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	-	-	3	-	-
Burrillville	1	-	-	-	-
Charlestown	-	-	-	31	-
Coventry	-	-	-	12	-
Cranston	77	-	25	1	4
Cumberland	-	-	7	-	-
East Greenwich	-	-	-	-	-
East Providence	17	-	31	3	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	20	-	1	1	-
Lincoln	6	-	4	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	1	-
Narragansett	-	-	1	6	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	60	-
North Providence	7	9	14	-	-
North Smithfield	-	-	-	-	1
Pawtucket	45	-	136	3	122
Portsmouth	-	-	-	-	-
Providence	378	134	94	1	114
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	1	2	-
South Kingstown	-	-	-	35	-
Tiverton	-	-	-	-	-
Warwick	5	1	1	8	2
Westerly	-	-	-	10	-
West Warwick	1	-	2	5	-
Woonsocket	4	-	3	-	-
Bristol-Warren	2	-	-	-	-
Exeter-West Greenwich	-	-	-	11	-
Foster-Glocester	-	-	-	-	-
Central Falls	9	-	39	-	330
Total	572	144	362	190	573
<i>Adjusted Chariho</i>	-	-	-	31	-

Table 6: FY 2018 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>
Barrington	-	1	-	-	-
Burrillville	1	-	1	-	-
Charlestown	-	-	-	-	-
Coventry	2	-	-	-	-
Cranston	85	1	14	-	-
Cumberland	1	-	1	-	448
East Greenwich	-	-	-	-	-
East Providence	-	5	9	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	15	1	1	-	-
Lincoln	-	1	3	-	195
Little Compton	-	-	-	-	-
Middletown	-	-	1	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	2	1	1	-	-
North Providence	1	5	6	-	1
North Smithfield	-	-	1	-	-
Pawtucket	3	20	17	-	654
Portsmouth	-	1	-	-	-
Providence	23	69	177	813	4
Richmond	-	-	-	-	-
Scituate	2	1	-	-	-
Smithfield	-	-	-	-	1
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	14	3	6	-	2
Westerly	-	-	-	-	-
West Warwick	5	-	1	-	-
Woonsocket	2	17	8	-	-
Bristol-Warren	-	-	5	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	1	-	-
Central Falls	6	29	12	-	500
Total	162	155	265	813	1,805
<i>Adjusted Chariho</i>	-	-	-	-	-

Table 6: FY 2018 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>RISE</i>				
	<i>Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>
Barrington	-	-	-	-	-
Burrillville	19	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	-
North Smithfield	18	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	1	-	96	727	204
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	120	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	236	-	-	-
Total	158	236	96	727	204
<i>Adjusted Chariho</i>	-	-	-	-	-

Table 6: FY 2018 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Village Green</i>	<i>Davies Career & Tech Center</i>	<i>Metropolitan Career & Tech Center</i>	<i>Urban Collaborative</i>	<i>Total</i>	<i>Charter/State School % of Total Enrollment</i>
Barrington	2	-	5	-	11	0.3%
Burrillville	-	-	3	-	45	1.9%
Charlestown	-	-	4	-	71	
Coventry	1	-	5	-	68	1.4%
Cranston	13	2	30	3	341	3.3%
Cumberland	2	7	6	-	509	10.5%
East Greenwich	-	-	5	-	9	0.4%
East Providence	13	2	35	-	119	2.2%
Foster	-	-	-	-	-	0.0%
Glocester	-	-	-	-	-	0.0%
Hopkinton	-	-	2	-	12	
Jamestown	-	-	6	-	8	1.2%
Johnston	-	2	8	-	58	1.9%
Lincoln	1	40	1	-	260	7.9%
Little Compton	-	-	2	-	2	0.5%
Middletown	-	-	11	-	13	0.6%
Narragansett	-	-	5	-	20	1.4%
Newport	-	-	26	-	26	1.3%
New Shoreham	-	-	-	-	-	0.0%
North Kingstown	2	-	21	-	136	3.5%
North Providence	2	62	13	-	168	4.7%
North Smithfield	2	-	4	-	48	2.7%
Pawtucket	23	498	47	-	1,758	17.4%
Portsmouth	-	-	8	-	10	0.4%
Providence	147	41	366	128	4,595	17.5%
Richmond	1	-	4	-	7	
Scituate	-	-	2	-	13	0.9%
Smithfield	-	10	4	-	23	1.0%
South Kingstown	2	-	15	-	99	2.9%
Tiverton	-	-	17	-	17	0.9%
Warwick	2	1	26	-	123	1.3%
Westerly	-	-	-	-	52	1.7%
West Warwick	4	-	11	-	48	1.4%
Woonsocket	1	5	52	-	386	6.7%
Bristol-Warren	-	-	16	-	24	0.7%
Exeter-West Greenwich	-	-	-	-	30	1.8%
Foster-Glocester	-	-	3	-	6	0.5%
Central Falls	7	147	36	9	1,526	39.2%
Total	225	817	799	140	10,641	7.8%
<i>Adjusted Chariho</i>	<i>1</i>	<i>-</i>	<i>10</i>	<i>-</i>	<i>90</i>	<i>2.7%</i>

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

<i>Sending District</i>	<i>ACE (Textron)</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>Greene School</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	107,550	-	-	-
Charlestown	-	-	-	-	61,319	3,369
Coventry	-	-	8,932	-	4,466	218,828
Cranston	-	410,701	30,923	-	-	57,015
Cumberland	-	-	156,089	-	-	10,872
East Greenwich	-	-	-	-	2,667	889
East Providence	-	-	22,185	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	42,132
Jamestown	-	-	-	-	1,664	-
Johnston	-	-	44,252	-	-	4,810
Lincoln	-	-	35,591	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	8,825	2,942
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	5,873	-	92,991	23,003
North Providence	-	248,008	48,546	7,387	-	-
North Smithfield	-	-	72,425	-	-	-
Pawtucket	-	-	98,153	1,642,524	-	127,292
Portsmouth	-	-	1,817	-	-	-
Providence	2,114,269	8,457,074	216,232	472,507	16,017	336,361
Richmond	-	-	-	-	-	6,659
Scituate	-	-	14,891	-	-	2,127
Smithfield	-	-	12,846	-	-	-
South Kingstown	-	-	-	-	53,944	16,711
Tiverton	-	-	-	-	-	-
Warwick	-	76,959	65,119	-	3,700	67,339
Westerly	-	-	-	-	78,440	39,220
West Warwick	-	16,310	41,940	-	-	66,406
Woonsocket	-	-	1,693,556	-	-	-
Bristol-Warren	-	-	3,617	-	-	-
Exeter-West Greenwich	-	-	-	-	38,481	5,433
Foster-Glocester	-	-	-	-	-	7,247
Central Falls	-	-	81,020	1,591,102	-	220,651
Total	\$2,114,269	\$ 9,209,052	\$ 2,761,557	\$3,713,520	\$ 362,514	\$ 1,259,306

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

<i>Sending District</i>	<i>Hope</i>			<i>Learning</i>	
	<i>Highlander</i>	<i>Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Community</i>
Barrington	\$ -	\$ -	\$ 4,370	\$ -	\$ -
Burrillville	4,979	-	-	-	-
Charlestown	-	-	-	57,613	-
Coventry	-	-	-	55,377	-
Cranston	472,548	-	142,054	4,832	21,260
Cumberland	-	-	28,733	-	-
East Greenwich	-	-	-	-	-
East Providence	132,001	-	185,245	16,639	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	107,743	-	4,810	4,810	-
Lincoln	31,805	-	16,660	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	2,824	-
Narragansett	-	-	2,059	10,590	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	157,596	-
North Providence	47,491	53,823	82,317	-	-
North Smithfield	-	-	-	-	3,018
Pawtucket	443,221	-	1,318,927	26,072	1,217,707
Portsmouth	-	-	-	-	-
Providence	4,065,162	1,358,257	884,149	8,009	1,191,679
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	2,379	4,758	-
South Kingstown	-	-	-	55,410	-
Tiverton	-	-	-	-	-
Warwick	22,940	3,700	3,700	29,600	7,400
Westerly	-	-	-	29,680	-
West Warwick	5,825	-	11,650	29,125	-
Woonsocket	37,845	-	33,114	-	-
Bristol-Warren	9,303	-	-	-	-
Exeter-West Greenwich	-	-	-	26,710	-
Foster-Glocester	-	-	-	-	-
Central Falls	108,602	-	446,474	-	3,882,083
Total	\$ 5,489,465	\$ 1,415,780	\$ 3,166,641	\$ 519,645	\$ 6,323,147

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

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>
Barrington	\$ -	\$ 2,039	\$ -	\$ -	\$ -
Burrillville	4,979	-	6,971	-	-
Charlestown	-	-	-	-	-
Coventry	12,504	-	-	-	-
Cranston	534,395	6,764	88,905	-	-
Cumberland	3,883	-	5,436	-	2,022,165
East Greenwich	-	-	-	-	-
East Providence	-	34,387	65,446	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	83,694	6,734	6,734	-	-
Lincoln	-	3,786	11,359	-	850,405
Little Compton	-	-	-	-	-
Middletown	-	-	2,824	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	4,894	3,426	2,447	-	-
North Providence	7,387	30,605	42,214	-	5,277
North Smithfield	-	-	3,018	-	-
Pawtucket	29,139	202,440	170,234	-	6,499,547
Portsmouth	-	1,817	-	-	-
Providence	248,266	728,782	1,904,443	8,401,014	41,645
Richmond	-	-	-	-	-
Scituate	4,255	2,127	-	-	-
Smithfield	-	-	-	-	2,379
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	59,199	14,060	28,120	-	7,400
Westerly	-	-	-	-	-
West Warwick	38,445	-	8,155	-	-
Woonsocket	22,076	171,879	75,690	-	-
Bristol-Warren	-	-	24,439	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	5,073	-	-
Central Falls	72,401	322,358	137,907	-	5,836,914
Total	\$ 1,125,517	\$ 1,531,204	\$ 2,589,415	\$ 8,401,014	15,265,732

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

<i>Sending District</i>	<i>RISE Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	96,596	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	-	-	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	-
North Smithfield	63,975	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	11,212	-	1,034,710	7,545,696	2,187,948
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	1,179,497	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	2,702,978	-	-	-
Total	\$1,351,280	\$2,702,978	\$1,034,710	\$ 7,545,696	\$ 2,187,948

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

<i>Sending District</i>	<i>Village Green</i>	<i>Davies Career and Technical Center</i>	<i>Metropolitan Career and Technical Center</i>	<i>Urban Collaborative</i>	<i>Total</i>
Barrington	\$ 2,913	\$ -	\$ 7,866	\$ -	\$ 17,188
Burrillville	-	-	20,912	-	241,987
Charlestown	-	-	6,738	-	129,039
Coventry	4,466	-	24,116	-	328,689
Cranston	86,006	11,596	187,473	18,361	2,072,833
Cumberland	7,766	30,286	26,403	-	2,291,633
East Greenwich	-	-	5,156	-	8,712
East Providence	94,286	13,311	247,363	-	810,863
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	9,723	-	51,855
Jamestown	-	-	4,992	-	6,656
Johnston	-	9,620	44,252	-	317,459
Lincoln	5,301	180,228	3,786	-	1,138,921
Little Compton	-	-	2,485	-	2,485
Middletown	-	-	36,710	-	42,358
Narragansett	-	-	7,942	-	32,358
Newport	-	-	134,926	-	134,926
New Shoreham	-	-	-	-	-
North Kingstown	6,852	-	60,200	-	357,282
North Providence	14,775	392,591	87,594	-	1,068,015
North Smithfield	8,450	-	15,692	-	166,578
Pawtucket	240,781	4,803,346	452,422	-	17,271,805
Portsmouth	-	-	11,422	-	15,056
Providence	1,641,762	427,659	3,949,838	1,412,716	48,655,407
Richmond	4,661	-	13,317	-	24,637
Scituate	-	-	5,956	-	29,356
Smithfield	-	29,499	11,419	-	63,280
South Kingstown	3,518	-	23,161	-	152,744
Tiverton	-	-	62,139	-	62,139
Warwick	10,360	3,700	110,998	-	514,294
Westerly	-	-	-	-	147,340
West Warwick	32,620	-	85,046	-	335,522
Woonsocket	11,038	55,190	539,289	-	3,819,174
Bristol-Warren	-	-	63,199	-	100,558
Exeter-West Greenwich	-	-	-	-	70,624
Foster-Glocester	-	-	13,769	-	26,089
Central Falls	84,468	1,684,189	424,064	108,602	17,703,813
Total	\$ 2,260,023	\$ 7,641,216	\$ 6,700,371	\$ 1,539,678	\$ 98,211,675

Table 8: Categorical Aid for FY 2018

<i>Sending District</i>	<i>High Cost Special Education</i>	<i>ELL</i>	<i>Density Charter Aid</i>	<i>Non-Public Transportation</i>	<i>Regional Transportation</i>	<i>Total</i>
Barrington	\$ 90,740	\$ 1,040	\$ -	\$ 98,248	\$ -	\$ 190,028
Burrillville	34,017	667	-	30,522	-	65,206
Charlestown	-	-	7,100	-	-	7,100
Coventry	42,598	598	-	12,890	-	56,086
Cranston	826,679	63,609	-	770,393	-	1,660,681
Cumberland	46,167	11,956	50,900	112,141	-	221,164
East Greenwich	132,020	436	-	72,124	-	204,580
East Providence	151,856	33,166	-	3,182	-	188,204
Foster	47,363	-	-	16,803	-	64,166
Glocester	17,807	-	-	-	-	17,807
Hopkinton	-	-	-	-	-	-
Jamestown	21,195	124	-	-	-	21,319
Johnston	91,538	21,250	-	300,054	-	412,842
Lincoln	44,486	2,704	26,000	-	-	73,190
Little Compton	-	40	-	-	-	40
Middletown	69,700	8,443	-	-	-	78,143
Narragansett	37,224	131	-	-	-	37,355
Newport	34,945	22,484	-	-	-	57,429
New Shoreham	19,706	262	-	-	-	19,968
North Kingstown	41,603	2,839	-	-	-	44,442
North Providence	174,064	17,190	-	161,785	-	353,039
North Smithfield	54,325	808	-	20,757	-	75,890
Pawtucket	164,505	212,850	175,800	117,792	-	670,947
Portsmouth	62,991	405	-	-	-	63,396
Providence	794,219	1,526,070	459,500	294,916	-	3,074,705
Richmond	-	-	-	-	-	-
Scituate	27,480	-	-	36,823	-	64,303
Smithfield	32,071	743	-	80,494	-	113,308
South Kingstown	104,934	1,505	-	120,504	-	226,943
Tiverton	74,075	980	-	-	-	75,055
Warwick	558,269	11,888	-	4,833	-	574,990
Westerly	160,026	1,892	-	-	-	161,918
West Warwick	18,030	15,337	-	48,417	-	81,784
Woonsocket	48,463	128,073	38,600	16,245	-	231,381
Bristol-Warren	117,966	5,898	-	250,564	1,049,706	1,424,134
Chariho	102,084	256	-	305,713	1,487,360	1,895,413
Exeter-West Greenwich	102,904	825	-	115,201	905,994	1,124,924
Foster-Glocester	77,754	323	-	-	329,616	407,693
Central Falls	57,534	183,861	152,600	48,284	-	442,279
Subtotal	\$ 4,481,338	\$ 2,278,654	\$ 910,500	\$ 3,038,684	\$ 3,772,676	\$ 14,481,852
Charters & State Schools	18,662	216,285	-	-	-	234,947
Total	\$ 4,500,000	\$ 2,494,939	\$ 910,500	\$ 3,038,684	\$ 3,772,676	\$ 14,716,799

Table 9: Education Aid for FY 2012 – FY 2016

<i>District</i>	<i>FY 2012</i>	<i>FY 2013</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>
Barrington	\$ 2,374,854	\$ 3,350,904	\$ 3,971,797	\$ 4,701,418	\$ 5,157,096
Burrillville	13,008,772	12,965,501	13,063,243	13,173,610	13,301,214
Charlestown	1,704,449	1,694,669	1,706,995	1,708,666	1,706,421
Coventry	18,670,838	19,707,074	20,348,442	21,039,824	21,919,203
Cranston	34,148,058	39,188,868	43,347,609	47,040,378	51,129,521
Cumberland	12,663,079	13,834,760	14,705,457	15,756,436	16,689,944
East Greenwich	1,507,198	1,955,236	2,323,568	2,469,555	2,911,567
East Providence	25,375,608	26,993,305	28,082,665	29,373,000	31,094,815
Foster	1,242,314	1,214,327	1,204,783	1,193,192	1,206,855
Glocester	2,862,833	2,792,685	2,705,444	2,640,483	2,546,606
Hopkinton	5,726,195	5,615,973	5,515,535	5,576,348	5,470,735
Jamestown	369,267	363,461	361,936	406,834	456,252
Johnston	10,131,916	11,083,498	11,997,593	13,192,809	14,241,390
Lincoln	6,999,556	8,156,329	8,990,606	9,855,862	10,434,249
Little Compton	313,858	338,666	365,270	401,928	398,464
Middletown	9,407,808	9,288,241	9,109,276	8,905,309	8,723,282
Narragansett	1,488,608	1,663,260	1,805,079	1,993,920	2,154,808
Newport	10,701,213	10,661,062	10,656,332	10,623,202	10,597,219
New Shoreham	61,851	72,292	81,762	91,103	103,748
North Kingstown	10,674,839	10,758,204	10,796,604	10,725,467	10,693,934
North Providence	12,751,556	14,139,108	15,094,386	16,607,860	18,350,725
North Smithfield	4,630,725	5,133,980	5,400,054	5,587,845	5,824,568
Pawtucket	64,600,780	68,246,641	71,459,692	74,842,935	78,877,331
Portsmouth	5,762,149	5,380,832	5,128,661	4,882,427	4,797,771
Providence	185,804,948	197,968,379	206,273,348	215,122,639	223,060,894
Richmond	5,648,866	5,474,556	5,335,436	5,205,437	5,063,630
Scituate	3,155,942	3,514,829	3,720,471	3,960,437	3,974,844
Smithfield	4,966,920	4,982,755	4,985,793	5,115,212	5,348,196
South Kingstown	8,832,470	8,511,975	8,154,486	7,977,157	7,757,160
Tiverton	5,329,648	5,677,809	5,775,390	5,828,165	6,068,532
Warwick	33,796,578	34,449,461	35,164,250	36,064,777	36,764,894
Westerly	5,982,372	6,572,162	7,164,219	7,704,193	8,418,818
West Warwick	19,143,704	19,775,027	20,309,057	21,027,603	21,881,242
Woonsocket	45,012,523	46,744,955	48,170,444	50,690,278	53,233,700
Bristol-Warren	18,625,047	17,832,369	17,089,869	16,749,945	16,207,317
Exeter-West Greenwich	6,818,348	6,705,948	6,639,220	6,637,627	6,230,076
Chariho	642,082	898,449	1,127,409	1,316,445	1,322,688
Foster-Glocester	5,372,978	5,289,023	5,213,358	5,204,461	5,113,855
Central Falls	41,145,437	39,744,688	38,451,858	39,085,004	39,597,253
<i>District Subtotal</i>	\$ 647,456,186	\$ 678,741,261	\$ 701,797,397	\$ 730,479,794	\$ 758,830,818
Charter Schools	43,204,584	46,734,741	55,057,928	59,055,781	67,474,258
State Schools	26,326,495	25,029,795	24,173,800	23,299,251	22,300,780
Total	\$ 716,987,265	\$ 750,505,797	\$ 781,029,125	\$ 812,834,826	\$ 848,605,856

Revenues Changes

The Governor recommended \$0.2 million less and \$221.0 million more general revenues than estimated at the November 2016 Revenue Estimating Conference for FY 2017 and FY 2018, respectively. The May 2017 Revenue Estimating Conference decreased the FY 2017 estimates by \$60.1 million, for a total of \$3,659.5 million and included \$3,572.1 million for FY 2018. The Budget includes total FY 2017 revenues of \$3,675.8 million and \$3,834.7 million for FY 2018. Notable items and changes are described below.

Enhanced Collections

- **Remote Sellers.** The Budget assumes \$19.7 million in revenues associated with legislation requiring entities connected to remote sales, including catalogs, either collect and remit sales taxes, provide disclosures to the Department of Revenue for which retailers are and are not collecting taxes, or provide notices to consumers or sellers regarding their respective obligations. Since introduction of the Governor's budget, Amazon, the nation's largest e-commerce retailer announced it would begin collecting sales taxes due on its direct retail transactions with Rhode Islanders beginning February 1, 2017. Revenues from those collections were reflected in the updated FY 2017 and FY 2018 consensus revenue estimates adopted in May and are not included in the new revenues cited from this initiative.
- **Tax Amnesty.** The Budget assumes \$12.5 million in one-time revenues from enacting the state's fifth 75-day tax amnesty initiative, ending February 15, 2018. Filers will not be subject to penalties or prosecution and will pay interest as computed under Rhode Island General Law, Section 44-1-7, reduced by 25.0 percent. Filers may enter into a tax payment plan with the Tax Administrator. The Budget assumes operating expenditures of \$0.5 million for expenses relating to the Tax Amnesty, making the net impact \$12.0 million.
- **New Revenue Agents and Data Analysts.** The Budget assumes a total of \$2.0 million in additional personal income, business, and sales tax revenues from the filling of two revenue agent positions and two data analyst positions in the Division of Taxation. Accounting for the \$0.4 million cost for the positions, the net budget impact is \$1.6 million.

Sales and Use Taxes

- **Cigarette Tax.** The Budget assumes new revenues of \$7.5 million associated with a \$0.50 increase in the cigarette excise tax to \$4.25 per 20-pack, effective August 1, 2017. The total price per pack in Rhode Island remains lower than in Massachusetts because of minimum markup provisions. The Office of Revenue Analysis estimates that the final retail price per pack in Rhode Island would be approximately \$0.22 less than Massachusetts.
- **Sales and Use Tax for Document Fees.** The Budget assumes \$1.8 million in revenues from including document and title preparation fees charged by motor vehicle dealers in the sales price that is subject to state sales tax. Massachusetts, Connecticut, Vermont and Florida currently tax these fees.
- **Sales Tax on Seeds for Human Consumption.** The Budget assumes a revenue loss of \$6,000 from exempting seeds for human consumption from sales and use taxes.

Business Taxes

- **Job Training Tax Credit.** The Budget does not include the Governor's proposal to reduce revenues by \$2.0 million from establishing a refundable tax credit for manufacturers and businesses in targeted

industries for training qualifying employees. The credit was proposed as the lesser of \$200,000 or the employer's tax liabilities for the year.

- ***Manufacturing Investment Tax Credit.*** The Budget does not include the Governor's proposal to reduce revenues by \$3.3 million from establishing a refundable tax credit for qualifying business capital investments. The credit was proposed as the lesser of \$200,000 or the employer's tax liabilities for the year.
- ***Corporate Tax Payment Schedule.*** The Budget assumes a revenue loss of \$0.2 million from changing the corporate tax payment schedule to align the state's practices with federal reporting timelines and recognized best practices. The schedule requires four payments and allocates half of estimated payments to each six month period. Changing the payment schedule avoids a revenue loss of at least \$10 million related to how deferred revenue is accounted for in FY 2017. This issue was identified after completion of the May consensus revenue estimate.
- ***Medicaid Spending Proposals.*** The Budget assumes a revenue loss of \$0.8 million to account for changes made in the medical assistance program that impact the assessments paid by managed care organizations and nursing facilities in FY 2018.

