

House Fiscal Advisory Staff

Governor's FY 2019 Budget at a Glance Summary and Special Reports



Submitted to the 2018 House of Representatives

House Committee on Finance

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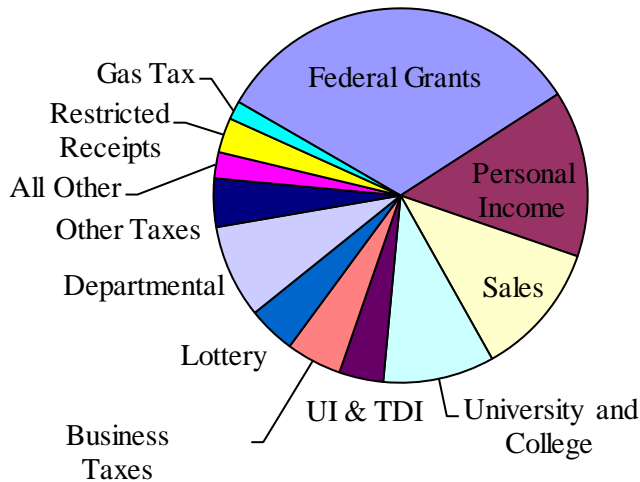
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Budget at a Glance

Governor's FY 2019 Budget at a Glance

The Governor's budget recommendations for FY 2019, along with her revisions to the FY 2018 enacted budget, are contained in 2018-H 7200, introduced on January 18, 2018. This was in compliance with the law requiring the budget be submitted by the third Thursday in January. Most required supporting documents were not made available that day, with the exception of the executive summary. Draft documents were made available during the weeks that followed. The Capital Budget was not available until the first week of February.

Sources of Funds



Budget Issues

- **FY 2019 Gap.** The Budget Office originally estimated that in preparing the FY 2019 budget, the Governor faced a projected revenue-expenditure gap of about \$237 million. This was significantly larger than the House Fiscal Staff's June projections because it assumed lower revenues and not achieving the \$25 million savings target in the enacted budget. By November it was clear that agency overspending and increased caseload costs would outstrip increased resources available from the FY 2017 closing and revised consensus revenue estimates. Lack of authorization for the Children's Health Insurance Program also contributed to the gap. The House Fiscal Staff estimated in December that those factors meant a roughly \$55 million current year deficit would have to be solved as well as a now \$180 million issue for FY 2019. This represents approximately 4.6 percent of general revenue expenditures. This differs from the Budget Office's updated estimate of \$260 million across the two years, again largely because of its treatment of the \$25 million of enacted budget savings as one-time.

The Governor's budget solves about half of the current year problem with increased revenues along with new proposals to rein in overspending in human services agencies. Her FY 2019 budget proposal relies on new revenues for almost 40 percent of the solution and reductions to human services spending for nearly half of it.

- ***Out-Year Projections.*** The out-years continue to be significantly unbalanced as projected expenditure growth continues to outpace revenue growth. The forecast included with the Budget estimates an \$86.2 million gap for FY 2020, equating to 2.2 percent of useable revenues, that grows to \$227.0 million in FY 2023, 5.5 percent of useable revenues. The FY 2020 gap includes the impact of the use of one-time items in the resolution of the current budget gap as well as growth in local aid based on the ongoing car tax phase-out. The estimate also reflects the growing impact of casino gaming in Massachusetts with the offsetting impacts of the new Tiverton Casino as well as the Governor's proposal regarding sports wagering. It appears that these estimates may not completely account for certain proposals with growing out year expenses including school construction and new programs for the Department of Children, Youth and Families.
- ***Budget Assumptions.*** The Governor's budget follows the traditional Rhode Island budgeting practice of assuming passage of legislation submitted with the budget and approval by requisite federal agencies of changes under their purview. Should any of that legislation not pass, the budget will be significantly unbalanced. In a significant departure from prior practice, the budget also assumes specific and favorable action by all three branches of the federal government. This accounts for \$59.0 million of the Governor's budget solution, with no identified alternatives. Days after the budget submission, Congress passed and President Trump signed legislation reauthorizing the Children's Health Insurance Program, ensuring the availability of \$35.5 million of the funding assumed. The Supreme Court has yet to act on its sports wagering case.
- ***Undistributed Savings.*** The FY 2018 enacted budget includes \$25.0 million of statewide general revenue savings in the Department of Administration for later distribution. The calculation equated to a reduction of approximately five percent to expenditures for salaries and benefits and a one percent reduction to contracted services and other operating costs within the executive branch, excluding the Department of Corrections, Eleanor Slater Hospital and Public Higher Education. While that calculation was a reference point rather than a mandate, the expectation was for administrative efficiencies within the authority of the Governor to execute. The Governor's revised budget includes a series of recommended reductions that reach the \$25.0 million with nearly one third of that coming from human services program expenses. There are also significant savings taken in the higher education budget. A little over one third of the savings appear to have come from personnel reductions. The remaining includes utility savings, cost shifts, one-time items and other program reductions.

Taxes and Revenues

Tax Changes

- ***Cigarette Tax.*** The Governor's budget assumes \$3.9 million in revenues from her proposal to increase the cigarette excise tax by \$0.25 per pack, to \$4.50 per 20-pack, effective August 1, 2018.
- ***Other Tobacco Products Tax.*** The Governor's budget assumes \$2.3 million in revenues associated with proposed legislation to impose the other tobacco products tax on electronic nicotine delivery systems, require other tobacco products dealers to purchase from a state-licensed supplier, and raise the per cigar tax from \$0.50 to \$0.80.
- ***Sales and Use Tax on Software as a Service.*** The Governor's budget assumes \$4.8 million in revenues associated with expansion of the state sales and use tax to include online third-party hosted subscription services, effective July 1, 2018.

- ***Sales and Use Tax on Security Services.*** The Governor's budget assumes \$9.7 million in revenues associated with the proposed expansion of the state sales and use tax to include security services, such as investigation, guard and armored car services, effective July 1, 2018.

Enhanced Compliance and Collections

- ***Division of Taxation Restructuring.*** The Governor's budget assumes a total of \$13.5 million in additional personal income, business, sales and use tax revenues and associated fines and fees from restructuring the Division of Taxation. The Governor recommends 22.0 full-time equivalent positions. Accounting for \$3.5 million in technology support and staffing costs, the net budget impact is \$10.0 million.
- ***Division of Collections.*** The Governor's budget assumes a total of \$1.3 million in additional enhanced collections of fines and fees from establishing a Division of Collections within the Department of Revenue. The Governor recommends 7.0 full-time equivalent positions. Accounting for \$0.6 million in staffing and contracted services costs, the net budget impact is \$0.8 million.
- ***Inspection Violations.*** The Budget counts on \$2.6 million from fines that would be paid for reinstatement of registrations suspended based on expired inspections. The Division of Motor Vehicles now has the technology to know when inspections expire without update. The supporting documents refer to the revenues as a place holder pending a decision by the Assembly on the amount of the fee. However, the budget assumes the full amount of the original revenue estimate that used the \$250 reinstatement fee. The budget does not appear to include any new resources to implement the proposal. The Department of Revenue had requested about \$250,000 to do so.

Lottery Revenues

- ***Sports Betting.*** The Governor's budget assumes \$23.5 million from the legalization of sports betting, restricted to the state's casinos beginning October 1, 2018, in anticipation of a pending United States Supreme Court decision.
- ***Lottery Gaming Innovation Pilot Initiatives.*** The Governor's budget assumes \$4.1 million from new gaming initiatives such as stadium gaming, effective July 1, 2018.
- ***Twin River.*** The Governor's FY 2018 revised budget includes \$2.0 million that Twin River is expected to transfer to the Lottery based on a recent agreement reached.
- ***Rhode Island Lottery.*** The Governor's FY 2018 revised budget assumes a reduction in Lottery expenses that will increase the transfer to the state by \$0.6 million in FY 2018.

Fee Changes

- ***Insurance Claims Adjusters' Fee.*** The Governor's budget assumes \$3.0 million in new revenues from increasing the insurance claims adjusters' fee from \$150 to \$250; the fee is biennial. Rhode Island is only one of eight states to assess the fee; most insurance adjusters are from out-of-state, and the fee is paid by the company.
- ***Mutual Funds Fees.*** The Governor's budget assumes \$4.6 million in new revenues associated with increasing the upper limit fee cap on closed-end funds from \$1,000 to \$1,500 and increasing open-end mutual fund fees from \$1,000 to \$1,500. Currently, Massachusetts charges fees of 0.05 percent of the total offer

between \$300 and \$1,500 for closed-end funds, and \$2,500 for its initial registration and \$1,250 for subsequent renewals for open-end funds; Connecticut charges a maximum of \$500 for both types of funds.

- ***Real ID Duplicate License Fees.*** The Governor's budget assumes \$2.1 million in revenues associated with issuing duplicate credentials compliant of federal Real ID requirements and exempts this fee from being transferred to the transportation fund. It also assumes these collections will offset a recommendation for 32.0 new positions for implementation.
- ***Duplicate License Fees.*** The Governor's budget assumes \$1.0 million in revenues from increasing the cost, from \$5 to \$25, for any duplicate license issued for routine information updates such as name or address and exempting this fee from being transferred to the transportation fund.
- ***Small Business Omnibus Initiative.*** The Governor recommends four initiatives, including eliminating business licensing fees associated with hair design shops and retail frozen desserts processing, reducing the wholesale food processing licensing fee from \$500 to \$300, and extending the certified food safety license from three to five years. The recommended budget lowers expected revenues by \$0.3 million to reflect these changes.

Transfers from Quasi-Public Corporations

- ***Transfer Alternatives.*** The Governor's budget relies on \$26.5 million in new transfers from quasi-public agencies to cover the spending gaps in both the current year as well as FY 2019. In violation of Section 35-3-7 of the General Laws, the budget does not contain any alternatives for these transfers. The Executive Summary contains the now common language indicating the Governor's hope that the revenue estimates are better in May and these transfers can be avoided. The 2017 Assembly added the requirement for alternatives to solicit concrete proposals that can be considered as part of the budget hearings.
- ***RI Infrastructure Bank Transfer.*** The enacted budget includes a \$3.5 million transfer from the Rhode Island Infrastructure Bank to state general revenues by June 30, 2018. The Governor proposes to increase this amount to \$8.5 million.
- ***RI Resource Recovery Corporation Transfer.*** The Governor proposes that the Rhode Island Resource Recovery Corporation transfer \$3.0 million to state general revenues by June 30, 2018 and another \$3.0 million by June 30, 2019.
- ***RI Health and Educational Building Corporation Transfer.*** The Governor's revised budget includes the enacted transfer of \$6.0 million from the Rhode Island Health and Educational Building Corporation to state general revenues by June 30, 2018.
- ***RI Housing Transfer.*** The Governor proposes that Rhode Island Housing transfer \$6.0 million, \$5.0 million more than enacted, to state general revenues by June 30, 2018, and transfer another \$5.0 million to state general revenues by June 30, 2019.
- ***RI Student Loan Authority Transfer.*** The Governor proposes that the Rhode Island Student Loan Authority transfer \$3.0 million to state general revenues by June 30, 2018.
- ***RI Turnpike and Bridge Authority Transfer.*** The Governor proposes that the Rhode Island Turnpike and Bridge Authority transfer \$1.5 million to state general revenues by June 30, 2018.