Other Taxes

- ***Historic Homeowner Tax Credit Carry Forward.*** The Budget includes revenue losses of \$95,511 and \$160,276 for FY 2017 and FY 2018 respectively, from allowing taxpayers previously awarded Historic Homeowner tax credits to claim them against their personal income tax. The 2009 Assembly enacted personal income tax reforms that lowered rates and eliminated the ability to claim a variety of tax credits, including this one. The Division of Taxation reports that 115 taxpayers had \$0.8 million available to carry forward when this change occurred. The remaining credits would be taken in subsequent years, the estimated impact to FY 2019 is \$111,067.
- ***Motor Vehicle Fee Transfer Adjustment.*** The Budget assumes use of \$13.0 million and \$9.4 million as general revenues in FY 2017 and FY 2018, respectively from motor vehicle related revenues. The Budget includes legislation to alter the schedule adopted by the 2014 Assembly for transferring transportation related fees collected by the Division of Motor Vehicles to the Highway Maintenance Account. The Budget amends the distribution to require transfers of 50 percent for FY 2017 and 80 percent for FY 2018 instead of 75 and 100 percent, respectively. All funds collected in FY 2019 and after would be transferred to the account.
- ***Registration Refunds.*** The Budget assumes an additional \$0.5 million, including \$0.1 million in general revenues, associated with legislation that ends the practice of providing refunds for registrations that are valid for more than one year at the time they are returned to the Division of Motor Vehicles.
- ***Truck Registration Fees to Prior Level.*** The Budget assumes \$4.2 million of additional resources annually for transportation, associated with the repeal of legislation adopted by the 2016 Assembly which established a new schedule for annual registration fees for commercial trucks, truck tractors, and truck trailers used for commercial purposes with gross vehicle weight of over 10,000 pounds. There is a one-time general revenue impact of \$0.8 million based on the transfer delay noted above.

Departmental Revenues

- ***License Plate Reissuance.*** The Budget assumes a revenue loss of \$2.9 million in FY 2018 from delaying the mandatory reissuance of license plates, from April 1, 2017 to January 1, 2019. The reissuance had been delayed four times previously, from September 1, 2011 to September 1, 2013, then to September

1, 2015, then to July 1, 2016 and last year to April 2017. The Governor's budget proposed a one-year delay; the Assembly extended the delay further and adjusted expenditures accordingly.

- ***Reinstitute Hospital Licensing Fee at 5.856 Percent.*** The Assembly extended the licensing fee for FY 2018 at the rate of 5.856 percent for all hospitals except South County and Westerly, which will be assessed a fee of 3.686 percent. The \$182.0 million total assumes \$175.2 million from community hospital payments and \$6.8 million from state payments for Eleanor Slater Hospital. The licensing fee appears annually in the Appropriations Act and is not included in consensus revenue estimates; the Revenue Estimating Conference can only estimate revenues under current law.
- ***Apprenticeship Fee Elimination.*** The Budget assumes a loss of \$45,000 associated with legislation to eliminate fees associated with registered apprenticeships
- ***Employer Penalties: Electrical Trades Violation.*** The Budget includes \$0.1 million of revenue associated with increased penalties for practicing the electrician's trade without a license. The legislation increases the penalties from \$500 to \$1,500 for the first violation and from \$950 to \$2,000 for subsequent violations.
- ***Employer Penalties: Failure to Maintain Payroll Records.*** The Budget includes \$0.3 million of revenue associated with increasing penalties for employers that violate payroll record laws. The penalty for late filing increases from \$10 to \$25 and the maximum penalty increases from \$100 to \$200 for any one report. An employer must keep an accurate daily and weekly record of hours worked for all employees. No one, including employees paid on a salary basis, is exempt from the law. These records, along with payroll records, must be kept for at least three years.
- ***Employer Penalties: Wage and Hour Violations.*** The Budget includes \$150,000 of revenue from penalties on employers that violate wage and hour laws. The legislation establishes penalties from 15 percent to 25 percent of the back wages ordered to be paid for the first violation within a three year period and 25 percent to 50 percent of the back wages ordered to be paid for subsequent violations during the same period.
- ***Employer Penalties: Employee Misclassification.*** The Budget assumes \$0.1 million of revenue associated with increased penalties for the misclassification of employees, from \$500 to \$1,500, for each employee misclassified.
- ***Eisenhower House Transfer to Restricted Receipts.*** The Budget transfers the anticipated \$153,500 of booking fees for the facility to restricted receipts and adjusts general revenues accordingly. The Assembly transferred the management of the Eisenhower House in Newport from the Historical Preservation and Heritage Commission to the Department of Environmental Management and most expenditures would be funded from the receipts generated.
- ***E-Procurement Indirect Cost Recovery.*** The Budget assumes \$60,000 of revenue from indirect cost recovery, based on anticipated receipts of \$0.6 million associated with legislation to collect a statewide contract administrative fee not to exceed 1.0 percent of master price agreements from vendors. The funds will be deposited as restricted receipts and are subject to a 10.0 percent indirect cost recovery charge.
- ***Attorney General Excess Receipts Transfer.*** The Budget includes transferring \$3.2 million to general revenues for FY 2017, and \$0.6 million for FY 2018, from the amount in excess of the annual \$65,000 limit allowed to be retained by the Office of the Attorney General from legal settlements. A review of the past several years' collections showed a lack of adherence to the statute on the proper disposition of these funds.

- ***Medical Marijuana Excess Receipts Transfer.*** The Budget includes an annual transfer to state general revenues from any remaining medical marijuana receipts collected by the Department of Business Regulation and the Department of Health in excess of that year's expenses. The Budget assumes transfers of \$0.3 million and \$0.7 million in FY 2017 and FY 2018, respectively.

Other Revenues

- ***Public Utilities Commission Rent Increase.*** The Budget includes an additional \$160,380 in revenues, from an increase in the rent charged to the Public Utilities Commission beginning in FY 2018 for total rent of \$333,420. The Commission is primarily funded from restricted receipts generated from billing the regulated utilities.
- ***Narragansett Bay Commission Transfer.*** The Budget includes the transfer of \$5.0 million from the Narragansett Bay Commission to general revenues by June 30, 2018.
- ***Resource Recovery Corporation Transfer.*** The Budget does not include the Governor's proposal to transfer \$6.0 million from the Resource Recovery Corporation to general revenues by June 30, 2018.
- ***Rhode Island Turnpike and Bridge Authority Transfer.*** The Budget does not include the Governor's proposal to transfer \$2.6 million from the Rhode Island Turnpike and Bridge Authority to general revenues by June 30, 2018.
- ***Infrastructure Bank Transfer.*** The Budget includes the transfer of \$3.5 million from the Infrastructure Bank to general revenues by June 30, 2018.
- ***RI Health and Educational Building Corporation Transfer.*** The Budget includes the transfer of \$6.0 million from the Rhode Island Health and Educational Building Corporation to general revenues by June 30, 2018.
- ***Electric and Gas Distribution Company Transfer.*** The Budget includes a transfer of \$12.5 million from the electric and gas distribution company from the 2018 System Reliability and Energy Efficiency Conservation Procurement program to state general revenues by June 30, 2018.
- ***Quonset Development Corporation Transfer.*** The Budget includes a \$1.0 million transfer from the Quonset Development Corporation to state general revenues by June 30, 2018.
- ***Rhode Island Housing Transfer.*** The Budget includes a \$1.0 million transfer to state general revenues from the Rhode Island Housing and Mortgage Finance Corporation by June 30, 2018.

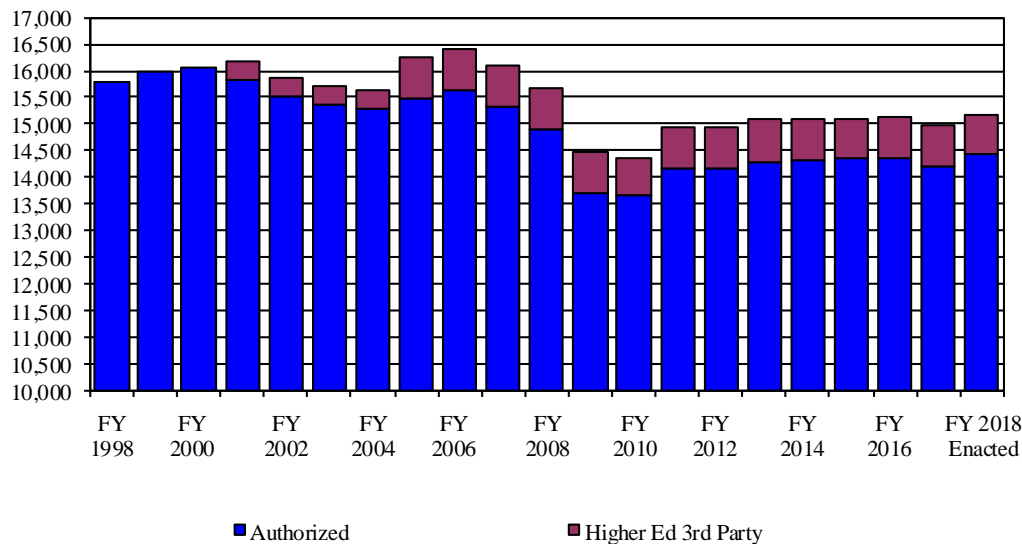
State Government Personnel and Staffing

Summary

The Governor recommended \$1,979.1 million for personnel expenditures and 15,067.4 full-time equivalent positions, including 745.8 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$6.4 million less and 114.8 more positions than the FY 2017 enacted budget. The expenditures include both salaries and benefits, as well as contracted services. The recommendation is \$37.8 million more than enacted and are offset by a reduction of \$44.2 million for contracted services, largely for the Unified Health Infrastructure Project.

The Assembly provided \$1,979.8 million for personnel expenditures and 15,160.2 full-time equivalent positions, including 739.8 higher education positions dedicated for research or supported by other third-party funds.

Full-Time Equivalent Positions



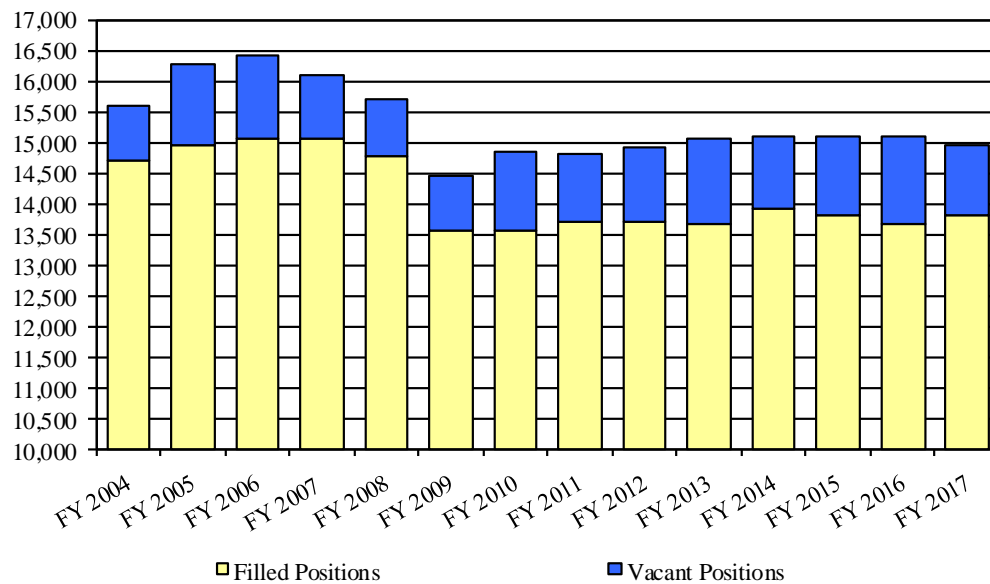
The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or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

The chart on the next page shows both filled and authorized staffing levels from FY 2004 through FY 2017. Authorized levels peaked in FY 2006; however, filled positions peaked in FY 2003. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 resulting from a major surge of retirements in 2008 and severe constraints put on refilling the vacancies. Other significant issues during that period are noted below.

- Total filled positions peaked at 15,099.0 in FY 2003. Filled positions dropped by 393.0 to 14,706.0 in FY 2004 during which there was a hiring freeze.

- The increase in authorized positions during FY 2005 is the result of an additional 461.2 higher education positions that are dedicated for research or supported by other third-party funds. There are consistent vacancies within this group of positions.
- Total authorized positions peaked in FY 2006 from an additional 151.9 authorized positions, primarily from a new class of correctional officers at the Department of Corrections and new nursing programs at each of the colleges. However, filled positions remained consistent with prior years.
- During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire, such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days, and establishing limited service positions. The Assembly did not concur with the proposal; however, it did reduce vacant general revenue funded positions, eliminating 419.4 vacant positions.

Full-Time Equivalent Positions



- The decline in both authorized and filled positions in FY 2009 resulted from changes to retiree health benefits included in Article 4 of 2009-H 5019, Substitute A, as amended. This change caused a significant number of state employees to retire. There were 14,917.8 filled positions on December 6, 2007, compared to December 8, 2009, when there were 13,302.1 filled positions.

The FY 2017 enacted budget includes authorization for 14,952.6 positions, 274.7 positions less than the Governor had recommended. The 2016 Assembly eliminated 225.0 vacancies to better align authorization and filled staffing levels.

The Governor’s FY 2017 revised recommendation includes 82.3 positions more than the enacted. For FY 2018, she recommended staffing of 15,067.4 positions, 114.8 positions more than enacted. She subsequently requested two amendments, adding 159.0 full-time equivalent positions for the Unified Health Infrastructure Project and making a technical change to staffing in the Judiciary, bringing her recommended staffing to 15,226.2 positions.

The Assembly authorized 14,959.0 positions for FY 2017, 6.4 positions more than enacted. However, it is 79.9 less than the Governor’s revised budget; it did not concur with the majority of the new positions

recommended. The FY 2018 enacted budget includes staffing authorization for 15,160.2 positions, which is 66.0 positions less, adjusted for the Governor’s subsequent changes.

In FY 2017, the state averaged 13,809.6 filled positions, reflecting an average of 1,023.0 non-research vacancies. In FY 2016, the state averaged 13,689.6 filled positions reflecting an average of 1,249.9 non-research vacancies.

Personnel Costs

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

The Governor’s personnel recommendation includes \$1,722.2 million for salaries and benefits and \$256.9 million for contracted services. These expenditures represent a decrease of \$6.4 million or 0.3 percent, from the FY 2017 enacted budget. Contracted services decrease by \$44.2 million, or 17.2 percent and salaries and benefits increase by \$37.8 million, or 2.2 percent. While there is no wage increase budgeted statewide, included in these figures is the result of a multi-year contract settlement with the Rhode Island Brotherhood of Correctional Officers. General revenue expenses for salaries and benefits increase by 2.7 percent and contracted services decrease by 5.5 percent to primarily reflect expenditures for the Unified Health Infrastructure Project.

FY 2018 Enacted	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 572,196,577	\$ 176,679,226	\$ 43,278,481	\$ 326,034,157	\$ 1,118,188,441
Benefits	310,770,310	107,984,207	26,767,375	136,476,292	581,998,184
Total Salaries and Benefits	\$ 882,966,887	\$ 284,663,433	\$ 70,045,856	\$ 462,510,449	\$ 1,700,186,625
Contracted Services	58,652,418	154,798,641	43,442,496	22,700,857	279,594,412
Total Personnel	\$ 941,619,305	\$ 439,462,074	\$ 113,488,352	\$ 485,211,306	\$ 1,979,781,037

The Assembly provided \$1,700.2 million for salaries and benefits and \$279.6 million for contracted services. Salaries and benefits are \$15.8 million more than enacted and \$22.0 million or 1.3 percent less than the Governor’s recommendation. This includes \$23.7 million in unidentified statewide general revenue savings, which equates to a reduction of approximately five percent to expenditures for salaries and benefits within the executive branch, excluding certain 24-7 operations and Public Higher Education. Some of the savings are expected to be achieved through the establishment of a new billing methodology for the state’s centralized functions authorized in Article 7 of 2017-H 5175, Substitute A, as amended.

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

The 2017 Assembly adopted legislation authorizing internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources. The legislation also requires that the Department of Administration reports on a quarterly basis the fund activities, including breakdown by each department and agency. The report must be submitted to the Speaker of the House and President of the Senate with copies to the chairpersons of the House and Senate Finance Committees.

There are three divisions of state service: classified, unclassified, and non-classified. Classified service includes competitive and non-competitive positions. Competitive positions require employees to take civil service examinations, as opposed to non-competitive positions which include positions that require licenses, certificates, or registrations. Positions may also be unclassified or non-classified. Positions in the unclassified service are established by law and are subject to compliance with standards of the federal government and regulations set forth by the state's Personnel Administrator. Positions in this category generally include the employees of elected officials, courts, boards and commissions, both houses of the General Assembly, department directors, and various positions of a policy making character. All appointments are made by the appointing authorities or the Governor in accordance with the provisions of the laws governing such appointments and the personnel rules adopted for the unclassified service. Positions within the non-classified service are covered under contract terms for the Board of Education and include senior administrative staff, as well as faculty; the Governor's FY 2018 recommended budget proposed adding 10.0 more positions.

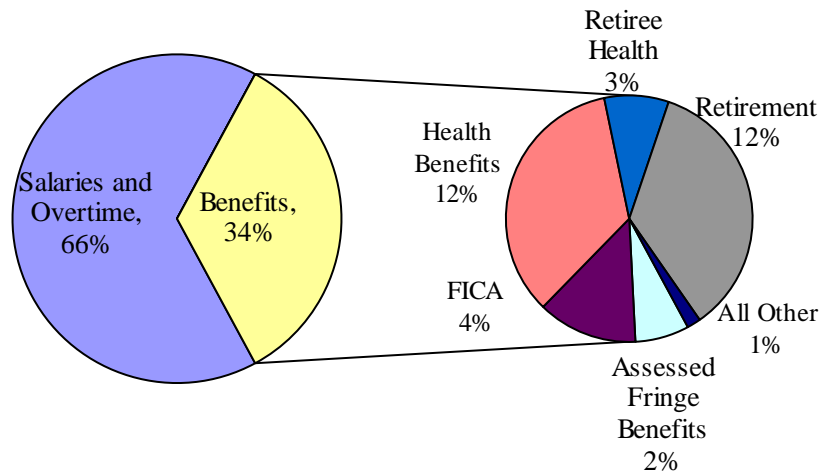
Employee status refers to an employee's protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996, will have statutory status when reaching 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganizations or layoffs. For veterans, statutory status is acquired after 15 years of service. As of August 2016, there were 3,159 employees with statutory status, including 148 employees who were eligible through the veteran provision.

Governor Chafee recommended \$300,000 as part of his FY 2012 budget to conduct an analysis of the state's personnel system and to recommend alternatives to the current system. The study was completed in January 2013 and found that the current personnel structure, organization and staffing of the Division of Human Resources is not sufficient to support the state's need. Additionally, the recruiting process is highly paper-based, job classification structures do not reflect qualifications to deliver the services and the compensation structures are non-competitive.

A total of 16 actions were recommended, including: implementing an online application system, eliminating the public hearing process when making changes to classification structure, and hiring a new chief of human resources to be dedicated to establishing strategic direction and developing policies. The 2013 Assembly provided funding for this position, which was filled in December 2013. Funding provided through FY 2017 totals \$1.3 million for the continuation of a classification and compensation study and implementation costs.

Salaries and benefits make up 85.9 percent of total personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries and wages, including overtime, and benefits. The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the graphic is described in further detail in the paragraphs that follow.

FY 2018 Enacted Salaries and Benefits



Salaries. Direct salaries refer to the wages paid to state employees. This amount may increase due to many factors. For many state employees, pay scales are determined by position grade and classification. An employee will have a base salary, and there will be increases along a five-step scale annually after the employee’s first six months. Prior to July 1, 2011, after an employee had been in state service for a specified number of years, he or she became eligible for longevity increases. These increases were applied to the base salary. This is authorized by collective bargaining agreements for union employees, with different increases for education agencies contained in statute; it was personnel policy for non-union employees.

The 2011 Assembly froze longevity increases for all employees effective July 1, 2011, or upon expiration of all current contracts when applicable. The Governor’s FY 2016 recommended budget proposed changes to longevity that are described later in the report; though this proposal was later rescinded.

The following table shows the years that an employee was eligible for these increases.

Longevity Increases		
Years of Service*	Education Boards	All Others
5	-	5.0%
11	5.0%	10.0%
15	-	15.0%
20	10.0%	17.5%
25	-	20.0%

**As of July 1, 2011 or contract expiration*

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

Most state employee contracts expired on June 30, 2013. In April 2014, the Chafee Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017. This includes 2.0 percent salary increases effective April 6, 2014, October 5, 2014 and October 4, 2015. Most state employee contracts will expire on June 30, 2017. The FY 2018 recommended budget

includes no wage increases but does include \$0.2 million in the Department of Administration’s budget for labor contract negotiation costs.

The 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 covers 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.

The FY 2017 and the FY 2018 budgets include \$1.0 million in both years for costs associated with settling a contract arbitration that was reached in December 2016 between the state and the Rhode Island State Troopers Association. The settlement provides salary increases retroactive to May 2016. It includes an increase of 1.25 percent, effective July 1, 2017.

The Rhode Island Brotherhood of Correctional Officer’s Union settled its contract in October 2016 through binding arbitration. This awarded the civilians a compounded increase of 6.1 percent, consistent with other state unions. The uniform staff will receive a compounded increase of 11.1 percent, with retroactive payments for 2012 and 2013 awarded only to retired staff. The yearly percentage increases are 2.0 percent annually from July 1, 2012 through June 30, 2015, 2.0 percent on July 1, 2015, and 2.25 percent on July 1, 2017.

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

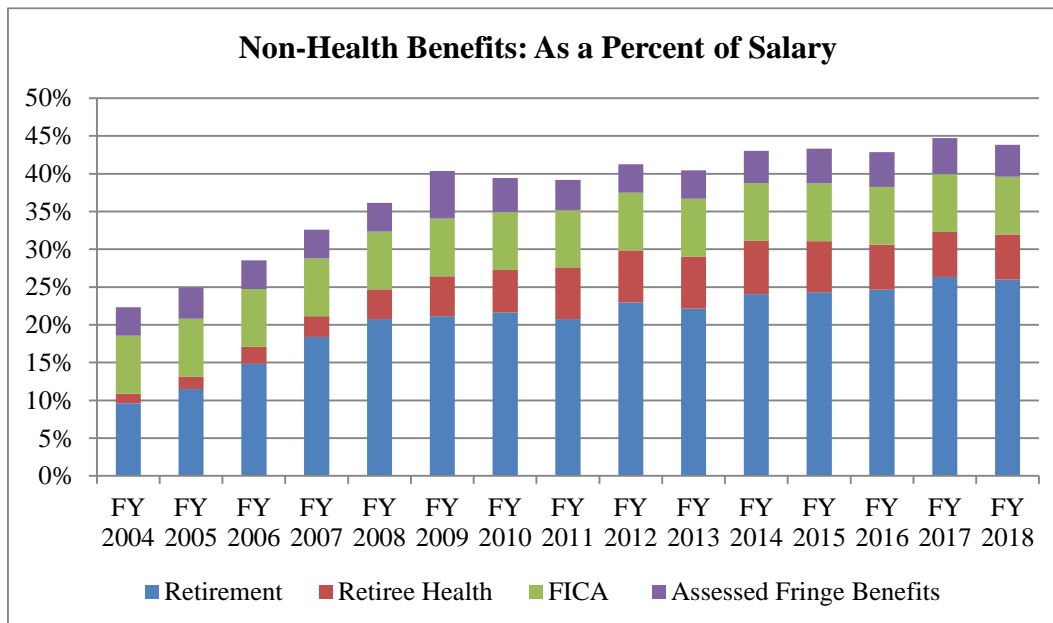
Cost-of-Living Adjustments		
Fiscal Year	Increase	Notable Adjustments
2005	1.5%	
2006	2.5%	
2007	4.0%	
2008	3.0%	6 furlough days
2009	-	
2010	2.5%	8 furlough days
2011	3.0%	6 month delay, 4 furlough days
2012	3.0%	
2013	-	
2014	2.0%	April 6, 2014
2015	2.0%	October 5, 2014
2016	2.0%	October 4, 2015

Excludes Troopers, RIBCO and some other smaller unions

Overtime. Overtime accounts for 3.5 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Public Safety and Higher Education.

Overtime - FY 2018 Enacted	
Corrections	38.1%
BHDDH	13.4%
Public Safety	9.2%
Higher Education	9.1%
Human Services	8.7%
Transportation	8.1%
Children, Youth and Families	6.5%
All Others	7.0%
Total	100%

Benefits. Benefits include direct benefits to employees such as health, workers' compensation and unemployment as well as unfunded liabilities for retirement and retiree health. With the exception of health benefits, these are calculated as a percentage of salary and are approximately one-third of the total cost of a position. The following table shows non-health benefits as a percent of salary from FY 2004 through FY 2018. It is important to note that while FICA is part of the cost of a position, it is a federal requirement over which the state has no control. Each benefit is described in the paragraphs that follow.



Retirement. Participation in Rhode Island's hybrid defined benefit/defined contribution plan is mandatory for most state employees, except for certain higher education employees who participate in a defined contribution plan. The 2011 Assembly adopted changes including participation in a new defined contribution plan for all employees, except judges, state police and correctional officers. The 2015 Assembly enacted changes consistent with the pension settlement agreement agreed to in the spring of 2015; these changes are described later in the report.

Employees must work until a combination of their years of service and age equal 95. Employees who were not eligible to retire when the 2011 changes became effective have an individualized retirement age based on their years of service but they must be at least 59 years old to retire.

The salary basis is the five highest consecutive years. Cost-of-living adjustments are only granted when the pension systems' aggregate funded ratio exceeds 80.0 percent; the formula uses both investment returns and inflation, but no more than 3.5 percent or less than zero. It is only applied to the member's first \$25,000 of pension income, indexed to grow at the same rate as the cost-of-living adjustment. Prior to full funding,

intermittent cost-of-living adjustments are granted every four years and there are different provisions for pre-settlement retirees. There have been many changes to the retirement system over the past few years. These changes are discussed later in the report.

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

FICA. The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This applies to all employee groups except State Police. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2017, the salary limit is \$127,200. There is no salary limit for the Medicare portion.

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

Assessed Fringe. The assessed fringe benefit internal service fund was established in August 1999 to comply with federal regulations and to eliminate the fluctuations in agency budgets that result from workers' compensation claims, unemployment claims, and unused leave. A biweekly assessment is applied to the amount of salaries and wages paid from all accounts and funds. This fund allows the costs to be spread out over all fund sources, as opposed to only general revenues.

The fund ended FY 2015 with a deficit of \$1.9 million. In order to eliminate the deficit, the assessment rate for FY 2016 was increased from 4.3 to 4.6 percent; the fund ended FY 2016 with a surplus of \$3.1 million.

The FY 2017 enacted budget was based on an assessment of 4.75 percent for most employees; however, based on the fund's projected balance, the Budget Office assumes a FY 2017 revised rate of 4.49 percent and 4.20 percent for FY 2018. The FY 2017 final and the FY 2018 enacted budgets assume these rates. The current rate for certain public safety personnel is 2.18 percent because these employees receive injured on duty benefits. The rate for higher education faculty is 3.69 percent because they do not receive severance payments.

Health Benefits. All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through UnitedHealthcare and Delta Dental. Employees began contributing to the cost of this health care ten years ago. At that time, some employees get a percentage of salary, depending on salary range, and some employees paid 5.0 percent of the cost of the health plans. Currently, an employee's contribution depends on his or her salary and the type of plan chosen.

The following table shows the cost of health benefits and the state employee co-shares for 2017 for both individual and family plans.

2017 Calendar Plan Year	Below \$49,670		\$49,670 - \$95,481		Over \$95,481	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits	\$ 8,582	\$ 23,980	\$ 8,582	\$ 23,980	\$ 8,582	\$ 23,980
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State per Employee	\$ 6,866	\$ 20,383	\$ 6,866	\$ 19,184	\$ 6,437	\$ 17,985
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,716	\$ 3,597	\$ 1,716	\$ 4,796	\$ 2,146	\$ 5,995

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

Weighted Average	FY 2017 Enacted	FY 2017 Planning	FY 2017 Final	FY 2018 Planning	FY 2018 Enacted
Medical	\$ 17,058	\$ 18,070	\$ 17,970	\$ 19,066	\$ 18,770
Dental	907	915	915	929	929
Vision	130	126	126	126	126
Total	\$ 18,095	\$ 19,111	\$ 19,011	\$ 20,121	\$ 19,825

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

As shown in the previous table, the FY 2017 enacted budget assumes a planning value of \$18,095 and agencies used a planning value of \$20,121 based on instruction provided by the Budget Office in July 2016. The FY 2018 enacted includes medical benefit savings of \$2.6 million from updating the medical benefit rates. Though the rates are higher than the FY 2017 enacted budget, costs are less than what agencies had assumed in their requests.

Beginning in June 1997, before employees were contributing to the cost of health benefits, the state began offering employees the option of choosing a medical benefit waiver as opposed to enrolling in a state health plan. The waiver had been \$2,002 through FY 2011; it was then reduced by half to \$1,001. It should be noted that new contracts eliminate the waiver for two state employee spouses who are hired on or after June 29, 2014.

The 2014 Assembly adopted legislation replacing the assessments that support the infant and adult immunization programs, effective on January 1, 2016, and established a new funding methodology. Pursuant to Rhode Island General Law, Section 42-7.4-3, the Healthcare Services Funding Contribution will be based on a per-person enrollment for those in fully-insured or self-insured plans with the exception of municipal employees. State employees and employees of non-profit hospital corporations will be included beginning July 1, 2016. It should be noted that this cost has not been factored into the budgeted health benefit rates.

Total Costs. The total cost examples for two employees who have salaries of \$50,000 and \$100,000, respectively, and a family health plan in FY 2018 is displayed in the following table.

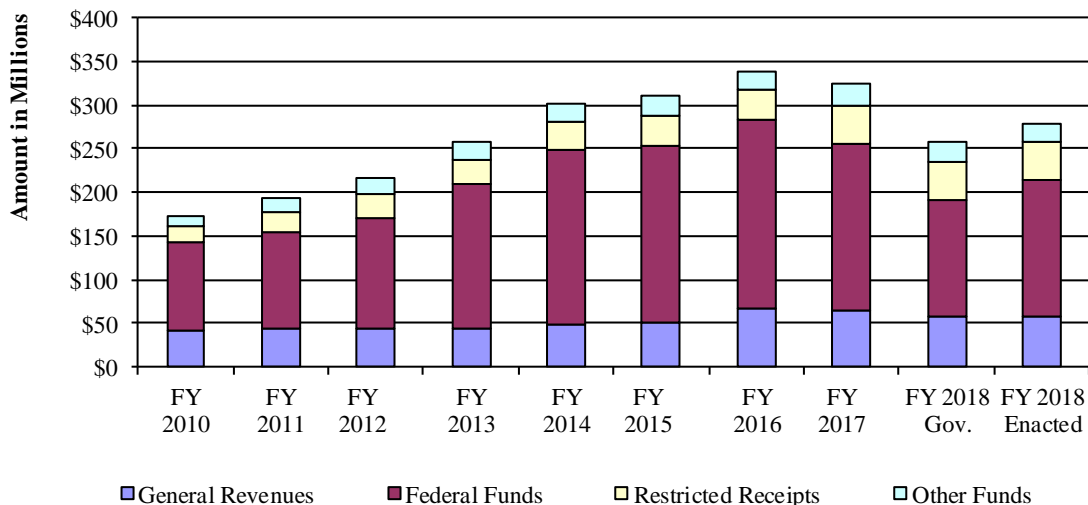
Cost of a Position - FY 2018 Enacted				
	Expense	% of Salary	Expense	% of Salary
Salary	\$ 50,000		\$ 100,000	
FICA	3,825	7.65%	7,650	7.65%
Assessed Fringe	2,100	4.20%	4,200	4.20%
Retiree Health	2,985	5.97%	5,970	5.97%
Retirement*	13,000	26.00%	26,000	26.00%
Subtotal	\$ 21,910	43.82%	\$ 43,820	43.82%
Health Benefits	-	Family Plan	-	Family Plan
Total Co-share	-		-	
Subtotal Benefits	\$ 21,910	43.8%	\$ 43,820	43.8%
Total Cost	\$ 71,910		\$ 143,820	

Rate includes 1.0 percent for defined contribution plan and 0.13 percent to reflect current law requirement to reinvest 20.0 percent of any rate reduction into Retirement System.

Contracted Services. Contracted services make up the remaining 14.1 percent of personnel costs. The enacted budget includes \$279.6 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services.

By fund source, 55.4 percent of the expenses are supported by federal grants and 21.0 percent are funded from general revenues. The Executive Office of Health and Human Services and the Department of Transportation account for more than a third of these expenses from all sources.

Contracted Services, FY 2010 to FY 2018



The chart above shows the costs of contracted services from FY 2010 through FY 2018. The total cost remained relatively consistent from FY 2009 through FY 2011; however, there is a decline in the amount of general revenues spent over that time. The significant increases in FY 2012 and FY 2013 are mostly as a result of Race to the Top funds in the Department of Elementary and Secondary Education. The Department was awarded \$75.0 million to spend over four years. The FY 2013 and FY 2014 budgets also include over \$50 million from federal funds for the implementation of the Affordable Care Act.

The FY 2017 final budget includes \$324.9 million for contracted services. This is \$24.9 million less than the Governor’s revised budget to primarily reflect a shift in expenditures to FY 2018 for the Unified Health Infrastructure Project, based on the agreement the state has with the main systems contractor, Deloitte, to delay infrastructure costs until system issues have been addressed. The FY 2018 enacted budget includes \$279.6 million. This includes undistributed general revenue savings of \$0.4 million or a one percent reduction to contracted services within the executive branch, excluding certain 24-7 operations and Public Higher Education.

For the past decade, the Assembly has required state agencies to be held more accountable for contracted services they purchase. The Assembly concurred with most of Governor Chafee’s FY 2015 budget proposal to repeal or consolidate most requirements. The paragraphs that follow identify these reporting requirements, and any significant revision.

RIGL 42-90-1. This statute, first adopted in Chapter 161 of the Public Laws of 1985, requires all departments, commissions, boards, councils and other agencies to submit to the Secretary of State the name of any person who performs legal, medical, accounting, engineering or any other professional services, and

the amount of the compensation received by the consultant during the previous quarter. It further requires the Secretary of State to compile, publish and make a report available to the public.

The 2006 Assembly amended this legislation in 2006-H 6779, Substitute A, to establish a \$100,000 threshold for which services obtained are substantially similar to work performed by regular employees of the department, commission, board, council or agency. The legislation further required state agencies to list all privatization contracts as part of the budget requests, which must contain the name of the contractor, duration of the contract and costs of previous, current and upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate. It appeared that only a few agencies were complying with this requirement.

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

Governor Chafee included legislation in Article 17 of his recommended FY 2015 budget that increased the threshold from \$100,000 to \$150,000 and required that the reporting be annually submitted to the Budget Office electronically. The legislation requires that the Budget Office electronically post all contracts and reports online using the state's transparency portal or an equivalent website no later than December 1 of each year. The Assembly concurred and included the legislation in Section 4 of Article 9 of 2014-H 7133, Substitute A, as amended. This reporting requirement has not been met.

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

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

This reporting requirement has not been met. The staff from the Budget Office indicated that it has been in discussions with Council 94 to format the template for reporting.

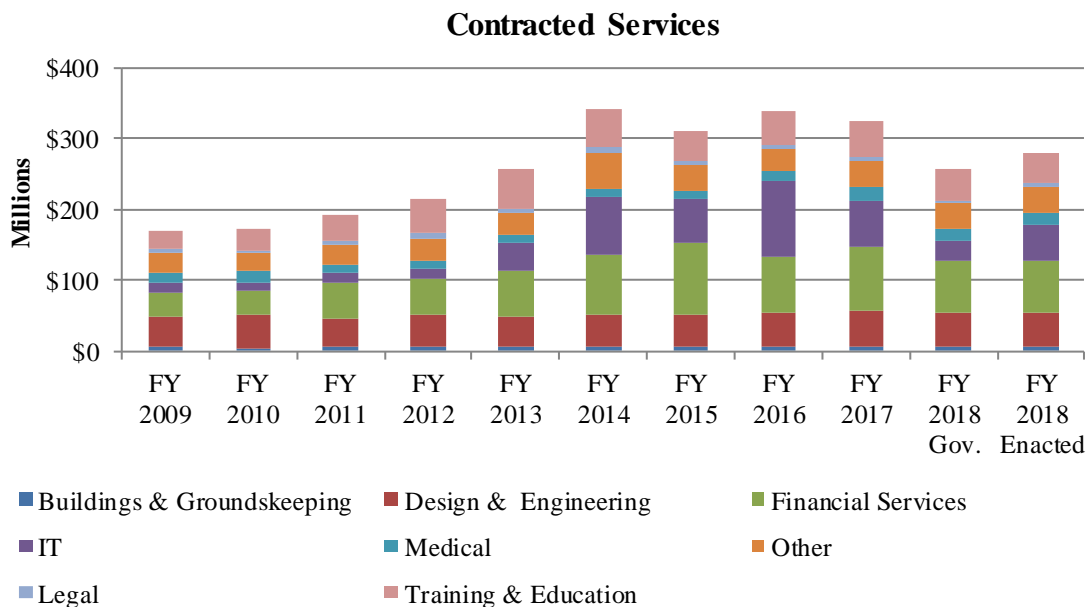
RIGL 42-149-1. This statute adopted in Public Law 2007, Chapter 525 requires all state departments to submit quarterly reports of all non-state employee expenditures for legal services, financial services, temporary work and other non-state employee personnel costs. The report must contain: efforts made to identify qualified individuals or services within state government; factors used in choosing a non-state employee or firm; results of requests for proposals for services or bids for services; and the actual cost and the budgeted cost for the expenditure.

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

RIGL 42-149-3.1. This legislation, adopted in Public Law 2011, Chapter 409 requires an assessment of 5.5 percent on contractual costs to be paid to the retirement system on a quarterly basis when a department, commission, board, council, agency or a public corporation agrees to obtain contractual services that are substantially similar to and in lieu of services provided by regular employees. During the FY 2013 budget process, the administration indicated that it developed a mechanism within the state’s accounting system to calculate this charge and \$0.4 million in each year has been collected from FY 2013 through FY 2016.

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

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



The table above shows the types of services provided by outside contractors from FY 2009 to FY 2018. The majority of the expenditures are spent on design and engineering services, training and educational, and management and consultant services. The smallest areas of spending are legal services and buildings and grounds keeping services.

FY 2018 Proposed Personnel Initiatives

The Governor recommended Articles 5 and 6 as part of her budget to make changes to several personnel statutes. Her two previous budgets had included legislation pertaining to the compensation for directors.

- **Classification Issues.** The Governor proposed legislation that adds several positions to the unclassified service, including a legislative liaison, policy directors, chiefs of staff, a Medicaid director, and a commissioner in the Department of Public Safety. The Assembly did not concur.

- **Employee Protection.** Current law provides protective status for a union or non-union employee who receives a promotion; however, gets dismissed during the probationary period to return to his/her former position. The Governor proposed legislation to restrict that by making the return of the employee at the discretion of the appointing authority of the position from which the individual was promoted to and it would be limited to positions not covered by a collective bargaining agreement, effective July 1, 2017. The Assembly did not concur.

- **Classification Study.** The Governor recommended a total of \$0.9 million from general revenues, including \$0.6 million in FY 2017 and \$0.3 million in FY 2018 for the classification and compensation study. This is to continue the work begun with a study and review of the personnel system completed in January 2013 that found that the current structure, organization and staff of the human resources division is not sufficient, the recruiting process is cumbersome and slow, the job classification structures do not reflect qualifications to deliver services and career earnings potential for state employees is lower than neighboring states. The vendor has submitted its recommendation for classification of job descriptions, which the Department of Administration is in the process of reviewing. The vendor is currently working on the compensation component of the study. The Assembly concurred, with the exception of providing additional funding in FY 2018 for implementation costs.

- **Director's Salaries.** The Governor proposed to repeal the requirement that the Department of Administration seek the General Assembly's approval in determining salaries for cabinet directors. Director's salaries would be determined by the Governor. Current law requires that the Department of Administration refer a proposed salary for a director to the General Assembly by the last day in April, which will take effect in 30 days unless it is rejected by a formal action of the House and Senate within the time frame. This is the third time she has requested this repeal.

The 2015 Assembly provided a one-time four-month extension to the current law on director salaries, instead of enacting a similar proposal for the Governor to repeal this process. The public hearing process was extended to July and the referral of proposed salaries to the Assembly was extended to August 30.

The Assembly adopted legislation to allow the Governor for 2017 only, to determine the salaries for the directors of administration and transportation, and the secretary of health and human services.

- **Workers' Compensation Outsourcing.** Rhode Island General Laws, Chapter 28-31 contains the provisions for the workers' compensation program for state as well as municipal employees. Workers' Compensation is a program that requires employers to carry insurance coverage protecting their employees from loss of earnings and/or medical expenses for any work-related injury or illness. Rhode Island is self-insured and administers its own claims. The Governor proposed to privatize the administration of the Workers' Compensation program. The program is currently administered by 14.0 full-time equivalent positions. The Governor's budget assumes undistributed savings of \$1.3 million from general revenues in the Department of Administration's budget. The Assembly concurred.

- **Eleanor Slater Hospital – Privatize Laboratory Services.** The Assembly did not concur with the Governor's recommendation to privatize laboratory services located at the Cranston campus of Eleanor Slater Hospital system for FY 2018 and restored the savings of \$1.0 million, including \$0.5 million from general revenues. The laboratory services are provided to both the Department of Corrections and patients who reside at the state hospital.

Recent Compensation and Benefit Revisions

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

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

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

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

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

In March 2015, a proposed settlement was announced. The Assembly enacted Article 21 of 2015-H 5900, Substitute A, as amended to codify the pension settlement agreement signed by all the parties (except all municipal police and Cranston fire) in April 2015 and determined by the Court to be fair, adequate and reasonable in May 2015. The legislation does not exclude any parties. It preserves over 90 percent of the 2011 pension reform savings. The changes include providing a cost-of-living increase every four years instead of every five as well as two, one-time \$500 payments to all current retirees. It changes the formula for calculating the cost-of-living increase to use both investment returns and the consumer price index with a maximum of 3.5 percent; currently it is only based on investment returns with a 4.0 percent maximum. It also increases the base used for cost-of-living calculations from \$25,000 to \$30,000 for current retirees.

It returns state employees, teachers and Municipal Employees Retirement System (MERS) general employees with at least 20 years of service as of June 30, 2012 to a defined benefit plan with a 2.0 percent annual accrual and higher employee contribution rate. It also increases the state's contribution to the

defined contribution plan for those with between 10 and 20 years of service as of June 30, 2012. It also contains increases in accrual rates for correctional officers and municipal public safety employees.

It includes adjustments to the retirement age for all groups and allows local municipalities to re-amortize the unfunded liability four additional years to 25 years for MERS plans and the local employer portion of teacher contributions.

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

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

As part of her FY 2016 recommended budget, Governor Raimondo had proposed changing the requirements for what benefits must be included in early retiree health benefit plans. The Assembly did not concur.

It should be noted that the federal "Cadillac" tax was scheduled to take effect in 2018 for plans deemed high cost. The tax would be 40.0 percent of the cost above federally established thresholds. While final regulations have not been issued, it is widely assumed that the threshold will be \$10,200 for an individual plan and \$27,500 for a family plan. The current pre-65 rate plan costs \$11,300 for an individual plan and \$31,500 for a family plan. In December 2015, Congress delayed the start of the tax to 2020. Originally, the tax was nondeductible; however, when the law was modified in December, it became tax deductible for employers who pay it. With the repeal of the Affordable Care Act, implementation of the "Cadillac" tax might be pushed off until 2025.

The retiree health rate in the last actuarial valuation assumed 0.29 percent to account for the costs of the "Cadillac" tax. The rate has not been adjusted yet to account for the delay.

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

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

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

- **Longevity.** The 2011 Assembly included legislation that ended new longevity payments for all state employees effective July 1, 2011, or upon the expiration of any current collectively bargained contract. Employees continue to receive the same longevity percentage they have already earned; however, no new longevity will be granted. Provisions for these payments are generally a matter of collective bargaining agreements for union employees or personnel policy for non-union staff. Non-classified employees of the former Board of Governors, Board of Regents and Public Telecommunications Authority received longevity payments of five percent after 10 years and ten percent after 20 years, pursuant to three different sections of the General Laws. Out-year estimates had projected \$4.0 million in annual costs from this provision.

Governor Raimondo proposed legislation in her FY 2016 budget to freeze longevity payments currently expressed as a percent of salaries, at the amount earned by an employee as of June 2015, or the last pay period prior to the expiration of applicable collective bargaining agreements, whichever occurs later. It also excluded longevity from an employee's base rate salary, which means longevity will not grow with other raises. She subsequently requested an amendment to rescind this proposal. The Assembly retained current law.

Changes for each agency are summarized in the paragraphs at the end of this report and explained in further detail in the individual agency analyses contained in the FY 2017 and FY 2018 sections of this publication.

Distribution of Positions

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

- **Transfer of State Employees.** The practice of cost allocation may skew the distribution of positions by function. In this case, cost allocation refers to the practice of charging an agency for a portion of the costs for a position that is working in a different agency. There are also cases in which the entire cost of a position is being charged to one agency while the authorization for that position is in another agency.

The Assembly adopted legislation in Section 6 of Article 5 of 2017-H 5175, Substitute A, as amended requiring that the personnel administrator or any director of a department to file a written report with the Speaker of the House, the Senate President and the chairpersons of the House and Senate Finance Committees when transferring or extending the duration of a transferred employee. This report must be filed within seven days of making or extending the transfer.

Changes to Enacted	Gen. Gov't.	Human Services	Education	Public Safety	Natural Res.	Transp.	Total
<i>FY 2017 Enacted</i>	2,342.7	3,619.6	4,655.7	3,205.6	428.0	701.0	14,952.6
New Positions	41.7	2.0	10.0	10.0	-	74.0	137.7
Consolidation Initiatives	6.0	(2.0)	-	(5.0)	-	-	(1.0)
Transfers	3.0	(2.0)	(1.0)	-	1.0	-	1.0
Program Reduction	(11.5)	(1.0)	-	(0.2)	-	-	(12.7)
UHIP	-	99.0	-	-	-	-	99.0
Undentified Program Changes*	(16.0)	-	-	(0.4)	-	-	(16.4)
<i>Total Change to Enacted</i>	23.2	96.0	9.0	4.4	1.0	74.0	207.6
FY 2018 Enacted	2,365.9	3,715.6	4,664.7	3,210.0	429.0	775.0	15,160.2

*DOA Unidentified

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2017 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 55.3 percent of all positions.

The Budget includes 2,365.9 full-time equivalent positions for general government agencies, 15.6 percent of the distributed positions. This is 23.2 positions more than the authorized level to primarily reflect new positions in the Department of Labor and Training, as well as the Department of Revenue.

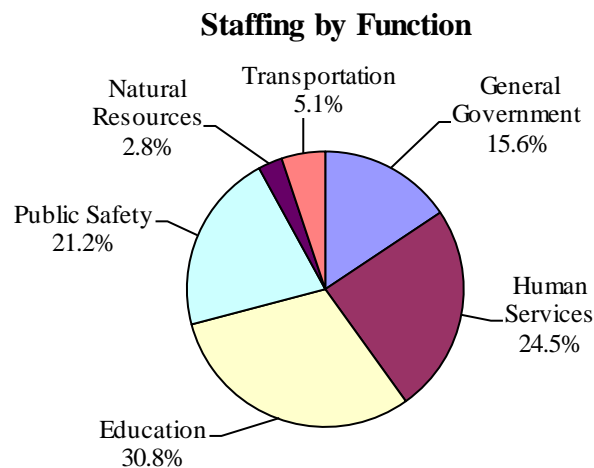
The Budget provides 3,715.6 full-time equivalent positions for human services, or 24.5 percent of all distributed positions. This is 96.0 positions more than enacted, primarily reflecting positions in the Department of Human Services and the Executive Office of Health and Human Services for implementation of the Unified Health Infrastructure Project.

The Budget includes 4,664.7 full-time equivalent positions for education, 30.8 percent of all distributed positions. This is 9.0 positions more than the FY 2017 enacted budget.

There are 3,210.0 full-time equivalent positions for public safety agencies, 21.2 percent of all distributed positions. This is 4.4 positions more than the FY 2017 authorized level.

The Budget provides 429.0 full-time equivalent positions for natural resources agencies, 1.0 more than the FY 2017 authorized level.

The Budget provides 775.0 full-time equivalent positions for transportation, 74.0 more than enacted.