Other Revenues

- ***Hospital Licensing Fee.*** The Governor's budget includes \$182.0 million in revenues from extending the hospital licensing fee into FY 2019 using the same two-tiered fee as included in FY 2018. The licensing fee appears annually in the Appropriations Act.
- ***Motor Vehicle Fee Transfer Adjustment.*** The Governor proposes altering the transfer of transportation related fees collected by the Division of Motor Vehicles to the Highway Maintenance Account from 80.0 percent to 60.0 percent for FY 2018. The revised budget assumes \$10.3 million in additional general revenues from this. It retains the current law provision that funds collected in FY 2019 and after would be transferred to the account.
- ***Medical Marijuana Program Expansion.*** The Governor's budget assumes \$5.1 million in sales and use tax, and other surcharges and fees from establishing 12 new compassion centers, authorizing temporary medical marijuana eligibility to include acute pain, allowing Massachusetts and Connecticut medical marijuana cardholders to purchase at Rhode Island compassion centers and establishing a license for medical marijuana manufacturing and research and development. The additional revenues are inclusive of a \$2.6 million increase of the annual transfer to state general revenues of any remaining medical marijuana related receipts collected by the Departments of Business Regulation and Health after expenses are covered.
- ***Department of Business Regulation Receipts.*** The Governor's revised budget proposes that the Department of Business Regulation transfer \$1.6 million of surplus fee revenues, in the amounts of \$0.8 million each from the Divisions of Insurance Regulation and Commercial Licensing, Gaming and Athletics for FY 2018. These revenues appear to represent unused balances in restricted receipt accounts.
- ***Water Quality Surcharges.*** The Governor's revised budget assumes a transfer of \$1.1 million to state general revenues from residual water quality protection surcharges that had been collected by the Water Resources Board Corporate. The Board Corporate has been dissolved and its functions were absorbed by the Clean Water Finance Agency, now the Rhode Island Infrastructure Bank.

Tax Credits and Incentives

- ***Refundable Manufacturing Investment Tax Credit Fund.*** The Governor's budget includes \$0.3 million from general revenues to establish a refundable tax credit up to \$0.1 million for qualifying investments in equipment, training and business capital.
- ***Rebuild Rhode Island Tax Credit.*** The Governor's budget includes a new \$15.5 million from general revenues to continue funding for the Rebuild Rhode Island Tax Credit program. This would bring total funds committed to these tax credits, which are redeemed over time, to \$51.0 million. The total amount of credits that can be awarded under the program is \$150 million; approximately \$90 million has been committed as of January 2018. The Governor also recommends expanding eligibility for the program and repealing the December 31, 2018 sunset provision.
- ***Qualified Jobs Tax Credit.*** The Governor's budget includes legislation to establish a lower job creation threshold for manufacturers to participate in the Qualified Jobs tax credit program. The minimum new jobs would be the lesser of 10.0 percent of existing full-time jobs or 100, effectively requiring the creation of only one job in the case of small employers. The current minimum is 10 jobs for employers in targeted industries.
- ***Wavemaker Fellowships.*** The Governor's budget includes \$1.6 million from general revenues for continued funding of the student loan forgiveness program enacted by the 2015 Assembly. It provides up to four years of loan forgiveness for an associate, bachelor or a graduate degree in the fields of natural or

environmental sciences, computer technology, engineering or medicine. Recipients must work at least 35 hours per week for an employer located in the state; two-thirds of the awardees must be permanent residents of the state. The Governor's budget also recommends repealing the December 31, 2018 sunset provision.

- ***Job Training Tax Credit Repeal.*** The Governor's budget assumes \$0.5 million in additional revenues by ending the tax credit which provides qualifying employers with credits against their state tax obligations for expenses associated with offering training to their employees. The provision states that no credits will be awarded for tax years beginning on or after January 1, 2018. This repeal is related to a separate proposal to establish permanent funding for Real Jobs Rhode Island. The Governor also recommends a \$450,000 appropriation from general revenues to Real Jobs to reflect reinvestment of those resources.

Business and Commerce

- ***Air Service Development.*** The Governor's budget adds \$0.5 million from general revenues to provide direct incentives, revenue guarantees, and/or other support for additional air service routes to major metropolitan areas. The FY 2017 and FY 2018 budgets provided \$2.0 million. The Air Service Development Council has partnered with the Rhode Island Airport Corporation to provide reimbursements for qualifying marketing expenses, and has committed all of the fund's resources.
- ***Commerce Corporation - Operations.*** The Governor's revised budget includes \$7.2 million, \$250,000 less than enacted from general revenues for FY 2018 to support general operations of the Corporation.
- ***Experimental Program to Stimulate Competitive Research (EPSCoR).*** The Governor recommends \$0.9 million for FY 2018 and FY 2019 for the National Science Foundation's Experimental Program to Stimulate Competitive Research. This is \$250,000 less than enacted to reflect actual costs of participation.
- ***First Wave Closing Fund.*** The Governor's budget adds \$1.0 million for the program authorized by the 2015 Assembly to provide financing to ensure that certain transactions that are critical to the state's economy occur, subject to the Commerce Corporation's Board approval. Through FY 2018, a total of \$15.3 million has been appropriated to this fund. Commitments made through the end of 2017 total \$1.9 million. The Governor also recommends repealing the December 31, 2018 sunset provision.
- ***I-195 Redevelopment Project Fund.*** The Governor's budget includes an additional \$1.0 million from general revenues to provide developers and businesses with financing for capital investment, including land acquisition to promote the development of the former I-195 land, administered by the I-195 Redevelopment District Commission. The Governor also recommends repealing the December 31, 2018 sunset provision.
- ***Industry Cluster Grants.*** The Governor's budget includes \$0.1 million for the Industry Cluster Grants program, which enables the Commerce Corporation to provide startup and technical assistance grants ranging from \$75,000 to \$250,000 and to provide competitive grants ranging from \$100,000 to \$500,000 for activities within an industry cluster and to close industry cluster gaps. The Governor also recommends repealing the December 31, 2018 sunset provision.
- ***Innovate RI Small Business Programs.*** The Governor's budget includes the enacted level of \$1.0 million to support Small Business Innovation Research grants and the Bioscience and Engineering Internship Programs.
- ***Innovation Initiative.*** The Governor's budget includes \$1.0 million from general revenues for Innovation Initiative grants and vouchers for businesses with less than 500 employees. Vouchers of up to \$50,000 may be given for research and development assistance from a Rhode Island university, research center, or medical center, or to a small business manufacturer for internal research and development. Grants may be given to

organizations that offer technical assistance to businesses or to businesses in targeted industries. Grants must be matched by funds from a private sector or non-profit partner. The Governor also recommends repealing the December 31, 2018 sunset provision.

- **Main Street Streetscape Improvement Fund.** The Governor recommends providing an additional \$0.5 million for the Main Street Streetscape Improvement Fund for FY 2019. The FY 2016, FY 2017, and FY 2018 budgets provided a total of \$2.5 million for the fund and authorized the Commerce Corporation to award loans, matching grants and other forms of financing to enhance sidewalks, signage of public space and lighting in order to create an attractive environment in local business districts. The Governor also recommends repealing the December 31, 2018 sunset provision.

- **Manufacturing Site Readiness.** The Governor’s budget includes \$0.2 million from general revenues for a new program, administered by the Commerce Corporation, to develop an inventory of potentially “pad ready” industrial sites capable of supporting large scale facilities, including manufacturers and distribution centers.

- **Municipal Technical Assistance Grants.** The Governor’s budget includes \$200,000 from general revenues and legislation to establish a fund to provide technical assistance to municipalities to evaluate and streamline municipal zoning, planning and permitting codes to foster economic development.

- **P-Tech Initiative.** The Governor’s budget includes \$0.2 million for the P-Tech Initiative, which establishes partnerships between high schools, higher education institutions, and employers to offer courses towards high school diplomas and associate’s degrees. The FY 2016 and FY 2017 budgets included a total of \$2.1 million for the program. The Commerce Corporation has awarded funding to six school districts, and provided administrative support to the Community College of Rhode Island, totaling \$1.3 million in awards. The Governor’s recommendation would bring available resources to \$0.8 million after administrative costs. This would fund the program at approximately four new districts. The Governor’s budget also recommends repealing the December 31, 2018 sunset provision.

- **Polaris Manufacturing Extension Partnership.** The Governor’s budget includes an additional \$100,000 to provide a total of \$350,000 from general revenues to support Rhode Island manufacturers by continuing to deploy technical experts to provide LEAN training facilities layout and provide assistance in manufacturing optimization. Polaris Manufacturing Extension Partnership is a Providence-based nonprofit organization. It receives funding from the National Institute of Standards and Technology to subsidize its consulting services to make them more affordable to smaller manufacturing business owners, and fund awareness activities and educational seminars.

- **Real Jobs Rhode Island.** The Governor recommends codifying the Real Jobs Rhode Island program into law within the Governor’s Workforce Board of the Department of Labor and Training. This would establish it as the primary program by which the state creates, coordinates, and supports industry-led partnerships to help fill immediate job openings, up-skill existing employees, and address future workforce needs. The Governor’s budget amends the Job Development Fund to allow a portion of the fund to support employment security and employment services so that Real Jobs has long term funding. The Governor also recommends a change to the job development assessment that effectively allows the equivalent of the Employment Security Trust Fund’s prior year investment earnings to be redirected to the Job Development Fund. The Governor recommends a \$450,000 general revenue appropriation as well, reflecting the revenues added from her proposal to repeal the Job Training Tax Credit.

- **Small Business Assistance Program.** The Governor’s budget includes \$0.5 million from general revenues to recapitalize the Small Business Assistance Program for businesses with less than 200 employees that are having difficulties obtaining financing from traditional lending organizations. The

Governor's budget also increases the amount to be reserved for microloans from 10.0 percent to a maximum of 25.0 percent and repeals the December 31, 2018 sunset provision.