Program Changes to FY 2017 Enacted Staffing Levels

Administration. The Governor recommended the authorized staffing level of 708.7 full-time equivalent positions for FY 2017; however, it reflects filling 18.0 new positions and the transfer of the cybersecurity director position to the Department of Public Safety. The increase is offset by the elimination of unidentified positions. The majority of the new positions are in the Division of Human Resources, Capital Asset Management and Maintenance, and the Office of Management and Budget. It appears that the majority of the new positions have already been filled.

She recommended staffing of 713.7 positions for FY 2018, 5.0 more positions than the revised budget reflecting the transfer of positions from the Department of Public Safety for consolidated initiatives. This includes 4.0 positions to the Human Resources Division and 1.0 position to the Division of Enterprise Technology Strategy and Services, formerly the Division of Information Technology.

The Assembly included the enacted level of staffing for FY 2017 and authorized staffing of 696.7 positions for FY 2018. This is 17.0 less than recommended, to exclude 18.0 new positions and to maintain the cybersecurity director in the Department of Administration.

Business Regulation. The Governor recommended staffing of 106.0 positions for the Department of Business Regulation for FY 2017 revised and FY 2018, 9.0 more than authorized. This includes 3.0 new bank examiners, 5.0 new positions for the Insurance Division and 1.0 new senior management and methods analyst position in Central Management. The Governor also transferred 2.0 positions from the Department of Health to the Office of the Health Insurance Commissioner and eliminated 2.0 vacant associate director positions. The Assembly restored 3.0 vacancies reduced from the enacted budget and authorized staffing of 100.0 positions for FY 2017; this is 6.0 fewer positions than recommended. For FY 2018, it authorized a staffing level of 101.0, 5.0 fewer than recommended.

Executive Office of Commerce. The Governor recommended staffing of 17.0 positions for FY 2018, one more than the enacted and revised budgets, reflecting a new principal planner position in Housing and Community Development. The Assembly concurred.

Labor and Training. The Governor recommended 26.7 new positions in the revised budget for FY 2017 staffing of 436.2 full-time equivalent positions. This includes 1.5 positions for Central Management, 6.0 positions for the Workforce Development Service program, 4.0 positions for the Workforce Regulation and Safety program, 14.2 positions for the Income Support program and 1.0 position for information and public relations. She recommended staffing of 433.7 positions for FY 2018, or 2.5 fewer than the revised budget, attributed to retirements as well as the elimination of a position. The Assembly authorized the enacted level of staffing for FY 2017. For FY 2018, it authorized 428.7 positions, 5.0 fewer than recommended. It did not authorize positions for the Workforce Regulation and Safety program.

Revenue. The Governor recommended 539.5 positions for FY 2018, 16.0 more than authorized. This includes 8.0 positions in the Division of Motor Vehicles to reduce wait time and 8.0 positions in the Division of Taxation, including 4.0 positions for the new integrated tax computer system, two revenue agents, and two data analysts related to increased revenues in the Governor's budget. The Assembly authorized 533.5 positions for FY 2018, 6.0 positions fewer than the Governor's recommendation including 2.0 in the Division of Motor Vehicles and 4.0 in the Division of Taxation.

Office of the General Treasurer. The Governor recommended staffing of 87.0 for FY 2017 and FY 2018, which is 1.0 less than enacted and consistent with the Treasurer's request based on current projections of staffing needs. The Assembly added 2.0 new positions for the Retirement System consistent with a Governor's requested budget amendment based on a request from the General Treasurer. This includes 2.0 retirement counselors and 1.0 operations assistant offset by the removal of 1.0 vacant position.

Public Utilities Commission. The Governor recommended 54.0 positions for FY 2017 and 57.0 for FY 2018 which is 3.0 and 6.0 more than enacted, respectively. For FY 2017, the Governor added 2.0 administrative assistants and 1.0 chief of program development. For FY 2018, the Governor also added 1.0 deputy chief of legal services, 1.0 fiscal management officer, and 1.0 regulatory research specialist. The Assembly authorized the enacted level of 51.0 positions for both FY 2017 and FY 2018.

Executive Office of Health and Human Services. The Governor recommended 178.0 positions for FY 2017 and 269.0 positions for FY 2018. She eliminated one administrative position in both FY 2017 and FY 2018 and added 91.0 positions for the consolidation of the remaining finance administration, billing and rate setting, and data entry positions from the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Human Services, Health and Children, Youth and Families to the Executive Office. The funding remains with the individual agencies. The Assembly added 16.0 new positions for the Unified Health Infrastructure Project for authorization of 285.0 positions for FY 2018.

Children, Youth and Families. The Governor recommended 628.5 positions for FY 2017 and 616.5 positions for FY 2018, which is 1.0 and 13.0 fewer than enacted, respectively. This reflects the transfer of a position to the Office of the Governor in FY 2017 and FY 2018, and 12.0 finance staff to the Executive Office of Health and Human Services in FY 2018. The Assembly concurred.

Health. The Governor recommended the enacted authorization of 503.6 full-time equivalent positions for FY 2017. For FY 2018, she recommended 499.6 positions, 4.0 fewer than authorized. This reflects the transfer of 9.0 positions for consolidated initiatives, including 2.0 positions to the Department of Business Regulation and 7.0 positions to the Executive Office of Health and Human Services. She added 6.0 new positions, 3.0 positions for the lead poisoning prevention activities, one health program administrator, a nursing care evaluator and a public health promotion specialist. She also recommended the elimination a position as a result of a program consolidation. The Assembly authorized staffing of 493.6 positions for FY 2018 and it did not concur with including the new positions.

Human Services. The Governor transferred 39.0 positions to the Executive Office for the consolidation of financial staff, and eliminated another 60.0 positions resulting from the implementation for the Unified Health Infrastructure Project, for a staffing authorization of 838.1 positions in FY 2018. Subsequently, she requested an amendment to add 143.0 positions for the Unified Health Infrastructure Project including 77.0 time-limited positions and 66.0 permanent ones. To address the issues with project implementation, the positions include eligibility technicians, caseworkers, career advisors and senior administrative staff. The Assembly also concurred with the consolidation for FY 2018 and authorized staffing of 981.1 positions.

Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor transferred 33.0 positions to the Executive Office of Health and Human Services budget for the consolidation and includes staffing authorization for 1,319.4 positions in FY 2018. The Assembly concurred.

Office of the Child Advocate. The Governor recommended a new case management coordinator for total staffing of 7.0 positions in both the FY 2017 revised and FY 2018 budgets. The Assembly added 1.0 new position for FY 2018 to enhance the ability of the Office to fulfill its mission.

Public Higher Education. The Governor recommended the authorized level of staffing for FY 2017. For FY 2018, she recommended staffing of 4,306.8 full-time equivalent positions, 10.0 positions more than enacted for the Office of Postsecondary Commissioner to reflect administrative and managerial staffing for the new Rhode Island Nursing Education Center. The Assembly shifted 6.0 third party funded positions funded from the College Access Challenge grant at Rhode Island College to unrestricted positions to reflect the end of the grant.

Rhode Island Historical Preservation and Heritage Commission. The Governor recommended revised staffing of 15.6 positions in both the FY 2017 revised and the FY 2018 budgets, 1.0 less than authorized to reflect the transfer of management of the Eisenhower House to the Department of Environmental Management. The Assembly concurred.

Public Defender. The Governor recommended 92.0 positions for FY 2017, 1.0 less than enacted; however, she subsequently requested an amendment clarifying the recommendation should be for the enacted level of 93.0 positions. For FY 2018, the Governor recommended 94.0 positions, 1.0 more than enacted for an additional attorney, an assistant public defender position. The Assembly did not concur with the new attorney position and retained the enacted level of 93.0 positions in both years.

Emergency Management Agency. The Assembly did not concur with the Governor's proposal to merge the Emergency Management Agency into the Department of Public Safety. It maintained the Emergency Management Agency as a stand-alone agency, with the recommended level of 32.0 full-time equivalent positions for FY 2018.

Public Safety. The Governor recommended FY 2017 staffing of 616.6 positions, 6.4 positions more than authorized. This reflects the restoration of 5.0 State Police vacancies reduced from the FY 2017 enacted budget, the addition of a civilian commissioner, the transfer of the cybersecurity director position from the Department of Administration and the elimination of a 0.6 administrative assistant position. For FY 2018, she recommended staffing of 660.6 positions, 44.0 more than the revised recommendation, including the transfer of 29.0 positions from the Emergency Management Agency and 3.0 new positions for staffing of 32.0 positions. The recommendation transfers 5.0 positions to the Department of Administration for human resources and information technology consolidation initiatives. It also includes 5.0 Capitol Police screeners and 2.0 officers, 3.0 positions in Central Management, 2.0 positions to support the commissioner, one in the State Fire Marshal, 4.0 in State Police, including two cyber security positions and two civilian support positions.

The Assembly authorized staffing of 615.6 positions for FY 2017, 1.0 fewer than recommended to exclude the new commissioner position. The Assembly did not concur with the Governor's proposal to merge the Emergency Management Agency into the Department of Public Safety nor did it concur with the addition of new positions, with the exception of the two capital police officers. It authorized staffing of 611.6 positions for FY 2018.

Environmental Management. The Governor recommended 400.0 positions for FY 2017, or 1.0 more than enacted to reflect the transfer of a position for management of the Eisenhower House. She recommended 403.0 positions for FY 2018, or 3.0 positions more than the revised budget, including 2.0 environmental scientists and 1.0 position for management of the new parks merchandising program. The Assembly authorized 400.0 positions for both FY 2017 and FY 2018.

Transportation. The Governor recommended staffing of 741.0 positions for FY 2017, 40.0 positions more than enacted reflecting the restoration of vacancies eliminated in the FY 2017 enacted budget. To the revised budget, she added 34.0 positions for FY 2018 staffing of 775.0 full-time equivalent positions. The Assembly authorized the enacted level of staffing for FY 2017 and concurred with the Governor's FY 2018 recommendation.

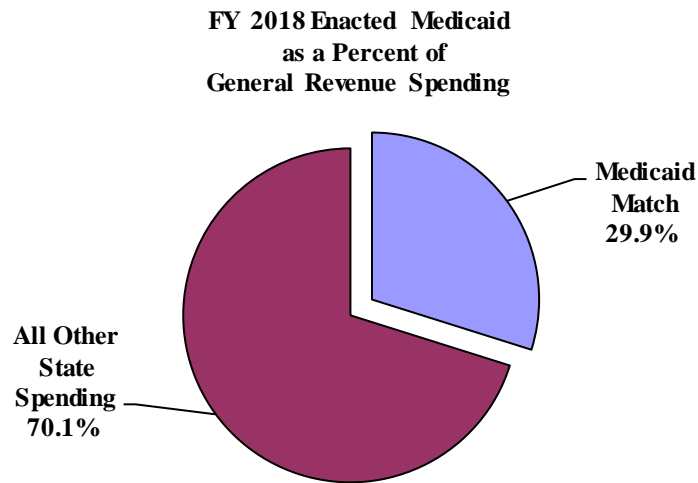
Medicaid

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

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

FY 2018 as Enacted	General Revenues	All Funds	% of Medicaid
EOHHS	\$ 928,977,697	\$ 2,377,213,858	85.6%
BHDDH	170,861,151	351,516,663	12.7%
Children, Youth and Families	13,582,308	23,007,076	0.8%
Human Services	10,861,880	22,273,071	0.8%
Health	779,535	1,707,894	0.1%
Total	\$ 1,125,062,571	\$ 2,775,718,562	100%

Medicaid as a Percent of the State Budget. Programs supported by Medicaid are 30.0 percent of total spending in the FY 2018 enacted budget and 29.9 percent of spending from general revenues.



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

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

Reinventing Medicaid. On February 26, 2015, Governor Raimondo signed an executive order establishing the Working Group to Reinvent Medicaid, which was comprised of Medicaid stakeholders to conduct a comprehensive review of the Medicaid program and make recommendations for short and long-term plans to transform the program.

The 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 savings, \$71.0 million from all sources, 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 status noted represents the testimony provided at the November Caseload estimating conference.

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
Home Stabilization Initiatives	-	-	Delayed
Assisted Living Opportunities	-	-	Delayed
STOP Program	-	-	Delayed
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
Evaluate Structural Barriers to HCBS	-	-	Delayed
Enhanced Residency	(150,000)	(301,933)	Delayed
Automate Patient Share	(500,000)	(1,017,708)	Delayed
Personal Choice Program Admin	-	-	Delayed
Enhanced Medicare Identification	-	-	Delayed
Predictive Modeling	-	-	On Target
Other Program Efficiencies	(7,155,989)	(14,496,108)	On Target
Total	\$ (49,033,879)	\$ (109,672,754)	

**As of May 2017 Caseload Estimating Conference*

Medicaid Rate. The federal medical assistance percentage (FMAP), also known as the federal Medicaid matching rate, is a calculation with significant impact on state health and human services spending. Each state has a Medicaid rate. The formula that determines an individual state’s Medicaid rate is based on that state’s three-year average per capita income relative to national per capita income and represents the portion of medical services delivered under the Medicaid program that the federal government will contribute. States with a higher per capita income level are reimbursed a smaller share of their costs. By law, the

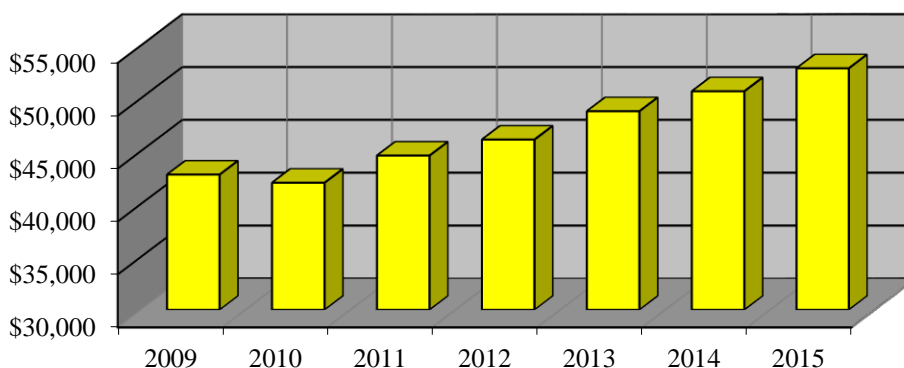
Medicaid rate cannot be lower than 50 percent or higher than 83 percent. The federal contribution to any state’s administrative costs for Medicaid services is set at 50 percent.

The following table includes the Rhode Island Medicaid rates used from FY 2010 through the projected FY 2018 rate. Enhanced rates were authorized as fiscal relief to states affecting FY 2008 through FY 2011 rates. Since the Medicaid rate is published for the federal fiscal year that starts on October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island’s FY 2018 projected rate is based on one quarter of the federal fiscal year 2017 rate and three quarters of the federal fiscal year 2018 rate resulting in a slightly different rate. The Medicaid rates are shown in the following table.

Medicaid Rates	FFY	SFY
FY 2018	51.45%	51.34%
FY 2017	51.02%	50.87%
FY 2016	50.42%	50.32%
FY 2015	50.00%	50.03%
FY 2014	50.11%	50.40%
FY 2013	51.26%	51.48%
FY 2012	52.12%	52.33%
FY 2011	61.39%	62.26%
FY 2010	63.93%	63.92%

The following chart shows the state’s per capita income for the previous seven calendar years. The FY 2018 rate is based on 2013 through 2015 data.

State of Rhode Island Per Capita Personal Income



The per capita income data is released by the federal Bureau of Economic Analysis and is used by the federal government to calculate each state’s reimbursement rate for Medicaid.

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

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

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

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

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

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

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

States are required to maintain the same income eligibility levels through December 31, 2013 for all adults, and this requirement is extended through September 30, 2019, or FY 2020, for children currently in Medicaid. For Rhode Island, this requirement applies to RItE Care eligibility for parents who are at or below 175 percent of poverty and children who are at or below 250 percent. The 2013 Assembly lowered the parent's threshold to 133 percent of poverty and included funding to assist in the transition to coverage through the health benefits exchange.

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

As noted, the federal government will pay 100 percent of the cost for states to provide benefits to adults age 19 to 64, without dependent children, with incomes at or below 138 percent of poverty from January 1, 2014 until January 1, 2017, or FY 2018, with the rate incrementally decreasing to 90 percent in January 2020 requiring a 10 percent state match. The FY 2017 final budget includes \$467.0 million from all sources, \$455.6 million from federal funds and \$11.4 million from the state match. The FY 2018 enacted budget includes \$478.5 million, including \$452.1 million from federal funds and \$26.4 million from general revenue and the program's out-year estimates, including the state match, are shown in the following table.

Medicaid Expansion		
FY	General Revenues	All Funds
2018	\$ 26.4	\$ 478.5
2019	\$ 33.2	\$ 511.4
2020	\$ 39.4	\$ 463.3
2021	\$ 48.5	\$ 485.1
2022	\$ 55.4	\$ 554.1

In millions

HealthSource RI. In September 2011, Governor Chafee issued an executive order to establish the Rhode Island Health Benefits Exchange, renamed HealthSource RI, the marketplace for purchasing health insurance, known as the exchange. The 2015 Assembly enacted Article 18 of 2015-H 5900, Substitute A, as amended, to establish the health benefits exchange in law as a division within the Department of Administration. It authorizes HealthSource RI to operate a state-based exchange to meet the minimum requirements of the federal act. It authorizes an assessment be charged by the Department, which cannot be more than the revenues that would be raised through the federally facilitated marketplace upon those insurers offering products on the exchange. The assessment is estimated to generate \$6.8 million budgeted for FY 2018. The Budget also includes \$2.6 million from general revenues to be used in conjunction with the revenues from the assessment for the operations of HealthSource RI.

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

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

The 2015 Assembly required religious employers that purchase plans on the Exchange to offer their employees a full-choice option. The employers would not be responsible for any additional costs of a plan selected by an employee. It also required that if an employer elects the religious exemption variation, it must provide written notice to enrollees that the plan excludes coverage for abortion services.

HealthSource RI began accepting applications on October 1, 2013. Health plans offered through the marketplace are categorized into tiers based on the level of benefits and cost sharing requirements. Individuals in households with income below 400 percent of poverty who are not Medicaid eligible will receive federal subsidies to reduce the cost of commercial health plans purchased through the Exchange.

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

Unified Health Infrastructure Project. The state received approval from the Centers for Medicare and Medicaid Services in April 2015 to implement a nine-year, \$230.8 million project that includes \$180.2 million from federal funds including Medicaid, matched by \$50.6 million from general revenues. The

project is a joint venture among the Executive Office of Health and Human Services, Department of Human Services, and HealthSource RI. The project will replace the state's existing eligibility system that will eventually determine eligibility for all health and human services programs, including new health care reform subsidies, through a single application.

The state submitted a new plan in July 2015 that increased project costs to \$363.7 million, including \$79.0 million for the state match. This is \$154.2 million more than the October 2014 plan and increases state funding by \$27.2 million. The updated plan called for a one-year delay to July 12, 2016 and a fully integrated system, RI Bridges, instead of two separate systems for its human services eligibility, application and worker accessibility activities in the affected agencies. Following adoption of the budget, the Executive Office indicated that the start date for Phase II would be 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 that a full three-month pilot in a live environment be followed 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 it was unable to agree with the state's decision to proceed with the September 13 start date.

Expenses for the Unified Health Infrastructure Project appear in the Executive Office of Health and Human Services' budget and the Departments of Human Services and Administration. The FY 2018 enacted budget includes \$20.9 million from all sources, including \$4.6 million from general revenues, \$15.0 million from federal funds and \$1.2 million from the Information Technology Investment Fund. The FY 2017 final expenses are \$56.4 million, including \$7.7 million from general revenues. The Executive Office and Department of Human Services spent \$100.2 million from all sources, including \$15.9 million from general revenues. The following table shows actual spending for FY 2016, the FY 2017 final appropriation and the FY 2018 enacted budget.

Unified Health Infrastructure Project				
FY 2016 Spent	General Revenues	Federal Funds	Information Technology Fund	Total
EOHHS	\$ 13,015,924	\$ 79,690,883	\$ 1,723,232	\$ 94,430,039
DHS	2,883,527	4,628,457	-	7,511,984
Total	\$ 15,899,451	\$ 84,319,340	\$ 1,723,232	\$ 101,942,023
FY 2017 Final				
EOHHS	\$ 6,702,826	\$ 41,674,224	\$ 2,785,117	\$ 51,162,167
DHS	991,852	7,053,288	-	8,045,140
Total	\$ 7,694,678	\$ 48,727,512	\$ 2,785,117	\$ 59,207,307
FY 2018 Enacted				
EOHHS	\$ 3,741,061	\$ 12,131,128	\$ 1,224,027	\$ 17,096,216
DHS	1,191,154	2,849,659	-	4,040,813
Total	\$ 4,932,215	\$ 14,980,787	\$ 1,224,027	\$ 21,137,029
3 Year Total				
EOHHS	\$ 23,459,811	\$ 133,496,235	\$ 5,732,376	\$ 162,688,422
DHS	5,066,533	14,531,404	-	19,597,937
Total	\$ 28,526,344	\$ 148,027,639	\$ 5,732,376	\$ 182,286,359

The Assembly added 143 new positions to support the project which is consistent with the Governor's amendment to address staffing needs through the newly released "Get Well Plan". The following table shows the positions which are either time-limited or permanent.

New UHIP Positions	Permanent	Time Limited	Total
Eligibility Technicians	25.0	54.0	79.0
Senior Eligibility Technicians	6.0	-	6.0
Customer Service Aide	5.0	10.0	15.0
Supervising Eligibility Technician	8.0	3.0	11.0
Employment Career Advisor	3.0	3.0	6.0
Social Caseworker	10.0	3.0	13.0
Caseworker Supervisor	1.0	2.0	3.0
Senior Caseworker Supervisor	7.0	-	7.0
Chief Program Development	-	2.0	2.0
Administrator Family & Adult Services	1.0	-	1.0
Total	66.0	77.0	143.0

As of July 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 functionality. 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.

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 are 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 be 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: the 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 Governor's revised budget includes \$0.2 million from all sources, \$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.

The FY 2017 final budget includes \$7.3 million to make payment to the nursing facilities and \$1.0 million for administrative expenses, which include the contract with the University of Massachusetts Medical School instead of using general revenues. The FY 2018 enacted budget includes \$23.5 million for payments to the community hospital and the accountable entities along with \$2.2 million for administrative expenses and workforce training activities.

Rhode Island Consumer Choice Global Compact Waiver. The Rhode Island Consumer Choice Global Compact Waiver, or Medicaid Global Waiver, was approved by the Centers for Medicare and Medicaid Services on January 16, 2009. The Global Waiver establishes a new federal-state agreement that provides Rhode Island with the flexibility to provide services in the least restrictive, most cost effective way to meet the needs of its citizens. The waiver was effective from January 16, 2009 through December 31, 2013, at which time the state could reapply. The state applied for and received an extension that is in effect until December 31, 2018, called the 1115 Research and Demonstration Waiver.

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

Medicaid Expenses - State/National Comparison. The following table compares national and state 2012 Medicaid spending using the Medicaid and CHIP Payment and Access Commission (MACPAC) MACStats Data Book (December 2015). It shows spending for all enrollees including individuals who receive Medicare and for whom the state provides a partial Medicaid benefit, including co-payments, deductibles and Part D drug coverage. Full benefit enrollees have access to all Medicaid benefits. It also divides the enrollees into population groups. When compared to the national average, Rhode Island has a higher cost per enrollee for each population whether an individual is a full or partial enrollee.

Rhode Island's spending on children and parents (adults), primarily through RItE Care, is higher than the national average. There are not many who receive only a partial benefit; therefore, there is little difference between the two comparisons. The Medicaid expenses for these populations are in the Executive Office's budget.

For disabled individuals, expenses for this population appear in the budgets of the Executive Office, as well as the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities, and Hospitals, and Children, Youth and Families. Costs for this population are also above the national average when comparing only full benefit enrollees and all enrollees.

Finally, expenses for the aged population are also higher when comparing both the full benefit enrollees and all enrollees. Because of the availability of Medicare for this population, roughly 20 percent of the total population served does not receive a full benefit. Expenses supporting this population are in the budgets of the Executive Office and the Department of Human Services.