- ***Small Business Development Center.*** The Governor's budget includes the enacted amount of \$350,000 from general revenues for the Small Business Development Center at the University of Rhode Island.
- ***Supply RI.*** The Governor's budget includes \$0.5 million from general revenues to create a program that connects small suppliers with the state's largest commercial purchasers by developing infrastructure to facilitate engagements.
- ***Quonset Infrastructure.*** The Governor's budget includes \$14.0 million from Rhode Island Capital Plan funds for infrastructure improvements at the Quonset Business Park, including increasing roadway crossing capacity and utility relocation for additional future development of heavier shipping weights. The Governor recommends \$4.0 million in each FY 2019 and FY 2020, and \$6.0 million in FY 2021.
- ***38 Studios Debt Service.*** The Governor's budget includes no state support for debt service relating to 38 Studios; the debt service will be paid with settlement funds that the Commerce Corporation received.
- ***Garrahy Garage Debt Service.*** The Budget includes \$2.5 million from general revenues to cover the first-year debt service relating to the Garrahy Garage project. The 2014 Assembly authorized the Convention Center Authority to issue up to \$45.0 million for the construction of the garage and the 2016 Assembly amended the authorization to allow the borrowing to occur if the Authority has three purchase and sale agreements or Wexford Science and Technology agrees to lease no less than 400 parking spaces. Revenues are expected to lower the debt service in FY 2020 and beyond.
- ***Historic Tax Credit Trust Fund Debt Service.*** The Governor recommends \$31.1 million and \$12.9 million from general revenues in FY 2018 and FY 2019, respectively, to fund debt service for historic tax credits. Funding in FY 2019 is \$6.9 million less than prior projections. Slower project completions and available funds in the Trust Fund allow for a delay in new debt issuance.

Local Government (See Section VI, Special Reports: State Aid to Local Government)

- ***Distressed Communities Relief Fund.*** The Governor recommends the enacted level of \$12.4 million for the Distressed Communities Relief Fund; there is a redistribution of funding among qualifying communities based on updated tax levies. In the first year a community qualifies, it receives a transition payment of half its proportional share; in the year a community no longer qualifies, it also receives a transition payment of half its proportional share. The FY 2019 recommendation reflects the inclusion of Cranston as a qualifying community. Cranston will receive a transition payment.
- ***Motor Vehicles Excise Tax.*** The Governor's budget funds the Motor Vehicles Excise Tax and phase-out program at \$34.5 million for FY 2018 and \$54.7 million for FY 2019. The recommendation represents \$1.5 million less for FY 2018 and \$18.7 million more for FY 2019 based on updated estimates of the cost. The 2017 Assembly restarted the phase-out, which had been frozen for several years. For FY 2019 the changes include increasing the minimum exemption from \$1,000 to \$2,000, lowering the assessed value from 95.0 percent to 90.0 percent, and lowering the tax rate cap from \$60 to \$50, per \$1,000. As of FY 2018, cars older than 15 years are no longer taxed.
- ***Payment in Lieu of Taxes Program.*** The Governor recommends \$46.1 million for the Payment in Lieu of Taxes program that reimburses cities and towns for property taxes that would have been due on real property exempted from taxation by state law. 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 recommendation is \$0.9 million more than enacted and represents full funding for the program.

- **Library Resource Sharing Aid.** The Governor recommends the enacted amount of \$9.4 million for state support of public libraries. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funds represent 22.3 percent.
- **Library Construction Aid.** The Governor recommends \$2.2 million to fully fund library construction aid requirements. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. The three-year moratorium on the acceptance of applications for library construction aid projects ended June 30, 2014.
- **Property Valuation Reimbursement.** The Governor recommends \$0.9 million for FY 2018 and \$1.6 million for FY 2019 to reimburse communities conducting property valuation updates. Current law requires that municipalities complete full revaluations every nine years with statistical updates every third and sixth year following a full revaluation.
- **Airport Impact Aid.** The Governor recommends the enacted level of \$1.0 million for FY 2018 to the Commerce Corporation so that the Airport Corporation can provide impact aid payments to the seven communities that host the six state airports. The community payments are made proportionately based on the number of total landings and takeoffs.

Education Aid (See Section VI, Special Reports: Education Aid)

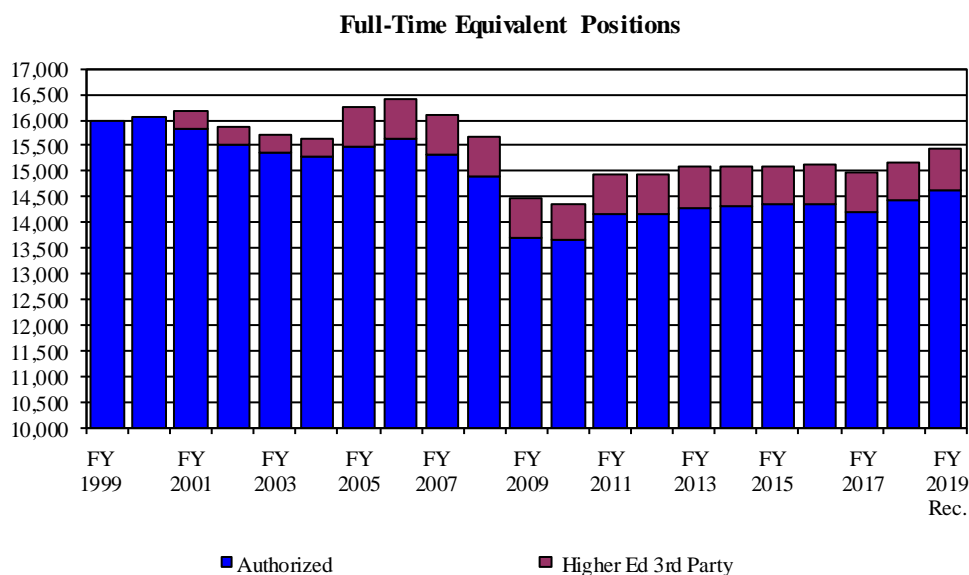
- **Funding Formula Assumptions.** The Governor funds the eighth year of the education funding formula adopted by the 2010 Assembly. The calculation for FY 2019 uses March 15, 2017 student enrollment data adjusted for FY 2019 projected charter school enrollments, a per pupil core instruction amount of \$9,422 and state share ratio variables updated with June 30, 2017 data. Funding increases for districts that received more state support have been fully phased-in, and aid to districts that are receiving less state funding is still being phased in over ten years. Aid amounts are subject to final student enrollment data collected in March 2018.
- **FY 2019 Formula Education Aid.** The Governor recommends \$922.2 million for school formula aid for school districts, including Central Falls, the Metropolitan Career and Technical School, Davies Career and Technical School and charter schools pursuant to the funding formula. This is \$11.0 million more than enacted and fully funds current estimates for the core formula.
- **State Schools Supplemental Funding.** The Governor's budget includes \$5.3 million in supplemental funding to the Davies Career and Technical School and the Metropolitan Career and Technical School to mitigate some of the losses in funding from the implementation of the funding formula and recognizes the additional costs associated with running a stand-alone school that offers both academic and career and technical education. Davies would receive \$4.0 million and the Met School the remaining \$1.3 million. The recommendation is \$1.4 million more than enacted.
- **Early Childhood Funds.** The education funding formula allows for additional resources from the state to increase access to voluntary, free, high-quality pre-kindergarten programs. The Governor recommends \$6.2 million from general revenues and \$1.1 million from the Permanent School Fund for FY 2019. This is \$1.1 million more than enacted and represents the match committed on a \$5.6 million federal grant award.

- ***English Language Learners Funds.*** The Governor’s budget includes \$2.5 million to support English language learners that are in the most intensive programs. The funding is calculated at the level of 10.0 percent of the core instruction amount, applied to students in the most intensive English learner programs. Funds may only be used on evidence-based programs proven to increase outcomes for English learners and are monitored by the Department of Elementary and Secondary Education.
- ***Career and Technical Education Funds.*** The education funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and offset the higher than average costs of maintaining highly specialized programs. The Governor recommends \$4.5 million for FY 2019, which is consistent with the enacted budget.
- ***School of Choice Density Aid.*** The Governor’s budget includes \$0.5 million for the density aid category which 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. This is \$0.4 million less than the enacted level, reflecting the final year of a phased down, three-year program. For FY 2019, eight districts would be eligible for this funding, which provides \$50 per pupil for every student sent to a charter or state school. For FY 2017, six districts received \$175 per student from density aid funding and for FY 2018, seven districts received \$100 per student.
- ***Special Education Funds.*** The education funding formula allows for additional resources from the state for high-cost special education students when those costs exceed five times the district’s combined per pupil core instruction amount and student success factor amount. The Governor recommends \$4.5 million for FY 2019, consistent with the enacted budget.
- ***Non-Public School Transportation Funds.*** The education funding formula allows for additional resources from the state to districts for some out-of-district non-public school transportation costs. The Governor recommends \$3.0 million for FY 2019, which is consistent with the FY 2018 enacted level.
- ***Regional District Transportation Funds.*** The education funding formula allows for additional resources from the state to districts for some transportation costs within regional school districts. The Governor recommends \$3.8 million for FY 2019, which is consistent with the FY 2018 enacted level.
- ***School Construction Aid.*** The Governor recommends a total of \$80.0 million to fund projected costs of school housing aid to local districts for FY 2019. This includes \$69.4 million for the traditional program and \$10.6 million for the School Building Authority. Total funding is consistent with the enacted budget; however, funds are shifted between programs based on anticipated reimbursements from the traditional program. These costs are likely to increase significantly in FY 2021.
- ***School Construction Changes.*** The Governor proposes temporarily enhancing school housing aid reimbursements in order to encourage new school construction and renovation projects. Districts would be eligible for up to 20.0 percent increases for projects that address health and safety deficiencies, specific high-demand subject areas, replacing facilities, and consolidating facilities. Charter schools would be eligible to receive these new incentives and would receive an increase in their minimum share ratio from 30.0 percent to 35.0 percent. The incentives require minimum project costs; some projects must begin by December 30, 2022 and others by December 30, 2023. The likely increase in the costs for the traditional aid program from the enhanced reimbursements are not reflected in the out-year projections.
- ***School Construction Bond.*** The Governor recommends \$250.0 million of new general obligation bonds to be submitted to the voters on the November 2018 ballot for public school construction and repairs. No more than \$100.0 million in bonds would be issued per year.

- **School Construction Personnel.** The Governor recommends shifting the \$486,336 cost for 3.0 full-time equivalent positions currently responsible for administering the school construction aid program from general revenues to restricted receipts from the Rhode Island Health and Educational Building Corporation. She also recommends adding a new director of school construction services also to be supported by the Corporation’s funds.
- **Recovery High School.** Consistent with the enacted budget, the Governor’s budget provides \$0.5 million from general revenues to support the state’s recovery high school, which provides programs to students recovering from substance abuse.
- **Textbook Reimbursement.** The Governor recommends the enacted level of \$240,000 for reimbursements allowed under the textbook reimbursement program. Under current law, the state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade.
- **School Breakfast.** The Governor recommends the enacted level of \$270,000 from general revenues for the administrative cost reimbursements to districts for the school breakfast program. Food is paid from federal sources.
- **Teacher Retirement.** Pursuant to Rhode Island General Law, Section 16-16-22, the state funds 40.0 percent of the employer’s share of retirement contributions on behalf of teachers who are members of the teacher retirement system. The Governor recommends \$107.1 million from general revenues, or \$5.3 million more than enacted for the state’s share.

State Government (See Section VI, Special Reports: State Government Personnel and Staffing)

- **Personnel.** The Governor recommends \$2,040.4 million for personnel expenditures and 15,426.5 full time equivalent positions, including 788.8 higher education positions dedicated for research or supported by other third-party funds. The expenditures include salaries and benefits, as well as contracted services. The recommendation is \$60.8 million and 266.3 positions more than the FY 2018 enacted budget including \$50.5 million more for salaries and benefits and \$10.3 million more for contracted services.



There are a number of changes in budget presentation that affect comparisons to the enacted budget. The most significant is the conversion of nearly \$50 million of salaries and benefits expenses to operating costs through the use of newly proposed internal service funds for certain centralized services. These costs will now appear in user agencies, rather than the Department of Administration.

The Governor recommends staffing of 15,426.5 full-time equivalent positions for FY 2019, 266.3 positions more than the authorized level. Her revised recommendation includes an additional 26.0 positions for FY 2018. The staffing authorization increase includes dozens of new positions at the Department of Revenue for several initiatives, nearly one hundred new higher education positions as well as new troopers, correctional officers, highway and bridge maintenance and higher education staff.

As of January 20, there were 13,952.7 positions filled, leaving 1,207.5 non-research vacancies. 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.

- **Centralized Services.** The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, these costs were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services will reimburse the internal service funds for the costs. The Governor's budget includes savings from all sources of \$0.5 million for FY 2018 and \$1.2 million for FY 2019. The methodology for these changes and savings has not been provided.

- **Medical Benefit Savings.** The Governor's revised budget includes medical benefit savings of \$5.4 million, including \$2.5 million from general revenues, from updating the medical benefit rates and savings from lower claims experience. The FY 2019 recommendation includes \$3.0 million in savings of which \$1.5 million is from general revenues, from updating rates.

- **Voluntary Retirement Incentive Benefit Adjustments.** Based on the impact to the Retirement System and the assessed fringe benefit fund, being used to pay the voluntary retirement incentive, the Governor's budget includes an additional \$3.9 million from general revenues in associated benefit rate increases. No comprehensive information has been provided on how much savings is assumed to offset this cost.

- **LEAN Process Improvement Projects.** The Governor's budget includes \$50,000 from general revenues to fund LEAN process improvement projects to improve operational efficiency in the Department of Administration's budget.

- **Contract Savings.** The Governor's budget assumes general revenue savings of \$3.0 million from a contract procurement analysis. The Department of Administration will conduct an analysis of previous contracts to identify opportunities to enhance the state's buying power and reduce costs associated with procuring goods and services. The analysis will also review pricing opportunities, requests for proposals management and contract negotiations.

- **Statewide Insurance Savings.** The Governor recommends general revenue savings of \$1.0 million from claims administration improvements within Workers' Compensation and reducing over-insurance for property, liability, and casualty.

- **Capital Projects.** The Governor proposes implementing an indirect cost recovery charge of up to 10.0 percent of Rhode Island Capital Plan funded project expenditures for funding "direct project management costs of state employees." The Governor's budget includes general revenue savings of \$3.7 million from this proposal.

- **City Year.** The Budget includes the enacted amount of \$100,000 from general revenues to City Year for the Whole School Whole Child Program, which provides individual support to at-risk students.
- **Work Immersion/Non-Trade Apprenticeship Program.** The Governor recommends increasing the flexibility of the work immersion/non-trade apprenticeship program by allowing the Governor’s Workforce Board to determine how to best reimburse employers, removing the tiered reimbursement structure, and removing the statutory cap on the allowable reimbursement period. Additionally, the program would be open to students currently enrolled in high school.
- **Workplace Fraud Unit Staff Enhancement.** The Governor recommends \$0.9 million from restricted receipts to fund new positions within the current authorization to enhance workplace fraud oversight in the Department of Labor and Training. The restricted receipts will consist of the expected increase in fines and penalties levied by the additional staff.
- **Supportive Employment.** The Governor recommends \$0.4 million from general revenues to assist residents in recovery from opioid addiction to access supportive employment services offered by the Department of Labor and Training and the Governor’s Workforce Board.
- **Unemployment Insurance Benefits.** The Governor’s budget includes \$159.2 million in FY 2019 from the Unemployment Insurance Trust Fund for the payment of unemployment insurance benefits. This is \$2.0 million less than enacted to reflect current benefit recipients.
- **Temporary Disability Insurance Benefits.** The Governor recommends \$178.0 million from the Temporary Disability Insurance Trust Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. This is \$5.0 million more than enacted, based on updated data.
- **Temporary Caregiver Insurance Benefits.** The Governor recommends \$14.0 million from the Temporary Disability Insurance Trust Fund for the payment of benefits. This is \$0.5 million less than enacted, based on updated data.
- **Police and Fire Relief Fund.** The Governor’s budget includes \$3.8 million from general revenues for the Police and Fire Relief program for annuity payments and in-state tuition to eligible spouses, domestic partners and dependents of certain injured or deceased police officers and firefighters. This is \$0.1 million less than enacted, based on current projections.
- **Contingency Fund.** The Governor’s budget includes the enacted amount of \$250,000 for the Governor’s Contingency Fund. The FY 2018 revised budget adds \$67,089 in unused funds reappropriated from FY 2017.
- **Cyber Security Testing.** The Governor recommends \$120,000 over FY 2018 and FY 2019 for security testing to assess the overall security of the Central Voter Registration System to protect against possible data breaches.
- **E-Poll Books.** The Governor recommends \$0.4 million from the Information Technology Investment Fund to lease 1,400 e-poll books. The Governor recommends \$0.3 million to begin the lease in her revised FY 2018 recommendation. The 2016 Assembly authorized the purchase of 200 e-poll books with \$195,000 from general revenues. The lease is for five years at a cost of \$2.0 million.
- **Public Financing of Elections.** The Governor recommends \$2.6 million from general revenues for the Matching Public Funds campaign finance program, required by Rhode Island General Law, Section 17-25-19. General officers are elected every four years, and the Board of Elections is responsible for administering

and carrying out the mandates of the Campaign Contributions and Expenditures Act and the state's Matching Public Funds program.

- ***Election Expenses.*** The Governor recommends \$2.0 million from general revenues for the Board of Elections and Secretary of State for anticipated costs associated with the 2018 election cycle, including ballot printing and delivery.
- ***Rhode Island Historical Society.*** The Governor includes the enacted level of \$125,000 in general revenue support for the Rhode Island Historical Society.
- ***Newport Historical Society.*** The Governor includes the enacted level of \$18,000 in general revenue support for the Newport Historical Society.
- ***License Plate Reissuance.*** The Governor proposes a one year delay in the start of license plate reissuance until January 2020. The budget excludes revenues and expenses to account for the delay.
- ***Taxpayer Portal Savings.*** The Governor's budget assumes savings of \$0.5 million associated with the launch of a taxpayer portal and an increase in electronic filing.
- ***DOR Restructuring Staff.*** The Governor's budget includes \$3.5 million from general revenues for staffing and operation costs for 22.0 new positions to support enhanced revenue collections through improved discovery, collections and audits. The net budget impact is \$10.0 million.
- ***Division of Collections Staff.*** The Governor's budget includes \$0.6 million from general revenues to support operations and staffing costs for 7.0 new positions at the Department of Revenue to establish a new Division of Collections to centralize all of the collection activities of the state's departments. The net budget impact is \$0.8 million.
- ***DMV Staff.*** The Governor's budget includes \$2.1 million from general revenues for 32.0 new positions to support the implementation of federal Real ID requirements. The Department of Homeland Security has granted the state an extension for compliance from January 22, 2018 to October 10, 2018. The recommended budget assumes revenue collections will offset staffing costs. The plan for implementation is not clear.
- ***Tiverton Casino Compliance Staff.*** The Governor's budget includes \$1.5 million from lottery funds for staffing costs of 23.0 new positions for operations at the Tiverton Casino anticipated to open by November 2018, consistent with the adopted estimate of the November Estimating Conference.
- ***Affordable Housing and Blight.*** The Governor's budget includes \$40.0 million from general obligation bond funds approved by the voters in November 2016 to provide funding for affordable housing support, including rehabilitation of existing structures and new construction. The Budget also includes \$10.0 million from general obligation bonds the voters approved on the November 2016 ballot to improve properties that are blighted or in need of revitalization, including residential, commercial, and public properties.
- ***Quonset Piers.*** The Governor's budget includes a total of \$90.0 million for extension and renovation of the Quonset Business Park's piers. This includes \$50.0 million of general obligation bond proceeds approved by the voters on the November 2016 ballot, \$21.0 million from revenue bonds authorized by the 2016 Assembly to be issued by the Quonset Development Corporation along with \$4.0 million from the Corporation's resources, and \$15.0 million from Rhode Island Capital Plan funds.