Medicaid Expenses/Cost Per Enrollee				
Population	All Enrollees		Full Benefit Enrollees	
	US	RI	US	RI
Children	\$ 2,679	\$ 4,256	\$ 2,696	\$ 4,254
Adults	4,044	7,677	4,696	7,726
Blind/Disabled	17,848	20,625	19,660	21,321
Aged	15,346	18,357	19,563	21,304
Average	\$ 6,833	\$ 10,689	\$ 7,482	\$ 10,978

Source: MACStats: Medicaid and CHIP Data Book December 2015; Medicaid Benefit Spending for FY 2012; in millions

The Medicaid and CHIP Payment and Access Commission (MACPAC) has published the December 2016 data with information for FY 2013 spending; however, the information excludes Rhode Island as it is footnoted in the report that “states were excluded due to data reliability concerns regarding the completeness of monthly claims and enrollment data.” Other states excluded are Idaho and Louisiana.

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. The 2017 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	133%	138%	150%	175%	180%	185%	200%	250%
1	\$ 12,060	\$ 16,040	\$ 16,643	\$ 18,090	\$ 21,105	\$ 21,708	\$ 22,311	\$ 24,120	\$ 30,150
2	16,240	21,599	22,411	24,360	28,420	29,232	30,044	32,480	40,600
3	20,420	27,159	28,180	30,630	35,735	36,756	37,777	40,840	51,050
4	24,600	32,718	33,948	36,900	43,050	44,280	45,510	49,200	61,500
5	28,780	38,277	39,716	43,170	50,365	51,804	53,243	57,560	71,950
6	32,960	43,837	45,485	49,440	57,680	59,328	60,976	65,920	82,400
7	37,140	49,396	51,253	55,710	64,995	66,852	68,709	74,280	92,850
8	41,320	54,956	57,022	61,980	72,310	74,376	76,442	82,640	103,300

For families with more than 8 members, add \$4,180 for each additional member for the 100 percent calculation.

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

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

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

Medicaid Recipients

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

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

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

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

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

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

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

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

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

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

The second program available to a disabled individual is the Supplemental Security Income program. This is a federal public assistance program for individuals with limited income and resources. Individuals may be eligible for both the Social Security Disability Insurance program and the Supplemental Security Income

program if they meet the income eligibility requirements. States have the option of providing a state payment in addition to the federal payment. Rhode Island began to make this supplemental payment in 1987.

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

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

Medicaid - Benefits

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

The most recent Executive Office of Health and Human Services' Rhode Island Annual Medicaid Expenditure Report includes Medicaid spending by population and cost per person for FY 2016 as shown in the following table.

Populations	Persons	% of Population	Costs*	% of Cost	Annual Cost/Person
Children/Parents	153,342	54.4%	\$ 537.0	22.2%	\$ 3,600
Expansion	64,989	23.1%	402.0	16.6%	\$ 7,056
Elderly	19,198	6.8%	559.0	23.1%	\$ 29,124
Disabled - Children	12,025	4.3%	170.0	7.0%	\$ 14,052
Disabled - Adults	32,080	11.4%	754.0	31.1%	\$ 23,496
Total	281,634	100%	\$ 2,422.0	100.0%	

*In millions

The report typically included a breakdown of cost by mandatory and optional populations and mandatory and optional services. However, this was not included in either the 2015 report for FY 2014 spending or the 2016 report for FY 2015 but was included in the report for FY 2013 spending, which is shown in the next table. The state spent \$1,785.0 million from federal and state funds on Medicaid services in FY 2013. Of this total, \$615.0 million, or 34.0 percent, was spent on mandatory services for mandatory populations.

Mandatory Populations*		
Mandatory	Gen. Rev.	All Funds
Mandatory Services	\$ 298.4	\$ 615.0
Optional Services	134.9	278.0
<i>Subtotal - Mandatory Populations</i>	<i>\$ 433.3</i>	<i>\$ 893.0</i>
Optional Populations*		
Mandatory Services	\$ 311.0	\$ 641.0
Optional Services	121.8	251.0
<i>Subtotal - Optional Populations</i>	<i>\$ 432.8</i>	<i>\$ 892.0</i>
Total Expenses	\$ 866.1	\$ 1,785.0

*In millions

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

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

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

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

Medicaid Programs

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

Medical Benefits

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

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

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

Under the MAGI conversion, states have a higher income threshold for certain populations because the disregards are adjusted using the new calculation with the intent to not make any person ineligible for benefits because of the conversion. For Rhode Island, this conversion changes the income threshold for children, increasing it from 250 percent with the disregards to 261 percent. Rhode Island lowered the income threshold for parents to the mandatory level of 133 percent, which is not impacted by the MAGI conversion.

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

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

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

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

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

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

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

Island provides the services under the state plan option allowing for an unlimited number of program participants.

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

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

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

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

Long Term Care Residential and Community Care Services

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

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

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

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

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

Residential Services and Other Programs

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

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

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

Section 40.1-21-4.3 of the Rhode Island General Laws defines a developmentally disabled adult as someone who is 18 years of age or older, not under the jurisdiction of the Department of Children, Youth and Families, and who is either a mentally retarded developmentally disabled adult or is a person with a severe, chronic disability.

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

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

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

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

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

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

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

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

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

HIV Treatment Services. The state provides treatment and supportive services to HIV positive individuals who are uninsured and with income up to 400 percent of poverty. As of January 1, 2014, individuals are either eligible for the Medicaid expansion program or benefits through the Exchange. Benefits will still be

provided using the Ryan White federal grant and any rebate funding the state receives from drug purchases through that grant.

Medicare Savings Program. Medicare savings programs provide financial assistance to Medicare beneficiaries whose income and assets may be too high to allow them to qualify for full Medicaid coverage. Depending on the beneficiary's income and assets, these joint federal-state programs may pay for Part A (hospital insurance) and Part B (medical insurance) premiums as well as cover cost-sharing.

To be eligible for the Medicare savings program individuals must be age 65 or older who are either U.S. citizens or lawfully admitted permanent residents who have resided in the U.S. continuously for five years preceding the month of application. All applicants must participate in Medicare Part A, and must be eligible for Medicare Part B or if under 65 years of age, be receiving Social Security Disability Benefits for 24 consecutive months or be Medicare Part A eligible because of chronic renal disease. The current monthly Part B payment is \$104.90 for individuals with yearly income at \$85,000 or less or couples with income of \$170,000 or less. The FY 2018 enacted budget includes \$60.4 million from all sources, including \$29.4 million from general revenues for this benefit.

Executive Office of Health and Human Services

The Executive Office of Health and Human Services is the umbrella agency for the four health and human service departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget as Enacted FY 2018*. The following table shows the services provided by population and the department that is responsible for the expenses.

Programs	EOHHS	DHS	BHDDH	DCYF	DOH
Medical Benefits					
Children and parents	X				
Elderly	X	X			
Disabled and adults, without dependent children	X				
Residential and Other Services					
Nursing and hospice services	X				
Assisted living/home and community based services - elderly	X	X			
Foster care and group home placements				X	
Community based services - developmentally disabled			X		
Mental health and substance abuse treatment services			X		
HIV surveillance and treatment services	X				X

Department of Justice Consent Decree

On January 14, 2014, Rhode Island entered into an interim settlement with the federal government and on April 8, 2014, signed a consent decree to settle *United States v. State of Rhode Island and City of Providence*, which addressed the statewide day activity service system for individuals with intellectual and developmental disabilities. State agency parties to the agreement are: Department of Behavioral Healthcare, Developmental Disabilities and Hospitals; Department of Human Services; Department of Elementary and Secondary Education; and the Office of the Attorney General. The Department of Justice finding is for those who meet the state's definition of an individual with a disability included in Rhode Island General Laws.

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

previous year; and the Rhode Island Day Target Population that receive day activity services in facility-based day program settings or have received such services in the previous year.

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

The consent decree also stipulates that by October 1, 2014, the state will establish and begin distributing funds from an \$800,000 Workshop Conversion Trust Fund, which will be administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College. The fund will support start-up costs for providers who convert services to supported employment and will be administered by the director of the Department of Human Services and the associate director of the Office of Rehabilitation Services.

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

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

The FY 2017 enacted budget includes \$246.2 million from all sources, of which \$119.7 million is from general revenues to support services to approximately 3,600 adults receiving services through the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals’ Division of Developmental Disabilities. This is \$15.4 million more than enacted for FY 2016 and adds \$24.8 million, \$11.5 million from general revenues to: increase the hourly rate paid to direct care workers especially those in integrated employment and community based settings, anticipated costs for current recipients in order to meet the requirements of the consent decree and payments to services in the community based program based on current spending trends. The 2016 Assembly did not add funding for potential caseload growth related to an increased awareness of available programs because of the consent decree. Such growth has not occurred in the past year, and additional funding will be provided when the growth occurs. This is offset by \$2.8 million in savings, including \$1.0 million from general revenues primarily from moving individuals in the 24-hour residential facilities in both the community based and state-run programs to less intensive settings such as shared living arrangements. The Governor also requested an amendment to her FY 2017 recommendation that the Assembly concurred with that instructed the Department to use existing resources for an ombudsman.

The Governor’s FY 2017 revised budget includes \$250.6 million from all sources, of which \$122.0 million is from general revenues and recommends \$256.7 million for FY 2018, including \$123.8 million from general revenues. The \$170,000 assumed for the ombudsman noted above is not included in either the revised or recommended budgets. The Assembly provided \$250.1 million, including \$121.8 million from general revenues for FY 2017 and \$256.5 million for FY 2018, including \$123.6 million from general revenues.

The 2016 Assembly did expand 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 working. 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 has submitted the documentation presented to the federal court but it has not, and reported that it cannot, report on the number of individuals employed, the place of employment or the number of hours working since it does not track that information.

Medicaid Waiver Process

The 2009 Assembly passed Article 22, which amended the Rhode Island Medicaid Reform Act of 2008. The legislation provides that the Executive Office of Health and Human Services may implement the Global Consumer Choice Demonstration Waiver; however, requires that any changes that require a modification to any rules and regulations that was in existence prior to the global waiver must receive prior approval by the General Assembly. Also, any category II or category III change must receive General Assembly approval.

The Executive Office has submitted and continues to submit legislation to notify the Assembly of changes that may or may not eventually require a Category II or III change, but this allows for a discussion of the intent to make changes within the Medicaid program that could potentially impact procedure, policy and program expenses. It is sometimes determined that a change does not need legislative approval and the language is not included in the final appropriations act. However, the changes are still vetted through the public budget process.

Categories of Changes and General Requirements for Each Category. When making changes, the state must characterize the change in one of three categories. The Centers for Medicare and Medicaid Services has 15 calendar days after receiving notification of the change (either informally for Category I or formally for Categories II and III) to notify the state of an incorrect characterization of a programmatic change. To the extent the state and the Centers are unable to reach mutual agreement on the characterization of the programmatic change, the Centers' characterization shall be binding and non-appealable as to the procedure to be followed.

The following table shows each separate category, gives brief explanations and examples, and identifies whether or not Assembly approval is required.

Category	Assembly Approval	Global Waiver Change	Examples Waiver Changes
I	No	Any administrative change that does not affect eligibility, benefits, healthcare delivery, payment methods or cost sharing	General operating procedures, instruments to determine level of care and prior authorization procedures
II	Yes	State plan amendment change that does not change the special terms and conditions of the global waiver or expenditure authority	Benefit packages, payment methods, and cost sharing levels that do not affect eligibility
III	Yes	Requires modifying the current waiver or expenditure authority	All eligibility changes, changes to spend down levels, aggregate changes to cost sharing that exceed current limit

The following section describes the category changes.

A Category I Change is a change which is administrative in nature for which the state has current authority under the state plan or demonstration, and which does not affect beneficiary eligibility, benefits, overall

healthcare delivery systems, payment methodologies or cost sharing. The state must notify Centers for Medicare and Medicaid Services of such changes either in writing or orally in the periodic review calls and update reports. Implementation of these changes does not require approval by the Centers for Medicare and Medicaid Services or the Assembly.

Examples of Category I changes include, but are not limited to:

- Changes to the instruments used to determine the level of care;
- Changes to the Assessment and Coordination Organization Structure Demonstration Approval Period: January 16, 2009 through December 31, 2013;
- Changes to general operating procedures;
- Changes to provider network methodologies (provider enrollment procedures, but not delivery system changes);
- Changes to prior authorization procedures;
- Adding any home and community based service that has a core definition in federal guidelines; and
- Modifying a home and community based service definition to adopt the core definition.

A *Category II Change* is a change that could be made as a State Plan Amendment or through federal authority without any change in either the special terms and conditions of the waiver, or the section 1115 waiver and expenditure authorities. This change requires Assembly approval. These changes may affect benefit packages, overall healthcare delivery systems, cost sharing levels, and post-eligibility contributions to the cost of care. Such changes do not, however, include changes that affect beneficiary eligibility (including changes to the level of spend down eligibility). The state must comply with its existing State Plan Amendment public notice process prior to implementation. The state must also notify the Centers for Medicare and Medicaid Services in writing of Category II changes prior to implementation, and must provide the Centers with appropriate assurances and justification, that include but are not limited to the following:

- i) That the change is consistent with the protections to health and welfare;
- ii) Change results in appropriate, efficient and effective operation of the program;
- iii) That the change would be permissible as a State Plan or section 1915 waiver amendment; and that the change is otherwise consistent with sections 1902, 1903, 1905, and 1906, current Federal regulations, and Centers for Medicare and Medicaid Services policy; and
- iv) Assessment of the cost of the change. The Centers for Medicare and Medicaid Services will not provide federal matching funds for activities affected by unapproved but implemented Category II changes.

Examples of Category II changes include, but are not limited to:

- Changes to the intermediate care facility (ICF/MR), hospital or nursing home level of care criteria that are applied prospectively (not to existing long term care or home and community care recipients);
- Adding any home and community based services for which the state intends to use a definition other than the core definition (the service definition must be included with the assurances);
- Modifying any home and community based service definition unless it is to adopt the core definition;
- Adding an “other” home and community based service that does not have a core definition (the service definition must be included with the assurances);
- Removing any home and community based service that is at that time being used by any participants;
- Change/modify or end RItE Share premium assistance options for otherwise eligible individuals; and
- Changes to payment methodologies for Medicaid covered services including, but not limited to diagnostic related group payments to hospitals or acuity based payments to nursing homes.

Finally, a *Category III Change* is a change requiring modifications to the current waiver or expenditure authorities including descriptive language within those authorities and the special terms and conditions, and any other change that is not clearly described within Categories I and II. This change also requires Assembly approval.

In addition, a programmatic change may be categorized as a Category III change by the state to obtain reconsideration after unsuccessfully pursuing approval of the change under Category II. The state must comply with the waiver demonstration public notice process. The state must notify the Centers for Medicare and Medicaid Services in writing of Category III changes, and submit an amendment to the waiver. Category III changes shall not be implemented until after approval of the amendment by the Centers for Medicare and Medicaid Services.

Examples of Category III changes include, but are not limited to:

- All eligibility changes;
- Changes in Early Periodic and Screening Diagnostic Treatment (EPSDT) benefit;
- Spend down level changes;
- Aggregate cost-sharing changes that are not consistent with Deficit Reduction Act cost sharing flexibility (would exceed five percent of family income unless otherwise specified in these special terms and conditions);
- Benefit changes are not in accordance with Deficit Reduction Act benchmark flexibility;
- Post-eligibility treatment of income; and
- Amendments requesting changes to the budget neutrality cap.

Process for Changes to the Demonstration. The state must submit the corresponding notification to the Centers for Medicare and Medicaid Services for any changes it makes to the demonstration as characterized in the Category I, II or III definitions section depending on the level of change. Assembly approval is required for Category II and III changes before any changes can be submitted for federal approval. The Centers for Medicare and Medicaid Services will inform the state within 15 calendar days of any correction to the state's characterization of a change, which shall be binding and non-appealable as to the procedure for the change. The state must also have a public notice process for Category II and III changes to the demonstration.

Mergers and Consolidations

Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2017 budget adopted by the 2016 General Assembly contains 38 state agencies and departments. The Governor's FY 2018 recommendation of 37 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2016 Assembly. The FY 2018 budget adopted by the 2017 General Assembly maintains 38 agencies, and the Assembly's actions on the Governor's proposals are noted below.

FY 2018

Public Safety Consolidation. The Governor proposed legislation to replace the director of the Department of Public Safety with a civilian commissioner, who will be appointed by the Governor with the advice and consent of the Senate. Under current law, the Department of Public Safety is administered by a director who also serves as superintendent of the State Police. The Governor also proposed to merge the Emergency Management Agency and establish it as the seventh division within the Department of Public Safety. The director of the Emergency Management Agency would be appointed by the Governor; however, the Commissioner may prescribe other duties and responsibilities. The Assembly did not concur.

Lead Poisoning Prevention. The Governor proposed legislation to repeal the Lead Hazard Mitigation Act and amend the Lead Poisoning Prevention legislation to centralize lead poisoning prevention activities, which are currently performed by the Department of Health and the Rhode Island Housing Resources Commission, under the purview of the Department of Health. The proposal would allow the Department to oversee interagency coordination activities and it would be responsible for adopting rules and regulations to certify lead safe compliance for all residential units and permitting lead inspectors. The Department is also required to maintain a registry of lead safe certificates.

The Governor proposed legislation to amend the disposition of the real estate conveyance tax to transfer five cents of the current 30 cents that the Housing Resources Commission receives to the Department of Health for lead poisoning prevention activities. The recommended budget includes \$0.6 million from these resources for the Department of Health to fund 3.0 additional positions, including two lead inspectors and one data manager as well as operating costs. She subsequently requested an amendment to require an annual transfer of not less than \$590,000 from the Real Estate Conveyance Tax.

The Assembly did not concur and maintained current law.

Health Care Utilization Review Transfer. Currently, the Department of Health certifies health plan and utilization review entities, monitors obligations of health plan provider contracts, investigates and tracks complaints against health plan and utilization review by enrollees. The Office of the Health Insurance Commissioner reviews denial of benefits and accuracy of claims processing and is also responsible for the adequacy of network coverage in terms of access to and availability of providers and the continuity of care available to consumers.

The Governor proposed to transfer the oversight of the health care utilization review from the Department of Health to the Office of the Health Insurance Commissioner. The Budget also reflects the transfer of funding and staffing of 2.0 full-time equivalent positions. The Assembly concurred.

Health and Human Services - Finance Staff. The Governor transferred 91.0 finance positions to the Executive Office of Health and Human Services from agencies under its umbrella in her FY 2018

recommendation; this is consistent with current law. The transfer includes: 39.0 positions from the Department of Human Services, 33.0 positions from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, 12.0 positions from the Department of Children, Youth and Families, and 7.0 positions from the Department of Health. Funding would remain with the individual agencies. Functions include finance administration, billing and data entry. This increases the current level of 17.0 finance positions in the Executive Office to 108.0 positions. The Assembly concurred.

Eleanor Slater Hospital Reorganization. The Governor's FY 2018 recommendation assumes savings of \$12.2 million, \$5.7 million from general revenues from reorganizing the state hospital. This includes transferring youth currently at the 54-bed Youth Assessment Center to the Youth Detention Center and moving the current adult forensic population at the Pinel Building into the newly vacated space. It also includes privatizing laboratory services, closing one intermediate care facility, downsizing medical services and administrative staff and closing one of the two remaining intermediate care facilities. The plan also includes transferring medical patients to the Zambarano campus in Burrillville and converting recently vacated space into a step-down unit to increase capacity for psychiatric patients. The Assembly includes savings of \$11.2 million, \$5.2 million from general revenues. It does not concur with privatizing laboratory services.

Eisenhower House. The Assembly concurred with the Governor's proposal to transfer the management of the Eisenhower House, a historic state-owned property in Newport, from the Historical Preservation and Heritage Commission to the Department of Environmental Management. The Budget includes \$188,150 from all funds for staff and operations of the facility. This includes \$50,000 from general revenues and \$138,150 from new restricted receipts, which would be derived from booking fees of the facility. FY 2016 expenditures for the facility were \$135,536.

History

FY 1991

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

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

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

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

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

FY 1992

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

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

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

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

FY 1993

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

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

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

FY 1994

Consumers Council. The Council was abolished as recommended.

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

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

Children's Code Commission. This agency was abolished.

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

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

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

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

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

FY 1995

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

FY 1996

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

Office of Housing, Energy, and Intergovernmental Relations. Governor Almond originally recommended the breakup of this agency; CDBG (Community Development Block Grant) function would be merged into the Economic Development Corporation, means-tested energy programs merged into the Department of Human Services, energy conservation programs integrated into the Department of Administration, housing functions were taken over by the Department of Human Services, and Intergovernmental Relations merged functions into the Governor's Office.

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

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

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

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

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

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

FY 1997

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

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

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

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

Capitol Police. Governor Almond recommended that the Capitol Police be transferred from the Department of Administration to the Judicial Department. The Governor argued that the majority of Capitol Police positions were assigned to the Courts. The Assembly did not concur. The Capitol Police also provided security for the State House and a number of other state-owned buildings not under jurisdiction of the Judiciary, including the Powers Building, the Aime Forand Building, the State Office Building, the Health Department, and the Pawtucket Registry.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Office of Management and Administrative Services. Governor Almond proposed that the Office be abolished with its functions and personnel merged into four departments: Administration, Governor's Office, Military, and State Police. The Assembly concurred. This office had been created by Governor Sundlun through an Executive Order in FY 1992.

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

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

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

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

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

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

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

FY 1998

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

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

FY 2000

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

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

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

FY 2002

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

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

FY 2003

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

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

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

FY 2004

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

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

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

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

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

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

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

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

Rhode Island Film and TV Office. The Assembly transferred the Rhode Island Film and TV Office from the Economic Development Corporation to the Rhode Island State Council on the Arts. This transfer also included the 1.0 full-time equivalent position for the office coordinator.

Coastal Resources Management Council. Governor Carcieri proposed relocating the Coastal Resources Management Council's Providence office from 40 Fountain Street to the Department of Administration. The space houses the Council's business office and is also used to hold meetings. The Assembly did not concur.

FY 2005

Information Technology. Governor Carcieri recommended shifting 10.0 full-time equivalent positions from the divisions of Taxation and Library Services within the Department of Administration to a newly created Division of Information and Technology in his FY 2005 revised budget. The Governor issued Executive Order 04-06 to create the new division to improve efficiency, effectiveness and security of computer operations and management under the control of a Chief Information Officer responsible for oversight, coordination and development of all information and technology resources within the Executive Branch. The Assembly concurred.

Legal Services. Governor Carcieri recommended shifting 14.7 full-time equivalent positions from other parts of the Department of Administration into a newly created Division of Legal Services in his FY 2005 revised budget. The Governor issued Executive Order 04-09 to create the new division, which would centralize and coordinate the Executive Department's legal services for policy and provide more efficient use of legal resources within state government. The Assembly concurred.

Public Utilities Commissioners. Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

Child Support Enforcement Program. Governor Carcieri's FY 2005 budget recommended transfer of the child support enforcement program to the Department of Human Services from the Division of Taxation in the Department of Administration. The transfer included \$10.5 million in expenditures and 100.8 full-time equivalent positions. The Assembly concurred. The program was originally transferred from the Department of Human Services to the Division in 1997.

Early Intervention Program. The 2004 Assembly transferred the early intervention program from the Department of Health to the Department of Human Services and included \$11.2 million in expenditures, \$5.7 million from general revenues, and 6.7 full-time equivalent positions.

RICLAS Transfer to Private Providers. Governor Carcieri recommended transferring operations of two state-run group homes for the developmentally disabled to the privately operated system in order to reduce overtime in the state-run system and shift operations to private providers. The Assembly did not concur.

Vision Services. Governor Carcieri proposed transferring the vision services program from the Department of Elementary and Secondary Education to the Sherlock Center at Rhode Island College; however, he retained funding in the Department's budget to contract the services. He did transfer 6.6 positions to Rhode Island College and added \$0.1 million and 1.0 position to enhance the program by adding a coordinator. The Assembly concurred.

FY 2006

Information Technology. Governor Carcieri recommended continuation of the centralization of information and technology operations by shifting 31.0 full-time equivalent positions from other departments to the Department of Administration's Information Processing internal service fund. The funds and the employees were shown in the Department of Administration's budget for display purposes only; the expenditures were charged to user state agencies. The Assembly concurred.