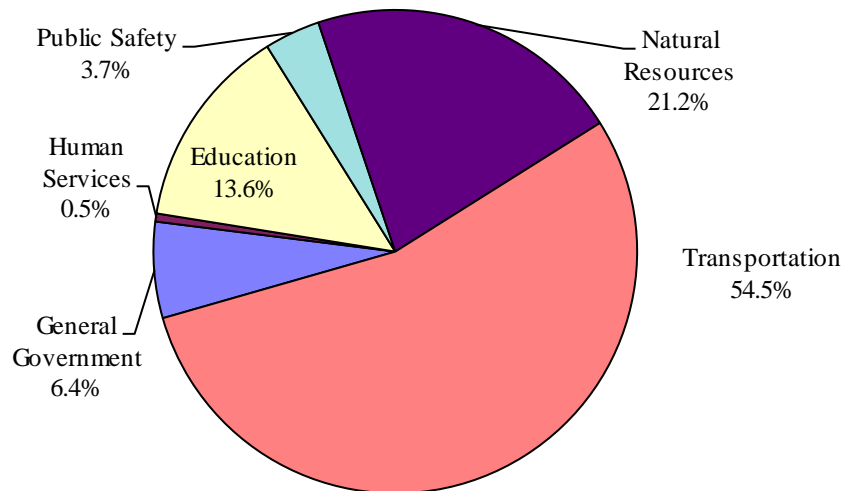
- ***Integrated Tax System Support.*** The Governor’s budget includes \$2.6 million from general revenues for ongoing technical support and maintenance and \$20.3 million from Certificates of Participation authorized by the 2012 Assembly for the Department of Revenue’s new integrated tax system to consolidate separate Division of Taxation programs and functions into a single computer system.
- ***Port of Providence.*** The Governor’s budget includes \$20.0 million from general obligation bond funds approved by the voters on the November 2016 ballot to increase terminal capacity at the Port of Providence by funding the acquisition of up to 25 acres of land located between Allens Avenue in the City of Providence and the Providence River and associated infrastructure improvements.
- ***Innovation Campus Bond.*** The Governor’s budget includes \$20.0 million from general obligation bonds approved by the voters on the November 2016 ballot for the construction of one or more innovation campuses affiliated with the University of Rhode Island. The minimum award will be \$5.0 million, and applicants must provide a match to state project funding of at least one to one. The request for proposal was released during the fall of 2017 and awards are anticipated to be announced in Spring of 2018.
- ***Creative and Cultural Economy Bond.*** The Governor’s capital budget includes \$35.0 million from general obligation bonds approved by the voters on the November 2014 ballot for renovations to public and nonprofit theaters and performance spaces with \$5.0 million of that reserved for qualifying projects at historic sites. The program is administered by the Rhode Island State Council on the Arts in consultation with the Historical Preservation and Heritage Commission.
- ***Water Resources Board to PUC.*** The Governor proposes to transfer the Water Resources Board to the Public Utilities Commission and assumes savings of \$0.4 million from general revenues in both FY 2018 and FY 2019. Operating costs for the Water Resources Board would be charged to regulated water suppliers. The Public Utilities Commission currently regulates six water suppliers.
- ***Building, Design and Fire Professionals.*** The Governor proposes to consolidate professions relating to building and construction design, inspection, and enforcement of building and fire codes. The Budget reflects the transfer of several programs to the Department of Business Regulation. These include the State Fire Marshal from the Department of Public Safety, the Building Code Commission, Contractors’ Registration and Licensing Board, and the Fire Code Safety Board of Appeal and Review from the Department of Administration.
- ***Health Professional Licensing to Business Regulation.*** The Governor proposes transferring the licensure of several professionals from the Department of Health to the Department of Business Regulation. These include: athletic trainers, hearing aid dealers, interpreters for the deaf, manicurists, barbers and hairdressers, embalmers as well as several others.

Capital (See Section IV: Capital Budget)

- ***Outlays and Funding.*** The FY 2019 through FY 2023 plan includes \$4,861.1 million of outlays on \$12,402.1 million of project estimates. Average outlays would be \$972.2 million per year for the five-year period with \$785.2 million required at the end of the period to complete the projects. In a change in presentation, this year’s capital budget does not reflect debt service payments supported by Federal Highway Administration funds or gas tax. This corrects the prior practice of double-counting this expense.
- ***General Obligation Bonds Referenda.*** Financing the five-year plan is based on \$556.7 million of general obligation bond debt issuances. This includes \$368.5 million from new general obligation bonds to be presented to the voters on the November 2018 ballot. Consistent with last year, but in a departure from past practice, the budget does not assume any new referenda will go before the voters in November

2020 or November 2022. The average bond referenda over the past five elections was \$189.3 million and the voters approved \$227.5 million on the November 2016 ballot. The impact of future referenda is excluded from any bond or debt projections in the plan. The current proposal increases the five-year average to \$244.5 million.

FY 2019 - FY 2023 Capital Projects by Function



- **Other Debt Approvals.** The Governor recommends \$19.8 million to be approved by the 2018 Assembly under the Public Debt Management Act for three projects at the University. This includes \$11.0 million for repaving, hardscape and landscape, \$6.5 million for the first phase of utility infrastructure upgrades, and \$2.3 million for the second phase of fire safety and protection projects for auxiliary enterprises.
- **Financing.** Paying for the five-year outlays includes \$1,228.2 million from debt financing and \$3,632.9 million from current or pay-go sources. Pay-go represents 74.7 percent with debt funding being 25.3 percent.
- **Debt Levels.** Total net tax supported debt decreases during the period through FY 2023 by \$120.9 million from \$1,849.9 million to \$1,648.5 million. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget and as noted previously, the plan identifies no new general obligation bond funded debt.
- **Debt Ratios.** Net tax supported debt would decrease from 3.2 percent of personal income reported for FY 2017 to 2.4 percent in FY 2023 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected especially since, as previously noted, the budget does not assume any new referenda will go before the voters in November 2020 or November 2022.
- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$623.4 million. It should be noted that the Governor's capital budget removes \$11.9 million in approved Rhode Island Capital Plan funding for three projects under the purview of the Department of Environmental Management; the Governor's recommendation for new general obligation bond funds backfills that reduction.

Health and Human Services

- ***Unified Health Infrastructure Project.*** The Governor provides funding totaling \$72.3 million in FY 2018 and \$44.2 million in FY 2019 for direct support and expenses of the Unified Health Infrastructure Project in the Executive Office of Health and Human Services and Department of Human Services' budgets. This includes \$11.4 million in FY 2018 and \$6.8 million in FY 2019 from state sources. The FY 2019 total also assumes \$7.0 million from the contractor. The balance in both years is from federal sources.
- ***Children's Health Insurance Program Funding.*** The Governor's budget includes general revenue savings of \$7.0 million for FY 2018 and \$28.5 million for FY 2019 assuming Congress will reauthorize the Children's Health Insurance Program which had not occurred as of the budget submission. The November caseload conference estimate included the enhanced federal Medicaid funding for FY 2018 only through March 2018 because the federal program has effectively expired. The program was reauthorized on January 22.
- ***Managed Care Organizations Reimbursements.*** The Governor's budget proposes savings of \$70.0 million, including \$23.7 million from general revenues, from reducing reimbursements made to the managed care plans through a variety of measures. There is an offsetting revenue loss of \$1.4 million from this proposal.
- ***Nursing Facilities Rates.*** The Governor's budget includes savings of \$5.4 million, \$2.6 million from general revenues, by limiting the October 1, 2018 rate increase to 1.0 percent instead of the 2.7 percent included in the November caseload estimate. This reflects expenses in both the fee-for-service and Rhody Health Options programs. There is an offsetting revenue loss of \$0.3 million from this proposal.
- ***Long Term Care Services and Supports.*** The Governor's budget includes savings of \$14.9 million, including \$10.0 million from general revenues, from an undefined "redesign" of Rhody Health Options managed care program that provides services to individuals eligible for Medicare and Medicaid and providing home and community care services through the Community First Choice option, effective January 1, 2019. This savings is net of \$0.5 million in administrative expenses included to implement the proposal. There is an offsetting revenue loss of \$0.3 million from this proposal, making the general revenue impact \$9.7 million for FY 2019. The savings for FY 2020 should annualize to approximately \$20 million.
- ***Nursing Home Eligibility Processes.*** The Governor's budget includes savings of \$10.5 million, of which \$5.0 million is from general revenues, from instituting changes to the eligibility process for nursing home care including asset verification transfers and elimination of the allowance for 90 days of retroactive coverage effective January 1, 2019. This savings is net of \$0.6 million in new staff expenses included to implement the proposal; it does not appear to include possible software or other costs to change the current system. There is an offsetting revenue loss of \$0.2 million from this proposal making the general revenue impact \$4.4 million for FY 2019. The savings for FY 2020 should annualize to approximately \$9 million.
- ***Sullivan/Perry Long Term Care Funding.*** The Governor's FY 2018 and FY 2019 budgets do not include the \$6.2 million, of which \$3.1 million is from general revenues, that was in the enacted budget for home and community care services. Funding was added to comply with the Sullivan/Perry provision of state law that invests resources in the services if there was a reduction in the statewide nursing home census. The enacted budget did include a separate \$5.2 million appropriation for a wage increase for home health and personal care attendants. The Governor's recommendation suggests the Sullivan/Perry funding be used for that purpose.
- ***Hospital Rates.*** The Governor's budget includes savings of \$15.5 million, \$5.4 million from general revenues, from freezing hospital rates at the FY 2018 level. There is a statutory requirement for an annual

price adjustment, and the November caseload estimate includes a 2.8 percent increase for inpatient services and 1.8 percent for outpatient services.

- ***Graduate Medical Education.*** The Governor proposes eliminating the \$4.0 million state payment to Lifespan for graduate medical education activities for FY 2018. For FY 2019, the budget includes a total of \$1.5 million from state and federal funds for a Graduate Medical Education pool available to all teaching hospitals with a focus on improving mental health and substance abuse treatment and training.
- ***Inpatient Upper Payment Limit Reimbursement.*** The Governor's budget includes savings of \$14.1 million, including \$5.6 million from general revenues, in FY 2019 from eliminating the inpatient upper payment limit reimbursement made to community hospitals for Medicaid services based on Medicare rates. The outpatient payment totaling \$6.4 million, including \$2.6 million from general revenues, would be continued.
- ***Recovery Navigation Program.*** The Governor's budget funds the Recovery Navigation Program, operated by the Providence Center, through March 2018 using general revenues and federal substance abuse block grant funds. The budget does not include funding for April, May and June. The budget also does not fund the program for FY 2019. The enacted budget includes \$0.2 million from general revenues. The Executive Office of Health and Human Services has sought approval to leverage Medicaid for this program but has not yet received it, and no general revenues have been recommended in anticipation of such an approval.
- ***Cortical Integrated Therapy.*** The Governor's budget includes savings of \$0.8 million for FY 2018 and \$1.0 million for FY 2019 from eliminating payments for cortical integrated therapy services. The Executive Office of Health and Human Services notified the provider that as of November 1, 2017, the services would no longer be reimbursed.
- ***Mental Health Parity Study.*** The Governor adds \$150,000 from general revenues in the Executive Office of Health and Human Services' budget for a study to compare mental health coverage to primary care coverage offered by commercial health plans.
- ***Non-Emergency Transportation Services.*** The Governor's budget includes savings of \$9.2 million, including \$3.5 million from general revenues, from changing the current contract with Logisticare or reprocurring and reducing payments made for transportation services effective January 1, 2019. The savings is net of funding for a new position to manage the contract changes. This appears to reflect an annualized savings in excess of 50 percent of program costs.
- ***Co-Payments for Adults.*** The Governor's budget proposes savings of \$9.9 million, including \$2.9 million from general revenues, from instituting co-payments for non-elderly non-disabled adults, including parents enrolled in RItE Care, for non-emergency visits to emergency rooms, non-preventive physician visits and prescription drugs. The total savings is net of \$1.0 million added for administrative costs related to the proposal, including two new positions and system changes that would be required. However, the savings appear to be based on an effective date of July 1, 2018. There is also an offsetting revenue loss of \$0.2 million from this proposal.
- ***Revenue Maximization.*** The Governor's budget includes savings of \$1.7 million, including \$1.3 million from general revenues, from expanding the RItE Share program to cover those enrolled in Rhody Health Partners who have access to employer sponsored insurance, moving parents who were covered under RItE Care to the expansion program when they no longer have a dependent child, and having disabled children remain on parents' commercial coverage through age 26. The savings assumes an effective date of January 1, 2019 and is net of the costs for two new positions to implement the proposals.

- ***Developmental Disabilities Services.*** The Governor’s budget includes \$209.5 million, of which \$99.3 million is from general revenues for services to developmentally disabled adults in the privately-operated system for FY 2019. She includes \$227.8 million, including \$110.2 million from general revenues for FY 2018 which is \$11.3 million above the enacted budget based on current spending. Her FY 2019 recommendation is \$18.3 million below the revised budget, including \$10.9 million less from general revenues and assumes savings from the Department reviewing its assessment tool and using other payment models.
- ***Eleanor Slater Hospital.*** The Governor provides \$116.6 million, including \$55.5 million from general revenues for FY 2018 and \$115.5 million, including \$54.6 million from general revenues, for FY 2019 to support the operations at Eleanor Slater Hospital. The FY 2018 enacted budget includes savings of \$11.1 million from reorganization of the state-run hospital, including \$5.2 million from general revenues. For FY 2018, \$2.6 million from general revenues is added and \$2.1 million is added for FY 2019.
- ***Eleanor Slater Hospital – Zambarano Unit.*** The Governor’s budget includes general revenue overtime savings of \$0.5 million for FY 2018 and \$1.0 million for FY 2019 from consolidating patient units at the Burrillville campus of the state-run hospital.
- ***Eleanor Slater Hospital – Patient Transfer.*** The Governor’s budget includes general revenue savings of \$46,000 for FY 2018 and \$234,330 for FY 2019 from transferring patients at the state-run hospital to other residential settings; the number of patients and those other settings have not been identified. This represents the cost differential between the hospital and another setting for which costs would likely appear in another part of the state budget.
- ***Behavioral Healthcare Link.*** The Governor’s budget includes \$650,000 from general revenues to establish a Behavioral Healthcare Link, which is a statewide resource to provide 24-hour community based assessment and treatment for those experiencing a behavioral health care crisis.
- ***Children’s Rights Settlement.*** The state recently settled its lawsuit with Children’s Rights. The preliminary settlement documents contain a series of agreements to changes in process and practice at the Department of Children, Youth and Families. Beyond the agreement for the Governor to advocate for a foster care rate increase, the documents do not cite a cost. The FY 2017 audited financial statements released in early January account for a \$3.5 million payable in anticipation of this settlement and the need to pay legal costs. The Governor adds a 0.6 position for the Child Advocate to assist that office in discharging duties as part of the team monitoring the Department’s compliance.
- ***Foster Care Rates.*** The Governor’s budget includes \$1.4 million, including \$1.1 million from general revenues to increase rates paid for foster care placements. This is consistent with language in the preliminary settlement of the lawsuit with Children’s Rights. The funding is intended to build additional foster care capacity in support of the Department’s efforts to reduce congregate care placements.
- ***Voluntary Extension of Care Program.*** The Governor proposes \$1.7 million from general revenues to expand existing programs for youth age 18 to 21 formerly in foster care.
- ***Head Start Program.*** The Governor includes the enacted amount of \$1.2 million from general revenues for the state’s support for Head Start.
- ***Rhode Island Alliance of Boys and Girls Clubs.*** The Governor includes the enacted level of \$250,000 from general revenues for the Boys and Girls Club Project Reach program, which provides homework assistance and afterschool activities.

- **Day One.** The Governor includes the enacted level of \$217,000 from general revenues for outreach and supportive services programs relating to sexual assault prevention provided through Day One.
- **Institute for the Practice and Study of Non-Violence.** The Governor includes the enacted level of \$200,000 from general revenues to support the Institute's Violence Reduction Strategy program.
- **Rhode Island Community Food Bank.** The Governor includes the enacted level of \$175,000 from general revenues for food collection and distribution through the community food bank.
- **Community Action Agencies.** The Governor includes the enacted level of \$520,000 to support services provided by the state's community action agencies.
- **Crossroads.** The Governor includes the enacted level of \$300,000 from general revenues to support activities provided by Crossroads Rhode Island that address homelessness and other related issues.
- **Domestic Violence Prevention Activities.** The Governor includes the enacted level of \$300,000 from general revenues for domestic violence prevention activities contracted through the Rhode Island Coalition Against Domestic Violence and distributed to domestic violence shelters in the state.
- **Senior Center Support.** The Governor includes \$800,000 from general revenues to support the state's senior centers through a grant process, which is \$400,000 more than enacted.
- **Meals on Wheels/Elderly Nutrition Services.** The Governor includes the enacted level of \$530,000 from general revenues to support Meals on Wheels.
- **Respite Care.** The Governor includes the enacted level of \$140,000 for the Diocese of Providence to support the respite care program.
- **Elder Housing Security.** The Governor includes the enacted level of \$85,000 from general revenues to implement security housing measures in elderly housing complexes.
- **Long Term Care Ombudsman.** The Governor includes the enacted level of \$169,086 for the long term care ombudsman, including \$86,750 from general revenues. The Alliance for Better Long Term Care advocates on behalf of residents of nursing homes, assisted living residences and certain other facilities, as well as recipients of home care services.
- **Child Care Pilot.** The Governor includes \$200,000 from general revenues for a pilot program for eligible low-income parents to receive child care assistance while they are enrolled in qualified state public institutions of higher education or in workforce training programs that lead to employment.
- **Child Care Rates.** The Governor's budget establishes a tiered system of reimbursement for child care providers, reflecting the quality rating the provider has achieved in the Bright Stars system. Those providers with higher Bright Stars rankings will receive additional funding compared to those in the lower tiers. The budget includes an additional \$1.5 million to support this new system of reimbursement. The proposal also appears to raise all base child care rates by linking minimum reimbursement to a recent market survey, the funding impact of which is unclear.
- **Veterans' Programs and Services.** The Governor includes the enacted level of \$200,000 from general revenues to support various veterans' programs and services with the Office of Veterans' Affairs determining how the funding is allocated.

- ***Vital Records System Upgrade.*** The Budget assumes use of \$1.6 million from the Information Technology Investment Fund to upgrade the Department of Health’s vital records system.
- ***Hospital Reorganization.*** The Governor recommends \$23.8 million from Rhode Island Capital Plan funds to consolidate hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor assumes operating savings of \$3.0 million, including \$1.4 million from general revenues, from closing the Pinel building, which houses the forensic population, and relocating patients from the Adolph Meyer building and moving them into the Roosevelt Benton facility and Regan building. These changes will allow the downsizing of the hospital footprint and reorganization of its operations.
- ***State Medical Examiners New Facility.*** The Governor recommends \$15.7 million from Rhode Island Capital Plan funds to renovate the Board of Elections’ current office building to house the operations of the Office of State Medical Examiners.

Education

- ***Public Higher Education.*** The Governor’s budget includes \$1,199.3 million for Public Higher Education institutions including debt service. This is \$19.2 million more than enacted from all funds. The Governor’s budget includes \$228.0 million from general revenues, which is \$7.1 million more than enacted. Excluding debt service, the general revenue increase is \$5.2 million more than enacted, of which \$3.6 million is for the second year of the Rhode Island Promise Scholarship.
- ***Public Higher Education Tuition and Fees.*** The Governor’s budget assumes no in-state tuition or mandatory fee increases consistent with Board approved rates. Those rates assumed \$9.0 million in new unrestricted state support; the Governor’s budget provides the institutions with \$2.8 million of that.
- ***RI Promise Scholarship.*** The Governor’s budget includes \$6.4 million for the second year of funding for the Rhode Island Promise Scholarship program. The 2017 Assembly established a new Rhode Island Promise Scholarship program to provide two years of free tuition and mandatory fees at the Community College 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 covers the remainder of their tuition bill. Other non-mandatory fees are not covered by this program. Recipients are required to maintain a 2.5 grade point average and must commit to remaining in Rhode Island after graduation. The program is being implemented for four cohorts of students beginning in FY 2018 with the last cohort entering in the fall of 2020.
- ***Westerly Higher Education and Job Skills Center.*** The Governor’s budget includes \$2.0 million from restricted receipts to support the operations and staffing costs of the Center, \$0.5 million more than enacted. Recommended staffing would increase from 3.0 full-time equivalent positions to 5.0.
- ***Northern RI Education Center.*** The Governor recommends \$4.0 million from Rhode Island Capital Plan funds to replicate the public-private education model being used at the Westerly Higher Education and Jobs Skills Center in northern Rhode Island. Rhode Island Capital Plan funds would be used to construct one or more education centers; it is unclear if there are private funds available as there were when the Westerly center was constructed.
- ***Horace Mann Hall Renovation.*** The Governor recommends \$25.0 million of new general obligation bonds to be submitted to the voters on the November 2018 ballot for renovations to Horace Mann Hall at Rhode Island College.