Capital Projects and Property Management. Governor Carcieri recommended creation of the Capital Projects and Property Management program within the Department of Administration to assume direct responsibility for real property inventories, strategic planning, construction management budgeting and code enforcement for all capital projects. This included the transfer of 30.5 full-time equivalent positions

into the new division, 27.5 of which were from the Central Services Division within Administration and 3.0 from the departments located at the Pastore Government Center. The Assembly concurred.

Facilities Management Program. Governor Carcieri recommended creation of the Facilities Management Program within the Department of Administration to provide consistent delivery of facilities management services for state departments and agencies. This included the transfer of 58.0 existing full-time equivalent positions from the former Central Services Division to the new division. The Assembly concurred.

Capitol Police and Sheriffs. Governor Carcieri's budget reorganized the Department of Administration's program structure and established a new Security Services program, including the Capitol Police and the Sheriffs, which had been part of the Central Services Division. The new program would maintain two separate subprograms, the Capitol Police and the Sheriffs. It includes 46.0 Capitol Police and 196.0 Sheriffs positions. The Assembly concurred.

Statewide Planning. Governor Carcieri's budget reorganized the Department of Administration's program structure and created a new Statewide Planning program, including Strategic Planning responsibilities from the Budget Office and Statewide Planning functions from the Office of Municipal Affairs. The Assembly concurred.

Municipal Aid and Property Tax Administration. Governor Carcieri recommended the transfer of the Municipal Aid and Property Tax Administration function and its 8.0 full-time equivalent positions from the Office of Municipal Affairs to the State Budget Office. The Assembly concurred.

Legal Services. Governor Carcieri recommended continuation of the centralization of legal services by transferring 24.1 full-time equivalent positions from other parts of the Department of Administration into a newly created Division of Legal Services. The Governor had issued Executive Order 04-09 to create the new division to centralize and coordinate the Executive Department's legal services for policy and provide more efficient use of legal resources. The Assembly concurred.

Public Utilities Commissioners. Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not concur.

Group Residence Closure. Governor Carcieri's budget included savings from closing one underutilized state run residence for clients with developmental disabilities. Staff and clients would be reassigned to remaining facilities thereby reducing expenditures. The Assembly concurred.

Adult Literacy. On November 23, 2004, the Department of Elementary and Secondary Education signed a Memorandum of Agreement with the Department of Labor and Training to consolidate the management of all state adult basic education activities at the Department of Elementary and Secondary Education. Governor Carcieri recommended consolidating the state's adult literacy initiatives in the Department of Elementary and Secondary Education under a new adult education executive director in his FY 2006 budget. He added 3.0 positions, including the new executive director. The Assembly concurred and provided \$0.3 million from general revenues and \$4.1 million from Human Resource Investment Council grants.

Shepard Building. Governor Carcieri recommended transferring operating support for the Shepard building, previously shown in the Department of Administration's budget, to the Office of Higher Education and the Department of Elementary and Secondary Education. He included \$2.0 million for Higher Education for parking and operating costs and \$0.2 million for parking costs for Elementary and Secondary Education. The Assembly concurred.

Fugitive Task Force. The Assembly shifted the Fugitive Task Force unit, 8.0 full-time equivalent positions, and \$0.6 million from general revenues from the Judiciary to the State Police. The Fugitive Task

Force is a statewide warrant squad, established under Rhode Island General Laws Section 12-6-7.2, charged with the responsibility of arresting individuals for whom arrest warrants have been issued and remain outstanding.

Rivers Council. The 2004 Assembly passed legislation transferring the State's Rivers Council community service grant from the Department of Administration's budget to the Water Resources Board. The actual grant change was reflected in the FY 2006 enacted budget.

FY 2007

Information Technology. Governor Carcieri recommended increased use of the information processing internal service fund account for FY 2007. His budget transferred \$15.1 million and 100.3 positions from several departments and agencies to further centralize information technology services. The funds and the employees were shown in the Department of Administration's budget for display purposes only; the expenditures are charged to user state agencies. The Assembly concurred with the transfer of positions but included direct appropriations to the Department of Administration.

Human Resource Service Centers Internal Service Fund. Governor Carcieri recommended creating a new Human Resource Service Centers internal service fund within the Department of Administration's budget in FY 2007. This would be supported by \$9.3 million and 111.0 full-time equivalent positions transferred from various state departments and agencies. Four service centers would be created to serve the human resources needs of agencies in each grouping including human services, public safety, general government and transportation, natural resources and education. The funds and the employees were shown in the Department of Administration's budget for display purposes only; the expenditures were charged to user state agencies. The Assembly concurred with the transfer of positions, but included direct appropriations to the Department of Administration.

Facilities Management Internal Service Fund. Governor Carcieri recommended creating a new Facilities Management internal service fund within the Department of Administration's budget in FY 2007. This would fund coordinated facilities management for user state departments and agencies, including but not limited to operation, maintenance and repair of buildings, grounds, central HVAC, power plants and other facilities and be supported by \$35.4 million and 124.0 full-time equivalent positions transferred from those agencies. The funds and the employees were shown in the Department of Administration's budget for display purposes only; the expenditures were charged to user state agencies. The Assembly concurred with the transfer of positions but included direct appropriations to the Department of Administration.

Closure of Registry Branch Offices. Governor Carcieri recommended closure of all satellite offices of the Registry of Motor Vehicles, including West Warwick, Wakefield, Woonsocket, Warwick, Westerly, Middletown, and Warren. Of the 31.0 positions assigned to the branch offices, 13.5 would be transferred to the main registry office in Pawtucket, and 17.5 would be eliminated. The Assembly did not concur and restored funding and the 17.5 positions to maintain all registry branch offices for FY 2007. The Assembly also transferred the Registry of Motor Vehicles to the newly created Department of Revenue.

Registry and School Bus Inspection Unit Closure. Governor Carcieri recommended closure of the school bus inspection unit and elimination of 8.0 full-time equivalent positions. This change would have required outside inspection companies to do the bus inspections for a fee paid by the local city or town school systems. The Assembly did not concur and restored the funding and the 8.0 positions to keep the School Bus Inspection Unit open for FY 2007, and transferred the Registry to the newly created Department of Revenue.

Lottery Division. Governor Carcieri's FY 2006 revised and FY 2007 budgets included the Lottery Division as a program within the Department of Administration's budget based upon legislation enacted by the 2005

Assembly. He transferred \$215.1 million and 64.5 full-time equivalent positions for the Lottery, which was previously a quasi-public agency, into the Department of Administration. The Lottery would still operate on its own revenues collected from gaming sales. The Assembly reduced Lottery positions by 9.5 to an authorized level of 55.0 full-time equivalent positions and transferred the Lottery to the newly created Department of Revenue.

Department of Revenue. The Assembly transferred \$253.6 million from all sources of funds, including \$35.5 million from general revenues, \$1.6 million from federal funds, \$0.8 million from restricted receipts, and \$215.7 million from other funds from the Department of Administration for the establishment of a new Department of Revenue. The new department would include the current divisions of taxation, motor vehicles, state lottery, a new division of property valuation, a new office of revenue analysis, and a new Director of Revenue office. The funding assumes the creation of 6.5 new positions in addition to the 465.6 positions transferred from the Department of Administration, for a total of 472.1 positions, which resulted in a need for an additional \$745,109 from general revenues for FY 2007.

Business Regulation Program Structure. Governor Carcieri's FY 2007 budget included a program change to merge the Division of Banking and Securities and the Divisions of Commercial Licensing and Racing and Athletics. This reorganization reduced the number of structural programs from seven to five, but not eliminate any activity. The five divisions would be: Central Management, Insurance Regulation, Board of Accountancy, Banking and Securities and Commercial Licensing and Racing & Athletics. The Assembly concurred with the program changes.

Public Utilities Commissioners. Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not concur.

Health and Human Services Secretariat. Governor Carcieri proposed legislation consistent with his Executive Order 05-21 establishing the Executive Office of Health and Human Services to serve as the principal agency for managing the Departments of Human Services; Elderly Affairs; Mental Health, Retardation and Hospitals; Health; and Children, Youth and Families. It also created the unclassified position of Secretary of Health and Human Services. He included the position in the FY 2006 revised and FY 2007 budgets of the Governor's Office. The legislation gives the secretary authority to appoint the employees for the Secretariat. The budget did not include associated positions. The Assembly concurred and provided for the current five employees to be transferred to the office from their respective agencies. This included 2.0 from Department of Human Services; 1.0 from Department of Children, Youth and Families; 1.0 from Department of Health; and 1.0 from the Governor's Office.

Institutional Care Group Homes to Private Providers. Governor Carcieri recommended shifting responsibility for four group homes from the Zambarano unit of Eleanor Slater Hospital to a private provider. This reduced staffing by 41.0 positions. The Assembly restored 41.0 positions and shifted responsibility for one home and retained Zambarano's responsibility for the remaining three homes.

Corrections Educational Programs. Governor Carcieri recommended outsourcing educational instruction programs at the Department of Corrections. This initiative included the elimination of 17.0 instructors and individual instruction contracts and the establishment of a single \$0.6 million contract for all instructional services. The Assembly did not concur with the Governor's recommendation and restored the 17.0 instructor positions.

Underground Storage Tank Fund. Governor Carcieri proposed legislation to merge the Underground Storage Tank Financial Responsibility Fund Review Board into the Department of Environmental Management, with its one cent per gallon of motor fuel tax being deposited into a restricted receipt account within the Department. The Governor's FY 2007 Budget included \$4.0 million for all expenditures for the Underground Storage Tank program within the Environmental Protection program in the Department,

including \$3.55 million for remediation payments and \$550,000 to be used for administrative purposes, of which \$340,500 would fund the Board's 4.0 full-time equivalent positions. The Assembly concurred and provided that the employees be transferred with no loss of service time.

FY 2008

Energy Resources. The 2006 Assembly adopted comprehensive energy legislation that created the Office of Energy Resources as a successor to the former State Energy Office and authorized the new office to be assigned to an existing department for administrative purposes. Governor Carcieri's budget included the Office as a distinct program in the Department of Administration's budget; it had formerly been included within the Department's facilities management program. The Assembly concurred.

Public Utilities Commissioners. Governor Carcieri again recommended passage of legislation to eliminate the 2.0 new commissioners mandated by the 2002 Assembly. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

Boards for Design Professionals. The Assembly merged the four boards for design professionals into a division under the Department of Business Regulation. The Division will contain equal representation from each of the current boards and will regulate engineers, architects, land surveyors, and landscape architects.

Governor's Contingency Fund. The Assembly moved the Governor's Contingency Fund from the Department of Administration's budget to the Office of the Governor's budget.

Commission for Human Rights. The Assembly provided that the Rhode Island Commission for Human Rights appear in the general government function of the appropriations act and not in the human services function to more accurately reflect the Commission's activities.

Office of Health and Human Services. The Assembly consolidated many of the back room operations from the departments under the Secretary of Health and Human Services into the Office of Health and Human Services to enhance budgeting, management, and program consistency.

Department of Advocacy. The Assembly enacted legislation to consolidate the advocacy agencies into a Department of Advocacy that would include the Child Advocate, Mental Health Advocate, Commission on Deaf and Hard of Hearing, Developmental Disabilities Council, and the Commission on Disabilities. The Governor would submit legislation to the 2008 Assembly as part of FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

Department of Children, Youth and Families Managed Care Transfer. Governor Carcieri recommended completing the transfer of all managed care expenses for children in the custody of the Department of Children, Youth and Families to the Department of Human Services and provided \$79.9 million from all sources of funds for the expenses. The Assembly concurred.

Commission on Judicial Tenure and Discipline. The Assembly merged the Commission on Judicial Tenure and Discipline into the Judiciary, shifting 1.0 position and \$119,705 from general revenues.

Department of Public Safety. The Assembly enacted legislation to consolidate a number of public safety agencies into a single department to achieve efficiencies in training and facilities. The director would be the superintendent of the State Police. The agencies include the State Police, Fire Marshal, E-911, Fire Code Commission, Justice Commission, Municipal Police Training Academy, Sheriffs, and Capitol Police. The Governor would submit legislation to the 2008 Assembly as part of FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

Environmental Administrative Adjudication Program. Governor Carcieri proposed legislation to transfer the administrative adjudication program from the Department of Environmental Management into the Department of Administration. His budget included \$551,331 from general revenues to support three of the five positions that staff the office and proposed laying off the remaining two positions. The Office adjudicates all appeals pertaining to applications or permits for environmental matters. The Assembly did not concur and provided \$666,308 to fund the program in the Department of Environmental Management.

Department of Veterans' Affairs. The Assembly enacted legislation establishing the Department of Veterans' Affairs within the Office of Health and Human Services, effective July 1, 2009. Governor Carcieri vetoed the legislation.

FY 2009

Department of Elderly Affairs and Advocacy. The 2007 Assembly enacted legislation requiring the Governor to consolidate the advocacy agencies into a Department of Advocacy that would include the Child Advocate, Mental Health Advocate, Commission on Deaf and Hard of Hearing, Developmental Disabilities Council, and the Commission on Disabilities, no sooner than July 1, 2008 and no later than January 1, 2009.

Governor Carcieri recommended the consolidation of the Commission on the Deaf and Hard of Hearing, the Developmental Disabilities Council, and the Governor's Commission on Disabilities with the Department of Elderly Affairs to form the new Department of Elderly Affairs and Advocacy in compliance with legislation passed by the 2007 Assembly. He did not include the Child Advocate or the Mental Health Advocate in the consolidation, indicating that these two agencies should remain separate to perform their independent oversight functions. The Assembly did not concur with the merger proposal. It maintained the Governor's Commission on Disabilities and the Commission on the Deaf and Hard of Hearing as agencies along with the Child Advocate and the Mental Health Advocate. The Assembly also transferred the Developmental Disabilities Council to the University of Rhode Island's budget, while the Council sought federal approval to become a non-profit corporation.

Coastal Resources Management Council. Governor Carcieri proposed merging the Coastal Resources Management Council's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort; however, the Council itself would remain intact. The Governor assumed general revenue savings of \$701,856 by reducing staff assigned to perform the functions of the Council from 30.0 positions to 22.0 positions. The Assembly did not concur and maintained the Council as a separate agency.

State Water Resources Board. Governor Carcieri proposed to merge the Water Resources Board's staff into the Department of Environmental Management to reduce overhead costs and duplication of effort; however, the Board Corporate would remain intact as a quasi-public agency. The Governor assumed \$492,636 of general revenue savings by reducing the staff assigned to perform the functions of the Board from 9.0 positions to 6.0 positions. The Assembly did not concur and maintained the Board as a separate agency.

Executive Office of Health and Human Services. Governor Carcieri transferred 96.4 positions from the five health and human service agencies under the control of the executive office in compliance with legislation adopted by the 2007 Assembly. The transfer includes the fiscal and legal functions performed by the five agencies. The Assembly concurred; however transferred ten positions back to the agencies, consistent with a Governor's requested budget amendment.

Department of Public Safety. The 2007 Assembly enacted legislation to consolidate a number of public safety agencies into a single department to achieve efficiencies in training and facilities. The director would be the superintendent of the State Police. The agencies include the State Police, Fire Marshal, E-911, Fire Code Commission, Justice Commission, Municipal Police Training Academy, Sheriffs, and Capitol Police.

The Governor would submit legislation to the 2008 Assembly as part of the FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

Governor Carcieri included that consolidation, with the exception of the Fire Code Commission, in his FY 2009 Budget noting that its functions were better aligned with the Building Code Commission in the Department of Administration. The Assembly included the Sheriffs and Fire Code Commission within the Department of Administration, and concurred with the remainder of the consolidation.

Contingency Funds. The 2007 Assembly transferred the contingency account from the Department of Administration to the Office of the Governor and provided \$100,000 in funding. Governor Carcieri retained the FY 2008 appropriation fund in his Office in FY 2008 and included a supplemental appropriation in the Department of Administration. He recommended \$1.0 million for FY 2009 in the Department of Administration. The Assembly provided \$500,000 for the contingency fund within the Office of the Governor.

Accounts Payable Centralization. Governor Carcieri's budget added \$0.6 million from general revenues to fund 8.0 full-time equivalent positions to consolidate executive branch invoice payments into the Office of Accounts and Control. The Budget assumes a statewide elimination of 13.0 positions that previously performed these functions in various departments. The Assembly concurred.

Information Technology Contractor Consolidation Savings. Governor Carcieri proposed to eliminate 62 contractors statewide for a savings of \$4.8 million and hire 39.4 full-time equivalent positions. The Budget includes \$3.5 million from all funds, including \$2.0 million from general revenues to fund the positions. The net savings to the state is \$1.3 million. The Assembly concurred.

West Warwick Branch Closure. Governor Carcieri proposed to close the West Warwick branch of the Division of Motor Vehicles to save \$0.4 million, which includes personnel reductions of 4.0 positions and lease expenses. This branch was staffed with 7.0 employees. The Governor recommended that the remaining staff be transferred to the main office. The Budget assumes relocating the main registry to the Pastore Complex in Cranston, which is very close to the West Warwick branch. The Assembly did not concur with closing the registry at this time. The new registry building, funded in the capital budget, would not be complete until FY 2010.

Proprietary School Review. Governor Carcieri transferred proprietary school review from the Office of Higher Education to the Department of Business Regulation. The Board of Governors for Higher Education has the authority to approve or deny the request for authorization to operate proprietary schools. Proprietary schools provide education and training in business, correspondence, and trade that grant awards only at the pre-associate certificate level. The Assembly did not concur.

Burglar Alarm Regulation. Governor Carcieri transferred the burglar alarm regulation licensing process from the Department of Business Regulation to the Department of Labor and Training. The Assembly concurred.

Senior Community Service Employment Program. Governor Carcieri transferred the senior community service employment program from the Department of Elderly Affairs to the Department of Labor and Training. The United States Department of Labor provides funding to develop and expand employment and training opportunities for persons age 55 and over who are at or below 125 percent of the federal poverty guidelines. The Assembly concurred.

Public Utilities Commissioners. Governor Carcieri again recommended statutory language to eliminate the scheduled addition of two members of the Public Utilities Commission. The Assembly did not adopt legislation to reverse expansion of the number of commissioners.

Economic Policy Council. Governor Carcieri recommended that the Economic Development Corporation assume responsibility for staffing the Council and eliminated its \$0.3 million appropriation, which had been matched by the same amount from the business community. The Assembly concurred.

FY 2010

Local Government Assistance Program. Governor Carcieri recommended the transfer of the Local Government Assistance program from the Department of Administration to the Department of Revenue. The program provides assistance to municipal offices, mainly for city and town clerks. It also produces a series of publications including local government directories and handbooks as well as salary surveys and a compilation of local charters, most of which are updated annually. The Assembly concurred.

Contractors' Registration and Licensing Board. Governor Carcieri recommended the transfer of the Contractors' Registration and Licensing Board and its 12.0 full-time equivalent positions from the Department of Administration to the Department of Business Regulation. The Assembly did not concur and maintained the Board in the Department of Administration.

Registry Branch Closures. Governor Carcieri recommended the closures of the Registry of Motor Vehicles satellite branches in Warren, West Warwick and Westerly. There was no staffing reduction associated with the closures. Current staff from the three branches would be moved to the Division's main office and other branches. The Warren branch is mandated by Rhode Island General Law to stay open at least three days per week. The Governor's FY 2009 revised budget included legislation to repeal the statute. The Assembly did not pass legislation to close the branch office in Warren, and provided funds to maintain offices in the Towns of Warren and Westerly. The Assembly concurred with the closure of the West Warwick office.

State Lab Consolidation. Governor Carcieri recommended the transfer of the Forensic Science Unit with the exception of toxicology and its 12.6 full-time equivalent positions from the Department of Health to the Department of Public Safety and added 3.0 new staff. The proposal is based on the activities being more in line with the public safety function. The Governor submitted Article 12 of 2009-H 5983 to shift the Forensic Science Unit from the Department of Health to the Department of Public Safety. The Governor did not include a proposal for the University of Rhode Island Crime Lab, which was funded through an appropriation in the Office of the Attorney General's budget.

The Assembly provided for the consolidation of the University of Rhode Island Crime Lab and the Department of Health Forensic Science Unit into the Department of Health. The consolidation includes the current Department of Health's 12.6 associated positions and \$1.6 million in associated funding as well as \$675,000 from general revenues for the crime lab from the Office of the Attorney General.

Public Utilities Commissioners. Governor Carcieri again recommended statutory language as part of his FY 2009 revised budget to eliminate the scheduled addition of two members of the Public Utilities Commission. The Assembly did not adopt legislation to reverse expansion of the number of Commissioners.

Managed Care Transfer. Governor Carcieri recommended shifting the residential portion of managed care expenses for children in the custody of the Department of Children, Youth and Families back from the Department of Human Services and provided \$37.5 million from all sources of funds for the expenses. In FY 2008, a portion of both residential and hospital based programs and funding were shifted from the Department of Children, Youth and Families to the Department of Human Services as part of an initiative to provide more efficient services to children. After the transfer, it was determined that the residential services portion of the transfer did not fit the managed care model. The Assembly concurred.

Paratransit Program. The Assembly enacted legislation to transfer the responsibility for paratransit services from the Department of Elderly Affairs to the Department of Human Services. Governor Carcieri had requested an amendment to shift only the Medicaid eligible portion of the program from Elderly Affairs to Human Services.

Food Nutrition Service Function. The Assembly enacted legislation to transfer food programs from the Department of Human Services and the Women, Infants and Children supplemental nutrition program from the Department of Health and any other such programs into the Executive Office of Health and Human Services by March 1, 2010.

Client Protective Services. The Assembly enacted legislation to transfer client protective service functions for children, elderly, and adults with developmental and other disabilities from the four separate human services agencies into the Executive Office of Health and Human Services by January 1, 2011.

Community Health Centers. The 2008 Assembly added \$1.2 million from general revenues to support uncompensated care expenses at the 12 community health centers for FY 2009. Governor Carcieri's FY 2010 budget continued that funding but substituted \$0.6 million from available federal matching funds. The 2009 Assembly shifted the expense from the Department of Health to the Department of Human Services.

EOHHS/Department of Health. Governor Carcieri recommended in his initial recommendation and subsequent amendments decoupling the Department of Health from the Executive Office of Health and Human Services and transferring 7.6 positions previously part of the Department from the Executive Office back to Health. The Assembly did not concur and maintained the Department of Health as an agency within the Executive Office of Health and Human Services and retained the positions within the Executive Office.

Veterans' Affairs. The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and Governor Carcieri signed it into law on November 9, 2009, which created a separate Department of Veterans' Affairs, effective July 1, 2010. The Division of Veterans' Affairs is currently within the Department of Human Services.

Water Resources Board Corporate Transfer to Clean Water Finance Agency. The 2009 Assembly transferred the Water Resources Board Corporate into the Clean Water Finance Agency. The transfer would become effective once the debt of the Board Corporate is paid off, which was projected to be in 2014. The Board Corporate is the funding component for the state's Water Resources Board. Due to the capacity and capabilities of the Agency, it will absorb the functions of the Board Corporate to allow for more efficient and cost effective lending for water infrastructure projects.

FY 2011

Sheriffs to Department of Public Safety. Governor Carcieri recommended the transfer of \$16.5 million and 180.0 full-time positions for the Sheriffs program from the Department of Administration to the Department of Public Safety. This proposal was initially included in the legislation the 2007 Assembly enacted to consolidate a number of public safety agencies into a single department. However, the 2008 Assembly included the Sheriffs within the Department of Administration. The Assembly did not concur and maintained the Sheriffs in the Department of Administration.

Registry Branch Consolidation. Governor Carcieri recommended the closure of the Pawtucket branch and the Rhode Island Mall branch of the Registry of Motor Vehicles. The Division of Motor Vehicles was scheduled to move to its new headquarters in the Pastore Center in August 2010. The Rhode Island Mall branch was closed in March 2010. The Division indicated that the Rhode Island Mall branch would be too close to the Pastore Center and costly to retrofit. The Assembly concurred.

Public Utilities Commissioners. Governor Carcieri again recommended statutory language as part of his FY 2010 revised budget to eliminate the scheduled addition of two members of the Public Utilities Commission. The Assembly concurred and included legislation in Article 7 of 2010-H 7397, Substitute A, as amended.

Commission on Women. Governor Carcieri recommended the discontinuation of paid support staff for the volunteer commission and eliminated general revenue funds. The Assembly concurred.

Women, Infants and Children Transfer. Governor Carcieri recommended the transfer of 12.0 full-time equivalent positions and \$19.8 million from federal funds for the Women, Infants and Children program from the Department of Health to the Department of Human Services, effective October 1, 2010. However, the 2009 Assembly enacted legislation to shift the responsibility of administering the program from the Department of Health to the Executive Office of Health and Human Services by March 1, 2010. The Assembly concurred with the transfer to the Department of Human Services effective October 1, 2010.

Rhode Island State Crime Lab. The 2009 Assembly transferred the budget for the State Crime Lab at the University of Rhode Island from the Office of the Attorney General to the Department of Health. The state crime laboratory is responsible for providing technical services, including examination and evaluation of physical evidence collected at the scene of a crime or related to a crime. The 2010 Assembly included legislation in Article 7 of 2010-H 7397 Substitute A, as amended that requires the Director of the Department of Administration to develop and submit a report by December 1, 2010 that studies and provides specific recommendations regarding the allocation of staffing, use of facilities, and identifies any additional needs for the continued operation of the Rhode Island State Crime Lab.

Department of Veterans' Affairs. Governor Carcieri's budget recommended a delay in the creation of a new Department of Veterans' Affairs within the Executive Office of Health and Human Services by one year, from July 1, 2010 to July 1, 2011. The 2009 Assembly passed 2009-H 5082, Substitute A, as amended and the Governor signed it into law on November 9, 2009, which created a separate Department of Veterans' Affairs, effective July 1, 2010. The Division of Veterans' Affairs is currently within the Department of Human Services. The Assembly concurred.

Higher Education Assistance Authority and Public Telecommunications. Governor Carcieri proposed legislation that requires the Board of Governors for Higher Education to develop and submit a report by October 1, 2010 that reviews and assesses the Higher Education Assistance Authority and the Rhode Island Public Telecommunications Authority to see if the stated missions and current programs reflect the needs of the populations intended to be served. The Assembly did not concur.

Dispatch Unit and Port Security. Governor Carcieri recommended the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety no later than January 1, 2011. However, the Governor's budget did not include the transfer of positions or funding for these activities. The Assembly concurred.

Transportation. Governor Carcieri proposed legislation to require the Director of the Department of Transportation to develop and submit a report by October 1, 2010 that studies the feasibility of transferring the Rhode Island Public Transit Authority to the Department of Transportation. The Assembly did not concur.

FY 2012

State Aid Transfer. Governor Chafee's budget transferred some of the appropriations for the State Aid program from the Department of Administration to the Department of Revenue. These include the distressed communities' relief fund, motor vehicles excise tax, payment in lieu of taxes program, and the

newly proposed Municipal, Accountability, Stability and Transparency Fund. State aid for library operations and library construction remain in the Department of Administration. The Assembly concurred.

Sheriffs to Department of Public Safety. Governor Chafee recommended the transfer of \$16.7 million and 180.0 full-time positions for the Sheriffs program from the Department of Administration to the Department of Public Safety. This proposal was initially included in the legislation the 2007 Assembly enacted to consolidate a number of public safety agencies into a single department. However, the 2008 Assembly included the Sheriffs within the Department of Administration. Governor Carcieri proposed this as part of his FY 2011 budget; however, the Assembly did not concur and maintained the Sheriffs in the Department of Administration. The Assembly concurred.

Office of the Health Insurance Commissioner. Governor Chafee recommended the creation of a new program within the Department of Business Regulation for the Office of the Health Insurance Commissioner. Previously, the Office was part of the Insurance Regulation division. The Assembly concurred.

Training School – Girls’ Facility. Governor Chafee recommended the consolidation of the girls’ training school into the existing boys’ facility. The girls temporarily reside in the Mathias Building; however, the approved capital plan assumes renovating the Adolph Meyer building for this population. The Governor did not recommend the renovations and included a plan for the girls to move into one of the four residential pods in the Youth Development Center. The Department indicated that based on current population trends, three of the four residential pods are sufficient to house the male population. The Assembly concurred.

Elderly Affairs to Human Services. The Assembly merged the Department of Elderly Affairs with the Department of Human Services and created the Division of Elderly Affairs within the Department of Human Services.

Department of Veterans’ Affairs. The Assembly maintained the Division of Veterans’ Affairs within the Department of Human Services and created a new position, Director of Veterans’ Affairs. The 2009 Assembly included legislation to create a Department of Veterans’ Affairs and the 2010 Assembly delayed this by one year, from July 1, 2010 to July 1, 2011. Governor Chafee’s FY 2012 budget recommendation included the creation of the Department of Veterans’ Affairs.

HIV/AIDS. The Assembly shifted the HIV/AIDS direct services program and all resources, including 4.0 full-time positions, from the Department of Health to the Department of Human Services.

Women, Infants and Children Transfer. Governor Chafee recommended repeal of the statute transferring the Women, Infants and Children supplemental nutrition program from the Department of Health to the Department of Human Services. The Assembly did not concur and retained the program and all resources within the Department of Human Services. The United States Department of Agriculture informed the state that the Department of Human Services did not meet the standard established for state agencies that could administer the program.

The Assembly adopted legislation to transfer the Women, Infants, and Children program from the Department of Health initially to the Executive Office of Health and Human Services effective March 1, 2010, but then amended that to the Department of Human Services effective October 1, 2010 to coincide with the beginning of the new federal fiscal year.

Higher Education Administration. The Assembly included legislation that requires the Director of Administration to submit a revised plan for the organizational structure for higher education administration, staff support and resource allocation. The plan shall address the goal of improving affordability and accessibility to public higher education and maximizing efficiencies while providing sufficient support to

the governance structure of public higher education. The Director of Administration is required to report findings, recommendations and alternative designs to the General Assembly no later than November 1, 2011.

Rhode Island State Crime Lab. Governor Chafee recommended shifting the general revenue funding for the Rhode Island State Crime Lab from the Department of Health to the University of Rhode Island. The Assembly concurred.

Dispatch Unit and Port Security. Governor Chafee's budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. He proposed legislation to reverse the 2010 Assembly action that required the transfer to occur no later than January 1, 2011. The Assembly did not concur with the reversal, and instead delayed the transfer until January 1, 2012.

Water Resources Board. The Assembly enacted legislation to merge the State Water Resources Board into the Department of Administration's Division of Statewide Planning, effective July 1, 2011. The merger transfers three of the six positions from the Board to the Division, while maintaining the Water Resources Board Corporate.

Weatherization and Low Income Home Energy Assistance Programs. The Assembly adopted legislation to transfer the weatherization assistance and the low income home energy assistance programs from the Office of Energy Resources within the Department of Administration to the Department of Human Services, effective July 1, 2012.

Westerly Branch. The Assembly provided \$37,800 from general revenues for the operations of a registry of motor vehicles branch in the Town of Westerly.

FY 2013

Energy Program Transfers. Governor Chafee included the transfer of the Low Income Home Energy Assistance Program and the Weatherization Assistance Program from the Office of Energy Resources to the Department of Human Services consistent with current law. He also proposed the transfer of the Regional Greenhouse Gas Initiative from the Department of Environmental Management, and the Renewable Energy Program from the Economic Development Corporation to the Office of Energy Resources. The Assembly concurred, with the exception of the Renewable Energy Program transfer, which it retained at the Economic Development Corporation.

Office of Management and Budget. The Assembly adopted legislation to create a new Office of Management and Budget to assume the functions of the State Budget Office and the responsibilities of the Office of Economic Recovery and Reinvestment. It will include a Federal Grants Management Office to coordinate federal grant applications. The legislation also requires the Office to perform a study on transportation programs to be submitted to the Governor and the General Assembly by November 1, 2012. The Budget includes 11.0 new positions, including a director to be appointed by the director of the Department of Administration. Governor Chafee's original proposal called for eliminating the Bureau of Audits, allowing the new Office to absorb some of those functions. The Assembly retained the Bureau of Audits as is.

Human Resources Restructure. Governor Chafee's FY 2013 budget recommendation includes savings of \$0.8 million from the elimination of 12.0 positions in the Division of Human Resources. This consists of 2.0 positions from the Employee Services Unit and 10.0 positions in the Classification and Examination Unit, about half of the current staff. The Governor's FY 2012 revised budget includes \$0.3 million for a personnel study of the merit system to be accomplished in the current year to make the proposed reductions

possible. The Assembly restored \$0.4 million of the general revenue savings and shifted funding for the personnel study from FY 2012 to FY 2013 to reflect a delay in the work proposed.

RI Film and Television Office. The Assembly transferred the Film and Television Office from the Arts Council to the Department of Administration. It provided general revenue funding of \$0.3 million and 2.6 full-time positions, consistent with Governor Chafee's recommendation.

Office of Digital Excellence. The Assembly adopted legislation to create the Office of Digital Excellence within the Department of Administration. It authorized a chief digital officer, who must be appointed by the director of the Department of Administration, with approval from the Governor. The Office shall coordinate its efforts with the Division of Information Technology. The legislation requires the chief digital officer to report to the Governor, the Speaker of the House of Representatives, and the Senate President, every January 31, the status of all technology infrastructure projects, website improvements, number of e-government transactions and revenues generated and projects supported by the Information Technology Investment Fund.

Rhode Island Health Benefits Exchange. The Budget reflects the Rhode Island Health Benefits Exchange in the Office of the Governor. In September 2011, Governor Chafee issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development. The Exchange will report to the Board of the Rhode Island Health Benefits Exchange and will work with the Department of Health, the Office of the Health Insurance Commissioner and the Office of the Lieutenant Governor. The Budget includes 6.0 positions, including a director to oversee the Exchange.

Medicaid Benefits Program. Governor Chafee's budget transferred the Medicaid medical benefits program from the Department of Human Services to the Executive Office of Health and Human Services. The administrative staff was transferred in FY 2012, and the eligibility application process will remain with the Department of Human Services since applicants are often eligible for other benefits in addition to Medicaid, such as the supplemental nutrition assistance program, the Rhode Island Works program and child care through that department. The Assembly concurred.

HIV Care and Treatment Program. Governor Chafee requested an amendment to transfer the HIV care and treatment program from the Department of Human Services to the Executive Office of Health and Human Services, effective July 1, 2012 consistent with his proposal for the medical benefits program. The Assembly concurred and transferred 5.0 positions.

Higher Education Assistance Authority Merger. Governor Chafee's budget includes the transfer of \$27.8 million and 39.6 out of the authorized 41.6 full-time positions from the Rhode Island Higher Education Assistance Authority to the Office of Higher Education. He proposed legislation that would terminate the Authority and its corporate existence on September 1, 2012 and all of its rights, obligations and properties would be transferred to the Board of Governors for Higher Education. The Assembly did not concur with the proposed merger and provided \$27.7 million and 38.6 positions, maintaining the Higher Education Assistance Authority as a stand-alone agency.

Board of Education. The Assembly enacted legislation to abolish the Board of Governors for Higher Education and the Board of Regents, effective January 1, 2013, and create a new Rhode Island Board of Education. It also abolished the Office of Higher Education, effective January 1, 2014, and created an executive committee of education comprised of the three institutions of public higher education, and the commissioners of higher education and elementary and secondary education.

Rhode Island Public Telecommunications Authority. The Budget included legislation to require the Administration to submit a plan to the Chairpersons of the House and Senate Finance Committees by

November 1, 2012 to transition the Rhode Island Public Telecommunications Authority from the state to a privately supported entity by July 1, 2013. The Administration also must include any statutory changes required for the transition as part of the FY 2014 budget.

Dispatch Unit and Port Security. The Budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. The 2012 Assembly enacted legislation to reverse its prior mandate for the transfer.

Program Review. Governor Chafee's budget recommended a review of environmental and coastal programs in the Department of Environmental Management and the Coastal Resources Management Council to be conducted by a new Office of Management and Budget, which would be charged with developing a plan that includes strategies to reorganize or centralize environmental and coastal resource management programs in order to improve efficiencies. A report detailing this plan would be due to the General Assembly and the Governor by November 1, 2012. The Assembly did not concur and instead required that the new Office of Management and Budget perform a study on transportation programs.

FY 2014

EDC/Commerce Corporation. The Budget delays the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. It maintains the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. As contained in 2013-H 6063, Substitute B, on or about February 1, 2015, the Office is empowered to assume functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. The legislation further requires that the Office submit a comprehensive review of the roles, functions and programs of the Department of Administration and the Department of Labor and Training to the House of Representatives and the Senate before September 1, 2015. Additionally, the Office shall make recommendations and a business plan for the integration of these entities with the Office, and the Governor may include these recommendations as part of his FY 2017 budget.

Renewable Energy Fund Program Transfer. Governor Chafee's budget transfers the Renewable Energy Fund from the Economic Development Corporation to the Office of Energy Resources. The Office previously managed the fund and the 2007 Assembly enacted legislation to transfer the fund to the Corporation, effective FY 2008. The Governor's recommended budget includes expenditures of \$2.5 million and staffing of 2.0 positions from the Corporation. The Assembly did not concur and maintained the program in the Corporation.

Office of Regulatory Reform. Subsequent to the enactment of the FY 2013 budget, the Assembly adopted legislation contained in Chapter 445 of the 2012 Public Laws to transfer the Office of Regulatory Reform from the Economic Development Corporation to the Office of Management and Budget in the Department of Administration. Governor Chafee's revised budget reflects this transfer as well as the 2.0 positions that support the Office. The Office was created in 2010 to improve the state's business climate by making it easier for businesses to navigate through state and local permitting and regulatory issues. The Assembly adopted legislation in 2013-H 6063, Substitute B, requiring that the Office of Regulatory Reform reports to the Secretary of Commerce within the Executive Office of Commerce, effective February 1, 2015.

Rhode Island Health Benefits Exchange. The Budgets reflect the transfer of the Rhode Island Health Benefits Exchange from the Office of the Governor to the Department of Administration. In September 2011, Governor Chafee issued an executive order to establish the Office as the centrally accountable office for operational and financial implementation, including policy development.

Construction Permitting, Approvals and Licensing. The Budget reflects the creation of a new program in the Department of Administration: Construction Permitting, Approvals and Licensing, consisting of the State Building Code Commission, Contractors' Registration Board, and Fire Code Board of Appeal. Staffing and funding were transferred from Capital Projects and Property Management. The Department indicates that the program change was necessary to avert the appearance of a conflict of interest between the Office of Capital Projects and the aforementioned offices.

Rhode Island Public Telecommunications Authority. The Budget includes the statutory authority to end state support to the Authority as of July 1, 2013 and abolish it as a public agency, as the Authority has been transferred to the Rhode Island PBS Foundation.

Assisted Living and Home Care Waiver Services. The Budget shifts assisted living and home care waiver services in the Division of Elderly Affairs within the Department of Human Services to the Executive Office of Health and Human Services for FY 2014, consistent with Governor Chafee's requested amendment, in order to locate all Medicaid assisted living and home care expenditures in the Executive Office's budget.

FY 2015

Office of Diversity, Equity and Opportunity. The Budget reflects the creation of the Office of Diversity, Equity and Opportunity within the Department of Administration. Existing staff of 7.0 full-time equivalent positions and funding will be transferred from the Division of Purchasing's Minority Business Enterprise Office and the Division of Human Resources' Outreach and Diversity Office.

In May 2013, Governor Chafee issued Executive Order 13-05 entitled "Promotion of Diversity, Equal Opportunity and Minority Business Enterprises in Rhode Island." The Executive Order required that the Department of Administration review all divisions and offices within the Department that are charged with facilitating equal opportunity employment and to make recommendations to improve collaboration between these offices. The creation of the Office of Diversity, Equity and Opportunity reflects the Department of Administration's recommendation.

Rhode Island Emergency Management Agency. The Budget reflects the Emergency Management Agency and the National Guard as two stand-alone agencies. They were two distinct programs in the Military Staff under the control of the Adjutant General. This action was recommended to reflect the individual agency missions as well as their operational structures. There were no major changes to funding levels or positions.

Executive Office of Commerce. Governor Chafee's budget proposed to delay the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. The Assembly did not concur with the delay.

The Governor also proposed maintaining the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. The Assembly concurred.

Department of Environmental Management Customer Service Unit. The Budget creates in statute a customer service unit within the Department of Environmental Management. The Department already includes an Office of Customer and Technical Assistance, but the legislation codifies a requirement that the agency have a customer service unit and program to provide technical assistance to customers and help them to comply with environmental regulations and requirements. This section also mandates that the Department and the Office of Regulatory Reform collaborate on a report detailing an alternative compliance approaches plan, which would be due to the General Assembly and the Governor by May 1, 2015.

Higher Education Assistance Authority. The Budget includes legislation that requires the administration to include a plan for allocating Higher Education Assistance Authority programs to other agencies as part of the FY 2016 budget.

Behavioral Healthcare Services to EOHHS. The Budget transfers Medicaid-funded behavioral healthcare services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office of Health and Human Services so that mental health and substance abuse treatment services for disabled individuals will be appropriated to one agency and includes \$60.8 million, of which \$30.1 million is general revenues.

FY 2016

Higher Education Assistance Authority Merger. Governor Raimondo's budget transferred all of the powers, duties, authority and resources of the Rhode Island Higher Education Assistance Authority to the Council for Postsecondary Education and the Office of the General Treasurer and established a new Division of Higher Education Assistance in the Office of Postsecondary Commissioner. The budget reflects the transfer of \$19.1 million and 15.0 full-time equivalent positions to the Office of Postsecondary Commissioner. Administrative responsibility for the state's tuition savings program would be transferred to the Office of the General Treasurer. The recommendation represents direct program positions as well as overhead support. Remaining direct functions will require fewer staff with the efficiencies provided for in a merger; therefore, the Assembly eliminated 5.0 positions and \$0.8 million. One position and \$0.3 million is shifted to the Office of the General Treasurer to administer the *CollegeBoundfund*.

Executive Office of Commerce. The 2013 Assembly created the Executive Office of Commerce to be administered by a secretary of commerce, effective February 1, 2015. The Office oversees and serves as the lead agency of the Executive Branch for managing the promotion of commerce and the state's economy. Pursuant to 2013-H 6063, Substitute B, on or about February 1, 2015, the Executive Office of Commerce has powers to operate functions from the Department of Business Regulation and, subsequently, various functions from the Department of Administration. Consistent with the legislation, Governor Raimondo's budget includes the transfer of Housing and Community Development functions to the Executive Office of Commerce. It also transfers the Film and Television Office from the Department of Administration to Commerce. It does not, however, transition Department of Business Regulation functions, leaving it as a stand-alone department. The Assembly concurred, with the exception of transferring the Film and Television Office to the Arts Council.

Capital Projects Consolidation. Governor Raimondo's budget proposes consolidating construction property and asset management functions into the Department of Administration. It appears that the positions are kept in their respective agencies, including the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Environmental Management, Corrections, and Transportation. The Assembly concurred; however, transferred funding back for the Department of Environmental Management, consistent with the Governor's requested budget amendment.

Division of Advocacy. Governor Raimondo's budget proposes consolidating the Governor's Commission on Disabilities, the Commission on the Deaf and Hard of Hearing, the Office of the Child Advocate, and the Office of the Mental Health Advocate under a newly created Division of Advocacy within the Executive Office of Health and Human Services. The consolidation is for administrative and budget purposes only, and all agencies would maintain their responsibilities as mandated by current law. The Governor subsequently requested an amendment that rescinded the proposed legislation and maintained the offices as separate agencies and restored operating savings assumed to be achieved through the merger. The Assembly concurred.

Non-Prescribing Boards Consolidation. Governor Raimondo proposed consolidating all of the non-prescribing health professional boards into one board. There are 25 professional boards that include a variety of professions, such as dietitians, physical therapists, occupational therapists, optometrists, social workers and funeral home directors. The Department of Health currently approves all written and practical examinations, and issues licenses and permits for these professions. The proposed legislation would create a single board of review for appeals, discipline and advisory functions. This would allow for the elimination of 2.0 positions that support the boards and \$0.2 million from general revenues. The Assembly did not concur.

RI Film and Television Office. The Budget transfers the Rhode Island Film and Television Office, including \$0.3 million from general revenues and 2.6 full-time positions, from the Department of Administration to the Rhode Island State Council on the Arts. The Film and Television Office works with filmmakers to identify filming sites, vendors, and promote the benefits of working in Rhode Island. Governor Raimondo's FY 2016 recommendation transferred the Office to the Executive Office of Commerce. The Office was transferred to the Department of Administration from the Council as part of the FY 2013 budget.

Bays, Rivers and Watersheds Coordination Team. The Assembly concurred with Governor Raimondo's proposal to abolish the Bays, Rivers and Watersheds Coordination Team, which was responsible for the coordination of the environmental agencies in the state to restore and develop both freshwater and marine waters and watersheds. The work is funded by an \$80,000 transatlantic cable fee, a \$1 per hundred gallons charge on septage disposal in the state, and a \$250,000 annual allocation from the Oil Spill, Prevention, Administration and Response Fund. The restricted receipts will now be utilized by the Department of Environmental Management for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change.

FY 2017

Office of Diversity, Equity and Opportunity. Governor Raimondo's budget proposed legislation to establish the Office of Diversity, Equity and Opportunity in statute; the Office was operating under an executive order. The legislation places the State Equal Opportunity Office under the administrative supervision of the Office of Diversity, Equity and Opportunity instead of the Division of Human Resources, and requires the Office of Personnel Administration to consult with the Office in preparing a comprehensive plan to maintain and secure equal opportunity. The legislation adds the associate director of the Office as a member of the Labor Relations Committee. The Assembly concurred.

Division of Enterprise Technology Strategy and Services. Governor Raimondo proposed legislation to replace the current Division of Information Technology, which was created by an executive order with the Division of Enterprise Technology Strategy and Services to be managed by the chief of digital excellence. The legislation amends current law to establish the Office of Library and Information Services within the Division and places the chief of library services under the supervision of the chief of digital excellence. The Division would also consist of the following offices: Information Technology and Digital Excellence. The Assembly concurred.

Division of Capital Asset Management and Maintenance. Governor Raimondo proposed legislation to create the Division of Capital Asset Management and Maintenance, which would assume the responsibilities of the current Divisions of Facilities Management and Capital Projects and Property Management. Both divisions were created by an executive order in 2004. The legislation allows the director of the Department of Administration to appoint a director of the division. Some of the responsibilities of the division director include: reviewing agency capital budget requests to ensure that requests are consistent with strategic and master facility plans of the state; managing and maintaining state

owned facilities; overseeing new construction and rehabilitation projects; maintaining an inventory of all state properties; and responding to facilities emergencies. The Assembly concurred.

Office of Internal Audit. Governor Raimondo proposed legislation to repeal the Bureau of Audits and establish the Office of Internal Audit within the Office of Management and Budget. The Office would be managed by a chief of internal audit, who must be appointed by the director of the Department of Administration. The Office is authorized to conduct audits of any state department, agency or private entity that is a recipient of state funding or state grants. The Office is also tasked with evaluating the efficiency of operations and internal controls, preventing and detecting fraud, waste, abuse or mismanagement of funds.

The Budget reflects the consolidation of internal auditing functions and staff from the Departments of Transportation and Human Services, the Office of Postsecondary Commissioner and the University of Rhode Island are transferred to the Office. The Assembly concurred.

Women, Infants, and Children Nutrition Program. Governor Raimondo proposed legislation to transfer the administration and management of the Women, Infants, and Children Nutrition Program from the Department of Human Services to the Department of Health. The Department of Health previously managed the program; however, the 2009 Assembly adopted legislation to transfer the program to the Department of Human Services. This was to consolidate management and nutrition benefits. There have been issues with the United States Department of Agriculture regarding the designation of the administrating state agency. The Assembly concurred.

Department of Health. Governor Raimondo's budget reflects a reorganization of functions within the Department of Health. Certain programs such as the Health Laboratories and the Office of State Medical Examiners are merged. It reflects the creation of the Division of Customer Services and includes the operations of Vital Records, which was previously under the Public Health Information program, and the operations of Licensing, Professional Boards and Commissions and the Center for Health Facilities Regulation, previously under the Environmental and Health Services Regulation program. The Assembly concurred.