- ***URI Narragansett Bay Campus Renewal.*** The Governor recommends \$45.0 million of new general obligation bonds to be submitted to the voters on the November 2018 ballot to renovate or replace the buildings, laboratories and infrastructure at the University's Narragansett Bay Campus. Improvements would also be done to the waterfront research vessel dock, roadways and walkways.
- ***URI Repaving, Hardscape and Landscape.*** The Governor's budget includes authorization for Assembly approval of \$11.0 million from revenue bonds for the repaving and reconstruction of major parking facilities, internal roadways, walkways and associated infrastructure on the University's Kingston, Narragansett Bay, and Alton Jones campuses.
- ***URI Utility Infrastructure Upgrade Phase I.*** The Governor's budget includes authorization for Assembly approval of \$6.5 million from revenue bonds for upgrades to utility-related infrastructure on the Kingston Campus, including steam, water, sanitary, electrical, and storm water systems.
- ***URI Fire Safety and Protection Auxiliary Enterprises Phase II.*** The Governor's budget includes authorization for Assembly approval of \$2.3 million for the second phase of fire safety enhancements to the University's auxiliary enterprise buildings. The 2008 Assembly authorized \$19.4 million from revenue bonds for the first phase of this project which is almost complete.
- ***URI Fine Arts Center.*** The Governor's capital budget recommendation includes \$11.0 million from Rhode Island Capital Plan funds for the University's fine arts center renovation project over four years. The University's request includes \$63.2 million over that same period.
- ***Information Technology Support.*** The Governor's budget removes the \$0.7 million in the Office of Postsecondary Commissioner's budget that is distributed to the institutions to use for upgrades, updates and expansions to their different information technology systems.
- ***Shepard Parking.*** The Governor's budget reduces funding for student parking at the Shepard building for both FY 2018 and FY 2019, which shifts the expense to the University of Rhode Island. Supporting documents indicate that the University should either fund the expense through its existing resources or make up the additional cost by beginning to charge students attending the Providence Campus a per semester fee of \$115 for those that choose to park in the Convention Center. This proposal was identified as part of the effort to achieve \$25.0 million in undistributed savings included in the FY 2018 enacted budget. It saves \$57,175 in FY 2018 and \$114,350 in FY 2019.
- ***Dual Enrollment Initiative.*** The Governor's FY 2019 budget includes \$1.8 million from tuition savings fees for the dual and concurrent enrollment initiative to allow qualified high school students to earn college credit at no cost to the student. The recommendation is \$0.5 million more than enacted from tuition savings fees. The Governor's revised recommendation for \$2.6 million is \$1.3 million more than enacted. About half of that increase appears to be for overspending from FY 2017.
- ***Last Dollar Scholarship.*** The Governor's budget includes the enacted level of \$10.1 million from tuition savings fees and federal loan reserve funds for the Last Dollar Scholarship program for students with proven academic performance and financial need to attend Rhode Island's public higher education institutions. Loan reserve funds are a finite resource.
- ***Guaranty Agency Operations.*** The Governor's budget assumes that the guaranty agency operations are transferred to a non-governmental successor agency by the end of FY 2018 to preserve resources for scholarships. It should be noted that the Governor's budget continues to fund non-guaranty agency operating functions from these resources, impacting availability for scholarships.

- **WaytoGoRI Web Portal.** The Governor removes the \$650,000 in the enacted budget from guaranty agency reserve funds for operation of the WaytoGo Rhode Island web portal system. WaytogoRI.org is a free, internet-based program that introduces elementary age students to possible career paths, prepares middle school students for high school, and offers services to prepare high school students for college or career opportunities. The contract with the vendor ends on August 31, 2018 and the Office of Postsecondary Commissioner does not plan to renew it.
- **College Crusade Support.** The Governor's budget includes the enacted amount of \$3.5 million to support the operations and scholarship programs offered by the College Crusade of Rhode Island, including \$3.1 million from the GEAR-UP federal grant and \$0.4 million from general revenues. The federal grant provides funds to states and nonprofits to support eligible low-income and disabled students in pursuit of secondary school diplomas and to prepare for postsecondary education. The \$0.4 million from general revenues supports staffing and office space.
- **Best Buddies Program.** The Governor's budget includes the enacted amount of \$30,000 from general revenues for Best Buddies Rhode Island to support programs for children with developmental disabilities.
- **Special Olympics Rhode Island.** The Governor's budget includes the enacted amount of \$50,000 from general revenues for Special Olympics Rhode Island to support its mission of providing athletic opportunities for individuals with intellectual and developmental disabilities.
- **Atomic Energy Reactor Fees.** The Governor proposes that reactor fee revenues go to a restricted receipt account to be used to maintain the Atomic Energy Commission's equipment. Reactor fees are currently deposited as general revenues and have averaged approximately \$20,000 annually over the past five years.
- **Telecommunications Education Access Fund.** The Governor recommends \$1.6 million in FY 2019, including \$0.4 million from general revenues, to support the Telecommunications Education Access Fund. This general revenue recommendation is consistent with the enacted budget. This fund provides financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line.
- **Principal Empowerment and Training Fund.** The Governor's budget includes \$0.5 million from general revenues for a professional development initiative for principals, consistent with the enacted budget.
- **Third Grade Reading Action Plan.** The Governor's budget includes \$100,000 from general revenues to fund a new investment in high quality early learning curriculum and provide support to educators to ensure coherence among curriculum practices in the early education grades. Of this, \$50,000 will be used to purchase material and provide coaching services, and \$50,000 will be used for curriculum development and tools to implement the curriculum.
- **Computer Science Education.** The Governor's budget includes \$260,000 from general revenues to expand access to computer science courses for elementary and secondary students, \$50,000 more than the enacted budget.
- **PSAT/SAT.** The Governor's budget includes \$650,000 from general revenues and \$133,600 from federal funds to provide the SAT and PSAT for free to all Rhode Island public school students. This is \$150,000 more from general revenues than enacted.
- **Advanced Placement Tests.** The Governor's revised FY 2018 budget includes \$115,000 from general revenues for the advanced placement test fee-waiver program. Combined with a waiver available through

the College Board, this program allows eligible low-income students to pay a reduced fee of \$15 per advanced placement test, \$79 less than the standard fee of \$94 per test.

- ***Serve RI.*** The Governor's budget includes \$3.5 million from federal funds reflecting the state assuming responsibility for administering the Serve RI program, previously run by the Rhode Island Commission for National Community Service. Funding supports the AmeriCorps program in the state, including AmeriCorps Vista and City Year. The Governor also provides authorization for a new full-time equivalent position to administer the program.
- ***Advanced Coursework Network.*** The Governor recommends \$450,000 to support the advanced coursework network. This is \$100,000 less than enacted in the FY 2018 budget and includes \$150,000 from general revenues and \$300,000 from permanent school funds. The program allows middle and high school students in participating districts to access career preparatory as well as college credit bearing courses from a network of providers including postsecondary institutions, community organizations, and local education authorities.
- ***Hasbro Children's Hospital.*** The Governor's budget includes the enacted level of \$90,000 from general revenues to support the hospital school at Hasbro Children's Hospital.
- ***Child Opportunity Zones.*** The Governor's budget includes the enacted level of \$245,000 from general revenues to support child opportunity zones through agreements with the Department of Elementary and Secondary Education to strengthen education, health and social services for students and their families as a strategy to accelerate student achievement.
- ***Arts Funds.*** The Governor includes the enacted level of \$0.8 million from general revenues for the Rhode Island State Council on the Arts' grant awards.
- ***Waterfire Providence.*** The Governor's budget includes the enacted level of \$375,000 to support operational costs of Waterfire Providence art installations.
- ***Fort Adams.*** The Governor's budget includes the enacted level of \$30,000 to support Fort Adams Trust Restoration activities.

Public Safety

- ***Prison Population.*** The Governor's budget assumes a prison population of 2,865, which is 135 fewer inmates than the enacted population of 3,000. It also assumes a revised population of 2,853 for FY 2018, which is 147 less than enacted. Through the first six months of FY 2018, the average inmate population is 2,862.
- ***Department of Justice Lawsuit.*** In February 2014, the U.S. Department of Justice filed suit against the Department of Corrections alleging that recruitment examinations are biased towards minorities. The parties agreed to a settlement in September 2017. A total of \$1.0 million is included over FY 2018 and FY 2019 based on this agreement. This includes \$250,000 in each FY 2018 and FY 2019 to develop a new exam. The Governor's budget includes \$0.3 million and authorization for 3.0 new full-time equivalent correctional officer training instructor positions, \$0.4 million in settlement payouts, and \$0.1 million in legal costs. The Department also agreed to seek to hire 70 recruits, an increase from the planned 50. That cost is not included in the total as the cost will likely be offset by overtime savings.
- ***Correctional Officer Training Class.*** The Governor's budget includes \$0.1 million for recruitment costs for class 83, which will occur in June delayed from the fall. As part of the United States Department

of Justice settlement agreement, the new training class is being extended from 9 to 12 weeks and the number of recruits is increasing from 50 to 70.

- **Discharge Planning.** The Governor's budget includes \$1.4 million for contracted discharge planning services, which is \$135,000 more than enacted. The Department of Corrections has regional contracts for inmates ready to be released into the communities. The Department is currently out to bid for these services and the budget request assumes that there will be an increase based on a prevailing wage provision added into the request for proposals. The Governor's revised budget includes an increase of \$111,000.
- **Cognitive Behavior Therapy.** The Governor's budget includes \$1.1 million from general revenues to support the Department of Correction's cognitive behavioral therapy program. This includes \$600,000 in contracted cognitive behavioral training and \$0.5 million for 4.0 probation and parole officers hired in FY 2017.
- **Medication Assisted Treatment Program.** The Governor recommends the enacted level of \$2.0 million for the medication-assisted treatment of opioid users in the Adult Correctional Institutions from the Department of Corrections. The program supports screening for opioid use disorders and conducting assessments of new inmates to determine treatment options. It also starts medication-assisted treatment prior to release with community referral for ongoing treatment.
- **Correctional Facilities Study.** The Governor's revised budget adds \$0.8 million of additional Rhode Island Capital Plan funds for a correctional facilities study originally funded at \$250,000 for FY 2017. The plan is to examine various options to optimize the functioning of the Department's facilities.
- **High Security Overtime Savings.** The Governor's budget includes general revenue overtime savings of \$1.5 million partially based on a plan to close housing modules in High Security by transferring some inmates to the Department's other facilities. As of December, High Security was at 64.5 percent of its operational capacity with 89 inmates. This appears to be linked to the outcome of a facilities study for which a considerable increase in funding is recommended in the current year.
- **High Security Renovations.** The Governor's budget includes \$1.0 million from Rhode Island Capital Plan funds for FY 2019 to improve operating efficiencies through module combination and other renovations as part of the initiative to save \$1.5 million in overtime savings noted above.
- **Medium Security Renovations.** The Governor includes \$31.6 million from Rhode Island Capital Plan funds programmed through FY 2023 for infrastructure improvements at the John J. Moran medium security facility. This includes the expansion of available space for dining areas, kitchen, and laundry, and other inmate programs and recreational activities.
- **Corrections Asset Protection.** The Governor includes \$17.0 million from Rhode Island Capital Plan funds for FY 2019 through FY 2023 for asset protection projects at correctional facilities.
- **Indigent Defense Program.** The Governor's budget includes \$4.0 million from general revenues for the Judiciary's indigent defense program, which is \$0.2 million more than enacted.
- **Rhode Island Legal Services.** The Governor's budget includes the enacted level of \$90,000 from general revenues for Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- **Rhode Island Coalition Against Domestic Violence.** The Governor's budget includes \$230,000 from general revenues for the Rhode Island Coalition Against Domestic Violence for the domestic abuse court advocacy project, consistent with the enacted budget.