Governor's Commission on Disabilities. Subsequent to her budget submission, Governor Raimondo requested legislation to designate the Governor's Commission on Disabilities as the state agency responsible for application of and receipt of federal funds under the Workforce Innovation and Opportunity Act for the State Independent Living Plan, effective October 1, 2016. She also requested an amendment to transfer funding from the Department of Human Services to the Commission. The Assembly concurred.

Office of Veterans' Affairs. Governor Raimondo included legislation to create the Office of Veterans' Affairs within the executive branch, reporting directly to the Governor. This would remove it as a Division in the Department of Human Services; however, for administrative purposes, funding for the Office of Veterans' Affairs would remain in the Department of Human Services' budget. The Assembly concurred.

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2017-H 5175, Substitute A, as Amended

Article 1. FY 2018 Appropriations

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2018.

Section 2. Line Item Appropriations. This section establishes that each line in Section 1 of Article 1 constitutes an appropriation.

Section 3. Transfer of Functions. This section authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions.

Section 4. Contingency Fund. This section allows for expenditures from the contingency account located within the Office of the Governor's budget for unexpected and unbudgeted statewide expenditures. The Governor must approve all expenditures and transfers from this account.

Section 5. Internal Service Funds. This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

Section 6. Legislative Intent. This section authorizes the chairpersons of the finance committees of the two chambers to provide a "statement of legislative intent" for specifying the purpose of the appropriations contained in Section 1 of this article.

Section 7. Temporary Disability Insurance Funds. This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2018.

Section 8. Employment Security Funds. This section appropriates all funds required for benefit payments to the unemployed from the Employment Security Fund for FY 2018.

Section 9. Lottery. This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions.

Section 10. Full-Time Equivalent Positions. This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2018. It also provides that state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 15,160.2 full-time equivalent positions, 207.6 positions more than enacted.

Section 11. Multi-Year Appropriations. This section makes multi-year appropriations for a number of capital projects included in the FY 2019 through FY 2022 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2018 and multi-year appropriations supersede appropriations made for capital projects in Section 11 of Article 1 of the FY 2017 Appropriations Act.

Section 12. Reappropriations. This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan Fund projects shall be reappropriated in FY 2018. However, any such

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reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than \$500 can be reappropriated at the discretion of the State Budget Officer.

Section 13. Neighborhood Opportunities. This section requires that the Rhode Island Housing and Mortgage Finance Corporation provide from its resources an appropriate amount to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, the chair of the Housing Resources Commission and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units created.

Section 14. Appropriation of CollegeBound Saver Funds. This section appropriates the funds received by the Office of the General Treasurer from the CollegeBound Saver program for transfer to the Division of Higher Education Assistance within the Office of Postsecondary Commissioner to support student financial aid for FY 2018. The Budget includes \$7.4 million from these sources for state grant programs.

Section 15. Infrastructure Bank Transfer. This section requires the transfer of \$3.5 million from the Infrastructure Bank to state general revenues by June 30, 2018.

Section 16. Health and Educational Building Corporation. This section requires the transfer of \$6.0 million from the Rhode Island Health and Educational Building Corporation to state general revenues by June 30, 2018.

Section 17. Electric and Gas Distribution Company Transfer. This section requires that the electric and gas distribution company transfer \$12.5 million from the 2018 System Reliability and Energy Efficiency Conservation Procurement program to state general revenues by June 30, 2018. The legislation also requires that the total budget for the 2018 program shall not exceed the commission's approved total budget for 2017.

Section 18. Quonset Development Corporation Transfer. This section requires that the Quonset Development Corporation transfer \$1.0 million to state general revenues by June 30, 2018.

Section 19. Rhode Island Housing Transfer. This section requires that Rhode Island Housing and Mortgage Finance Corporation transfer \$1.0 million to state general revenues by June 30, 2018.

Section 20. Narragansett Bay Commission Transfer. This section requires the transfer of \$5.0 million from the Narragansett Bay Commission to state general revenues by June 30, 2018.

Section 21. PUC Rent Charge. This section includes an increase in the rent rate charged to the Public Utilities Commission beginning in FY 2018 from \$173,040 to \$333,420. The Commission is primarily funded from restricted receipts generated from billing the regulated utilities. The Budget includes the additional \$160,380 as revenues to the state.

Section 22. Effective Date. This section establishes July 1, 2017 as the effective date of the article.

Article 2. Economic Development and Tax Credits

This article expands the eligible uses of innovation vouchers to include research and development for and by small business manufacturers and requires the Commerce Corporation to reserve up to 50.0 percent of

Explanations of Budget Articles

the program's annual appropriation for vouchers for this purpose, subject to appropriation. It also delays the sunset of the 2013 Historic Preservation Tax Credit program two years, from June 30, 2017 to June 30, 2019.

Article 3. Rhode Island Promise Scholarship

Article 3 establishes a new Rhode Island Promise Scholarship program to provide two years of free tuition and mandatory fees at the Community College of Rhode Island for qualifying Rhode Island students. The program is intended to be a "last dollar scholarship," meaning that after a student exhausts all other sources of student aid the program would cover the remainder of their tuition bill. Room and board and other non-mandatory fees would not be covered by this program. Recipients would be required to maintain a 2.5 grade point average and must commit to remaining in Rhode Island after graduation. The program would be implemented for four cohorts of students beginning in FY 2018 with the last cohort entering in the fall of 2020. The legislation requires a program evaluation be conducted on or before July 1, 2020, after the second cohort finishes.

The budget includes \$2.8 million for FY 2018. The FY 2019 impact would be \$5.9 million.

Article 4. Motor Vehicles

Section 1. Technology Surcharge. This section allows the Division of Motor Vehicles to extend the \$1.50 surcharge on its transactions from FY 2018 through FY 2022, to be deposited in the Information Technology Investment Fund. The revenues are to be used for project-related payments, maintenance, and enhancements for the Division's new information technology system. A settlement between the vendor, DXC Technology, and the State of Rhode Island was announced on April 12, 2017. Under the settlement agreement the state will pay an additional \$5.5 million over two payments; the first after the system goes live in July 2017, and the second a year later. The surcharge collections, estimated to generate \$2.1 million annually, are intended to defray these costs and cover other project-related expenses.

Section 2. License Plate Issuance Delay. This section delays the mandatory reissuance of fully reflective license plates from April 1, 2017 to January 1, 2019. The reissuance has been delayed four times previously, from September 1, 2011 to September 1, 2013, again to September 1, 2015, again to July 1, 2016 and from that date to April 1, 2017. The Budget reduces related revenues and expenses to account for the delay.

Section 3. Refunds of Registration. This section repeals the requirement for the Division of Motor Vehicles to provide refunds for registrations with over one year of validity when voluntarily surrendered, and restores truck registration fees to the FY 2017 level. The repeal of registration refunds is expected to yield \$0.5 million annually for transportation uses.

Section 4. Truck Registration Fee Reversal. This section repeals legislation adopted by the 2016 Assembly establishing a new schedule for annual registration fees for commercial trucks, truck tractors, and truck trailers with gross vehicle weight of over 10,000 pounds that are used for commercial purposes. This is expected to increase annual funding for transportation uses by \$4.2 million.

Sections 5 and 6. Highway Maintenance Account. The 2014 Assembly adopted a schedule to transfer transportation related fees collected by the Division of Motor Vehicles to the Highway Maintenance Account, incrementally beginning with 25.0 percent in FY 2016, 75.0 percent in FY 2017 and all in FY 2018. Section 5 amends the distribution to require transfers of 50.0 percent for FY 2017 and 80.0 percent

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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.

Section 6 of the article provides the Rhode Island Public Transit Authority with an additional \$5.0 million in each FY 2018 and FY 2019 from the Highway Maintenance account, in addition to the current share of 5.0 percent that the Authority receives under current law. With this additional resource, the Authority will be responsible for paying its own debt, for which the recommended budget had included \$1.6 million from general revenues. The remaining \$3.4 million would provide funding to reinstate the bus pass program. The article also requires that the Authority convene a coordinating council to develop recommendations for sustainable funding of the free-fare program for low income seniors and persons with disabilities to maximize the use of federal funds. Recommendations must be submitted to the Speaker of the House and Senate President, no later than November 1, 2018.

Article 5. Government Reorganization

The article transfers the oversight of health care plan utilization review from the Department of Health to the Office of the Health Insurance Commissioner, effective January 1, 2018. The Budget reflects the transfer of funding and staffing of 2.0 full-time equivalent positions from the Department of Health to the Office of the Health Insurance Commissioner.

The article amends current law to allow the Governor for only 2017, to determine the salaries for the Directors of the Departments of Administration and Transportation, and the Secretary of Health and Human Services. It further requires that the personnel administrator or any director of a department to file a written report with the Speaker of the House, the President of the Senate and the chairpersons of the House and Senate Finance Committees when transferring or extending the duration of a transferred employee. This report must be filed within seven days of making or extending the transfer.

The article also permits the tax administrator to share information that he/she considers proper with the Office of Internal Audit for the purpose of detecting and preventing fraud. The information may be from tax reports, returns or audits.

Article 6. Debt Management Act

The Public Corporation Debt Management Act requires that all new non-general obligation debt authorizations be approved by the Assembly, except in certain circumstances. Article 6 contains three authorizations totaling \$110.9 million. It includes \$88.8 million from revenue bonds for the University of Rhode Island's White Horn Brook Apartments. Annual debt service would be \$5.9 million assuming 30 years and 5.0 percent interest. The legislation indicates that approximately 95 percent of the debt service would be supported from dorm fees and the remaining 5 percent would be supported from tuition and general revenues.

Article 6 also includes \$10.5 million for confined aquatic dredged material disposal cells, and \$11.6 million for the third phase of energy performance improvements at the University of Rhode Island. Annual debt service for these projects would be \$2.5 million; there is no debt service assumed for FY 2018.

Article 7. State Funds

Section 1. Medical Marijuana. This section of the article transfers to state general revenues any remaining balances from medical marijuana receipts collected by the Department of Business Regulation

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and the Department of Health. The Budget assumes transfers of \$0.3 million and \$0.7 million in FY 2017 and FY 2018, respectively.

Section 2. Indirect Cost Recovery. Section 2 exempts two accounts from the state’s indirect cost recovery charge: OPEB System Restricted Receipt and the Reconciliation Funding restricted receipt accounts. It also removes three obsolete accounts: Providence Water Lead Grant, Office of Management and Budget, and Rhode Island Highway Maintenance Account.

Section 3. Reconciliation Funding. The 2014 Assembly adopted legislation authorizing this funding mechanism for the Distributed Generation Board, whereby the Board submits its request to the Public Utilities Commission to review and approve through a docket proceeding. This section of the article includes statutory authority for the creation of the Reconciliation Funding restricted receipt account. Funds received are passed through to the Office of Energy Resources on behalf of the Board to conduct studies or reports that the Board requests.

Sections 4 and 6. Eisenhower House. Sections 4 and 6 transfer the authority to collect Eisenhower House rental fees from the Historical Preservation and Heritage Commission to the Department of Environmental Management and establish a restricted receipt account for deposit of the fees to be limited to use on the facility. The Budget transfers staff and funding between the two agencies as well.

Section 5. Non-State Agency Reimbursement. This section creates a restricted receipt account to be known as the “State Police Non-State Agency Reimbursements Account.” All revenues deposited into the account will be used to reimburse the State Police for costs incurred in support of non-state agency programs and activities.

Section 7. Department of Children, Youth & Families. This section of the article allows the Department of Children, Youth and Families to deposit grant funds it receives from nonprofit charitable organizations as restricted receipts.

Section 8. Arts Council. This section repeals the one year limitation on the Rhode Island State Council on the Arts’ restricted receipt account.

Section 9. State Budget. This section of the article requires that in the event a budget submitted by the Governor to the General Assembly includes any transfers of resources from public corporations to the general fund, the submission must also include alternatives for those transfers.

Section 10. Rotary Funds. The state uses internal service funds to reimburse one agency for services provided to another. This section of the article authorizes internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources. Agencies receiving these services would reimburse the internal service funds monthly for the cost through a process to be established by the state controller. The section also requires that the Department of Administration reports the fund activities, including a breakdown by each department and agency on a quarterly basis. The report must be submitted to the Speaker of the House and President of the Senate with copies to the chairpersons of the House and Senate Finance Committees.

Section 11. State Purchases. This section of the article authorizes the chief purchasing officer to establish, charge, and collect a statewide contract administrative fee not to exceed 1.0 percent of master price agreements from vendors. Master price agreements establish a pre-qualified list of vendors and provided pricing. The funds would be deposited as restricted receipts and would be used for the implementation of

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an electronic procurement system. The article requires the chief purchasing officer to file a report with the Governor, Speaker of the House and the President of the Senate on the amount of funds collected and deposited from the fee, the account balance and to itemize all expenditures and uses of the funds. Based on anticipated receipts of \$0.6 million, the Budget reflects \$540,000 of expenditures and \$60,000 of revenue from indirect cost recovery.

Sections 12 and 13. State Owned Property. These sections would allow that revenues from the sale of state-owned residential property supporting group home services for adults with developmental disabilities, be used to pay down the associated advanced payments owed by the operators. Decades ago, the state made \$13.3 million in advanced payments to private agencies to assist efforts to replace services provided at the Ladd School with community based residential and day programs. Remaining proceeds from each sale accrue to the Information Technology Fund consistent with current law.

Section 14. Contractors' Registration and Licensing Board. The Contractors' Registration and Licensing Board is responsible for registering building contractors and licensing home inspectors and commercial roofers. This section of the article requires that the Board files an annual report detailing the number of fines issued for a first violation and the number of fines issued for a subsequent violation, total amount of fees, fines and penalties collected and deposited for the most recently completed fiscal year and the account balance. The report must be submitted to the Speaker of the House and the President of the Senate, with copies to the chairpersons of the House and Senate Finance Committees.

Article 8. Taxes and Revenues

Sections 1-6. Twin River Promo Points and Marketing. This section extends current law with respect to the distribution of net terminal lottery income to be used for marketing purposes, until the Twin River–Tiverton facility begins operations. This section also increases the amount of 'free play' incentive credits permitted for distribution from 10.0 percent to 20.0 percent; provided that the respective facilities may distribute additional credits, subject to Division approval, at their own expense.

Section 7. Hospital Licensing Fee. This article extends the hospital licensing fee in FY 2018 at a rate of 5.856 percent on net patient services revenue for the hospital fiscal year ending on or after September 30, 2016, for all community hospitals except South County and Westerly, which will be assessed a 3.686 percent license fee. It includes the due date for filing returns and making the payment.

Revenue from the two-tiered fee will be \$182.0 million, including \$175.2 million from community hospital payments and \$6.8 million from state payments for Eleanor Slater Hospital. This article appears annually in the Appropriations Act.

Sections 8, 9 and 11. Taxation Enforcement. These sections would allow the Tax Administrator to impose penalties on violators of tax statutes including the revocation or suspension of licenses issued by the Division of Taxation, levy administrative penalties between \$100 and \$50,000, issue cease and desist orders, recover reasonable in-house legal fees, and add other legal protections to ensure recoveries including expanding notice requirements for sale and or transfer of assets in bankruptcies.

These sections also expand the scope of sales tax enforcement to include failure to remit taxes collected from a customer and increases the maximum fine from \$10,000 to \$25,000 and maximum imprisonment from one year to five years. The law prohibiting manipulation of sales transaction data would also be expanded to include more possible ways of doing so. The Budget does not assume any additional revenues from these measures.

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Section 9. Corporate Tax Withholding. This section corrects the Corporate Tax Withholding rate to 7.0 percent from 9.0 percent consistent with prior year changes. It also expands the requirement for notification of the Tax Administrator of the sale or transfer of assets outside of normal business operations to include foreign and domestic limited liability companies, limited partnerships, or any other business entity at least five days prior to the transaction by requesting a letter of good standing and requiring that all necessary tax returns be filed and requisite taxes paid upon notification of the Tax Administrator of the completed transaction.

Section 10. Sales Tax Exemption. This section exempts seeds for human consumption from sales and use taxes and provides that certificates of the sales tax exemption will be valid for a period of four years. It also stipulates that all tax-exempt certificates issued prior to the act will expire four years from passage of the act.

Sections 12 and 13. Cigarette Tax. These sections increase the cigarette tax from \$3.75 to \$4.25 per pack effective August 1, 2017 and includes an inventory tax on cigarettes on hand upon which the existing rate was paid for the tax stamps. Whenever rates change, a tax on the differential rate, often called an inventory or floor tax, on existing inventory that had been taxed at the old rate is levied. The 2015 Assembly last increased the cigarette tax from \$3.50 to \$3.75 per pack, effective August 1, 2015. The FY 2018 budget assumes \$7.5 million in sales and tobacco tax revenues from the proposal.

Section 14 and 15. Other Tobacco Products. These sections include language to clarify existing statutes on products subject to state taxation to aid enforcement efforts. The section also enhances the penalties for noncompliance in several ways. It expands the revocation of licensed activities to include purchasing of tobacco products and preventing licensure for sale to parties associated with a person whose license is suspended. Additionally, the penalties for sale of these products without a license would be increased to a misdemeanor subject to a fine of \$10,000 for each offense, and/or imprisonment of not more than one year or both, and the sale of items without a tax stamp to 10 times the retail value, and/or imprisonment of not more than one year or both. Fraudulent or missing report penalties would also be increased for first offenses.

Section 16. Corporate Tax -Payment Schedule. This section changes the corporate tax payment schedule to align the state's practices with federal reporting timelines and recognized best practices. The current payment schedule requires two payments equal to 100 percent of estimated payments in the first six months of the tax year, which results in carry forward balances to the next fiscal year. The proposed change requires four payments and allocates 50.0 percent of estimated payments to each six-month period, thereby, negating the need for a carry forward balance, which is treated differently than estimated payments. Changing the payment schedule avoids a revenue loss of at least \$10 million related to deferred revenue for FY 2017 and reduces FY 2018 general revenues by \$0.2 million.

Section 17. Tax Amnesty. This section enacts the state's fifth 75-day tax amnesty initiative, ending February 15, 2018. Filers will not be subject to penalties or prosecution and will pay interest as computed under Rhode Island General Law, Section 44-1-7, reduced by 25.0 percent. Filers may enter into a tax payment plan with the Tax Administrator. The Budget assumes \$12.5 million in one-time revenues and expenditures of \$0.5 million for expenses relating to the Tax Amnesty, making the net impact \$12.0 million.

Section 18. Remote Sellers Sales Tax Collection Act. This section requires that entities connected to remote sales, including catalogs, either collect and remit sales taxes, provide disclosures to the Department of Revenue for which retailers are and are not collecting taxes, or provide notices to consumers or sellers regarding their respective obligations under this section based on the type of entity and their level of

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connection to the sale. The budget assumes \$19.7 million in new revenue collections above those being voluntarily collected and remitted by Amazon for its direct sales, which it began doing on February 1.

Article 9. Health and Human Services

The article makes permanent the child care assistance transition program and increases rates paid to home care workers. The article extends uncompensated care payments for FY 2019 for a \$138.6 million payment to the community hospitals, mandates a pass through of the annual inpatient and outpatient annual increases applied to the rates paid to the community hospitals and eliminates the October 1, 2017 rate increase for nursing facilities. It changes the methodology used to reimburse community health centers and increases the \$7,500 assessment made against commercial insurers to \$12,500 for services to be deposited into the children's health account.

The article 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 the House and Senate Fiscal Advisors and the State Budget Officer by November 1 of each year. The article includes the necessary resolution language for changes to nursing home rates, managed care administration rates, efforts to collect patient liability and rebalance long term services and supports.

Article 10. Revised Budget

Section 1. Revisions to Appropriations. This section of Article 10 contains the revised appropriations for FY 2017.

Section 2. Line Item Appropriation. This section establishes that each line of Section 1 in Article 10 constitutes an appropriation.

Section 3. Internal Service Funds. This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions, and other governmental units on a cost reimbursement basis.

Section 4. Full-Time Equivalent Positions. This section limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2017. In addition, state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. This section also contains the usual provision that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 14,959.0 full-time equivalent positions, 6.4 positions more than enacted.

Section 5. Reappropriations. This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan Fund projects shall be reappropriated in FY 2017. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than \$500 can be reappropriated at the discretion of the State Budget Officer.

Section 6. Effective Date. This section establishes an effective date upon passage of this article.

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Article 11. Motor Vehicle Excise Tax

This Article ends the ability of municipalities to tax motor vehicles over time allowing no tax in FY 2024, and reimburses them for the lost tax revenues. By lowering values, increasing the minimum exemption, and lowering tax rates, the changes provide immediate and increasing relief to tax payers, improve interstate comparability and decrease intrastate variation. This article ties the reimbursement rates to municipalities to increases in the sales tax to account for future growth. It fixes the current \$10 million reimbursement in statute as the base for reimbursements under the new program, and municipalities must maintain current calculation practices. Beginning with FY 2018, reimbursements are based on revenues lost resulting from the law changes.

The FY 2018 changes include increasing the vehicle exemption floor to \$1,000, no longer taxing cars more than 15 years old and using 95 percent of retail value, down from 100 percent. The minimum exemption and discount to the retail value grows over the next five years until the tax is no longer levied. For FY 2019, a \$50 rate ceiling is imposed and lowered over the phase out period.

There is a separate provision to account for the fiscal year differential with the City of East Providence and other protections to ensure tax payers receive the relief.

Article 12. Education

Article 12 makes permanent the categorical support for English language learners that are in the most intensive programs. The funding was to be for FY 2017 only and used on evidence-based programs proven to increase outcomes and would be monitored by the Department of Elementary and Secondary Education. The calculation is ten percent of the core instruction amount, adjusted for the state share ratio, for students based on criteria determined by the Commissioner. The Budget includes \$2.5 million for FY 2018.

This article requires the Department of Elementary and Secondary Education to collect data regarding special education costs greater than two and three times the state approved threshold. It also separates transportation aid into two distinct categories, one for non-public school transportation and another for regional school districts. The Budget includes total funding of \$6.8 million for FY 2018, with \$3.1 million for non-public school transportation and \$3.8 million for regional school districts.

This article also removes the reference in the legislation that limited an appropriation of \$500,000 for the administration and programmatic costs of the state's recovery high school to FY 2017 only. Finally, Article 12 requires that state payments to public institutions of higher education for dual and concurrent enrollment courses shall be limited to the amount of the appropriation in the budget and that by September 30, 2017, the Council on Postsecondary Education promulgate rules and regulations enforcing this limitation. The FY 2018 budget provides \$1.3 million from tuition savings fees to support the dual and concurrent enrollment program.

Article 13. Department of Labor and Training Fees and Fines

Article 13 makes changes to several Department of Labor and Training fees and fines. It eliminates the \$20 fee associated with registered apprenticeships. It also increases the electrical trade violations penalty from \$500 to \$1,500 for the first violation and \$950 to \$2,000 for any subsequent violations, and the employee misclassification penalty from \$500 to \$1,500. The article establishes a new penalty of 15 percent to 25 percent of wages owed during the first offense for employer wage and hour violations. Finally,

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the article increases the penalties for employers' failure to submit timely wage reports and unemployment tax reports and payments from \$10 to \$25 with a maximum of \$200.

The Department of Labor and Training will also be instituting a new penalty of \$250 per quarter for employer failure to maintain payroll records, which it has the authority to do through rules and regulations. The budget includes an additional \$0.7 million in revenue associated with all of these changes. Of that total, \$0.6 million is general revenues with \$0.3 million directly related to the article.

Article 14. Minimum Wage

Article 14 would increase the minimum wage by \$0.90 over two years from \$9.60 per hour to \$10.50 per hour. The first increase is to \$10.10 per hour, effective January 1, 2018 and the second to \$10.50 per hour, effective January 1, 2019. The 2015 Assembly increased the minimum wage from \$9.00 per hour to the current \$9.60, effective January 1, 2016. There were three annual increases between 2013 and 2016; prior to that date, it had not increased since 2007. The FY 2018 Budget includes \$0.1 million for the impact of the increase on seasonal employees of the Department of Environmental Management.

Article 15. Effective Date

Article 15 provides that the act shall take effect on July 1, 2017, except where a provision within an article specifies a retroactive or prospective effective date.