- ***Superior Court Diversion Program.*** The Governor recommends \$50,000 from general revenues for additional risk assessments as part of a new Superior Court diversion program. The additional assessments are for defendants who score as high risk on a risk screen required by a 2017 law.
- ***Veterans' Treatment Court.*** The Governor's budget includes an additional \$144,390 from general revenues for the Veterans' Treatment Court in FY 2019. A three-year federal grant that supports the court's operations is expiring in FY 2018.
- ***Judicial Asset Protection.*** The Governor recommends \$5.0 million from Rhode Island Capital Plan funds for FY 2019 through FY 2023 for asset protection projects at Judicial buildings, including security upgrades, courtroom restoration, fire suppression and alarm system upgrades, interior refurbishments to public areas and office spaces, cellblock upgrades, and elevator upgrades.
- ***Judicial Complex Restoration.*** The Governor recommends \$3.8 million from Rhode Island Capital Plan funds for FY 2019 through FY 2023 for the restoration of the Licht Judicial Complex.
- ***Judicial HVAC.*** The Governor recommends \$5.0 million from Rhode Island Capital Plan funds for FY 2019 through FY 2023 for replacement, restoration, and cleaning of the heating, ventilation and air conditioning systems for all judicial complexes.
- ***Noel Judicial Shelled Courtrooms.*** The Governor recommends \$10.0 million from Rhode Island Capital Plan funds for the build out of the shelled courtrooms and administrative space at the Noel Judicial Complex to relieve overcrowding at the Garrahy Judicial Complex. The work also involves the construction of a new parking lot to accommodate the need for additional parking for the added courtrooms.
- ***Rhode Island Statewide Communications Network.*** The Governor's capital recommendation includes \$10.0 million from all sources through FY 2021 for the Rhode Island Statewide Communications Network. This includes \$7.5 million from Rhode Island Capital Plan funds and \$2.5 million from federal sources. The Budget also includes general revenues of \$1.1 million in FY 2018 and \$1.2 million in FY 2019 for the contract with Motorola to maintain the radio system.
- ***Middletown Armory.*** The Governor's capital budget includes \$2.9 million from federal funds for FY 2018 and FY 2019 for a new project to construct additional armory and storage space at the Middletown Armory.
- ***National Guard Firefighters.*** The Governor's budget adds \$0.5 million and \$0.2 million from general revenues in FY 2018 and FY 2019, respectively, to replace federal funds for the Rhode Island National Guard firefighters program. There was a significant increase in the number of firefighters who under state law continue to receive their regular pay. The federal government funds most of the costs of the program but will not cover payments to those not working because they are on injured on duty status. The FY 2019 recommendation assumes reform of injured on duty laws as it relates to state employees.
- ***Injured on Duty Reform.*** The Budget assumes savings of \$0.6 million from general revenues, \$0.3 million each for the Military Staff and the Department of Public Safety, from passing legislation to amend injured on duty laws to allow an independent medical examiner to certify that a person has reached the medical improvement triggering the 60-day clock to apply for accidental disability. Under current law it must be the treating physician that makes the certification. The legislation also amends the accidental disability law to require use of application and processing rules for injured on duty benefits for state employees that qualify for them, rather than a separate accidental disability procedure.
- ***E-911 Telecommunicators.*** The Budget includes \$0.2 million from general revenues to fund 2.0 new telecommunicator positions.

- **57th State Police Training Academy.** The Governor's budget includes \$0.1 million from Google settlement funds in FY 2018 to support recruitment and testing of candidates for the 57th State Police training academy. The Budget includes \$3.2 million from general revenues and Google settlement funds to conduct the academy as well as salary and benefit costs for an anticipated 30 graduates. Training would begin in FY 2019 and members would be sworn in during January 2019.
- **New Capitol Police Screeners.** The Budget includes \$0.1 million from general revenues to fund 2.0 new screener positions to assist Capitol Police with security at state buildings.
- **Capitol Police Recruitment.** The Budget includes \$11,625 from general revenues for the recruitment of new Capitol Police officers.
- **Naloxone.** The Budget assumes use of \$12,000 from Google settlement funds for the State Police to purchase Naloxone.
- **Master Plan for State Police.** The Budget includes a total of \$0.3 million from Rhode Island Capital Plan funds in both FY 2018 and FY 2019 for the State Police to conduct a master plan of its properties.
- **Municipal Police Training Academy.** The Governor proposes legislation authorizing the Municipal Police Training School to charge tuition and a physical training test fee to each applicant. The amounts would be determined through rules and regulations. The Budget assumes receipts of \$0.3 million, which would be used to support operating costs of the Academy. She also proposes moving all municipal police training to Camp Fogarty in East Greenwich and includes a general revenue savings of \$19,475 from lease payments to the Community College of Rhode Island for use of classroom and office space.
- **Public Defender.** The Governor's budget includes \$0.2 million from general revenues for two new attorney positions in FY 2019 in an effort to relieve the caseload burden in the Office of the Public Defender.
- **Transition Employment.** The Governor's budget includes the enacted amount of \$300,000 from general revenues for a second year of the Pay for Success transition employment program, which is intended to increase employment and reduce recidivism of formerly incarcerated individuals.

Environment

- **Host Beach Communities.** The Governor recommends \$0.4 million in both FY 2018 and FY 2019, which is \$56,234 less than enacted, for payments to host beach communities reflecting anticipated payments based on actual 2017 collections.
- **Food Safety Modernization Act.** The Governor recommends \$0.2 million from federal funds for two new positions within the Department of Environmental Management's current authorization to implement the Food Safety Modernization Act, a law which regulates the way foods are grown, harvested, and processed.
- **DOT Recreational Projects.** The Governor recommends an increase of \$1.2 million for recreational projects for the Department of Environmental Management funded by a transfer of federal funds from the Department of Transportation. These include maintenance of state trails, purchases of equipment and materials, and funding for materials for local communities to maintain state trails.
- **Clean Diesel.** The Governor's FY 2019 recommended budget eliminates the enacted level of \$1.0 million from general revenues for the Clean Diesel Program, which aims to reduce emissions from heavy-

duty diesel engines and help companies improve supply chain efficiency. The Governor proposes reducing the program's funding to \$250,000 in her FY 2018 revised recommendation.

- ***Green Economy and Clean Water Bond.*** The Governor recommends \$48.5 million of new general obligation bonds to be submitted to the voters on the November 2018 ballot to be used for environmental and recreational purposes within the Department of Environmental Management. Proposed projects include improvements to state-owned recreational facilities, grants for coastal resiliency, as well as state-owned dam and bikeway repair. The recommendation supplants \$11.9 million in the approved plan from Rhode Island Capital Plan funds with the proposed bond proceeds.
- ***Local Agriculture and Seafood Program.*** The Governor recommends the enacted amount of \$0.1 million for the local agriculture and seafood program to allow small businesses in the food sector to receive grants. Funding is matched by private sources.
- ***Conservation Districts.*** The Governor recommends the enacted level of \$50,000 from general revenues in FY 2019 for regional conservation districts. The districts are quasi-public subdivisions of state government, governed by volunteer boards of directors from the communities.
- ***StormTools.*** The Governor recommends \$50,000 from general revenues to support the maintenance and hosting of StormTools, a web-based tool developed by the Coastal Resources Management Council and University of Rhode Island, which shows detailed risks and maps associated with any property in the coastal zone resulting from storm activity.
- ***Beach Profile Monitoring.*** The Governor recommends \$15,000 from general revenues for monitoring shoreline migration off the shore barrier at Charlestown in order to better predict potential risks and damages resulting from beach erosion.
- ***World War II State Park Improvements.*** The Governor includes \$250,000 from general revenues in FY 2019 for the fourth year of a five-year initiative to transfer maintenance and operation of the Park from the state to the City of Woonsocket following the completion of the capital project.
- ***State Piers.*** The Governor's capital budget includes \$5.0 million from Rhode Island Capital Plan funds from FY 2019 through FY 2023 for marine infrastructure and pier development at sites critical to Rhode Island's tourism and fishing economy.
- ***Galilee Piers.*** The Governor's capital budget includes \$4.4 million from Rhode Island Capital Plan funds and federal sources for infrastructure improvements at the Port of Galilee from FY 2019 through FY 2023.
- ***Natural Resources Offices/Visitor's Center.*** The Governor's capital budget includes \$4.5 million from Rhode Island Capital Plan funds in FY 2019 for the construction of a new office facility for the Natural Resources Office/Visitor's Center in the Arcadia Management Area at Browning Mill Pond in the town of Richmond.

Transportation

- ***Motor Vehicle Fee Transfer Adjustment.*** The Governor proposes to reduce the transfer of transportation related fees collected by the Division of Motor Vehicles to the Highway Maintenance Account from 80.0 percent to 60.0 percent for FY 2018. The revised budget assumes \$10.3 million in general revenues from this. All funds collected in FY 2019 and after would be transferred to the account.

- ***Toll Revenue.*** The Budget assumes toll revenues of \$4.0 million in the current year, based on two gantries being operational and \$41.0 million in FY 2019 from all 14 gantries being operational.
- ***Rhode Island Public Transit Authority Transfer.*** The Budget includes a transfer of \$9.6 million from the Highway Maintenance Account to the Rhode Island Public Transit Authority in FY 2019. This includes the enacted amount of \$5.0 million that the 2017 Assembly provided to fund the free-fare program for low income seniors and persons with disabilities and debt service.
- ***Department of Transportation Staffing.*** The Governor recommends an additional 45.0 full-time equivalent positions for the Department of Transportation, reflective of the Department's plan to perform more operations in-house. The positions include highway and bridge operators and laborers. These are offset by the reduction of 25.0 unidentified positions.
- ***Winter Maintenance.*** The Governor's budget assumes \$18.9 million of winter maintenance expenditures in FY 2019, \$0.7 million less than enacted. The revised budget includes \$17.0 million.
- ***Utility Access Permit Fees.*** The Governor recommends that the Department of Transportation institute a permit fee paid by utility companies requesting access to Department of Transportation rights-of-way. This would be accomplished through rules and regulations. The Budget assumes receipts of \$500,000, which would be deposited into the Intermodal Surface Transportation Fund.
- ***Highway Drainage.*** The Governor's capital budget includes \$5.0 million from highway maintenance funds for catch basin inspection and cleaning. The Department is currently required by a consent decree with the U.S. Department of Justice to maintain storm drains and address pollutants that are going into the Narragansett Bay and other waterways. Pursuant to the consent decree, the Department of Transportation must inspect and clean the state's 25,000 catch basins annually.
- ***Local Roads and Infrastructure.*** The Governor recommends one-time funding of \$10.0 million from Rhode Island Capital Plan funds for FY 2019 for pavement repairs of state-owned local roads and other infrastructure.
- ***Providence Transit Connector.*** The Governor's capital budget includes a total of \$2.0 million from Rhode Island Capital Plan funds, including \$0.5 million in FY 2018 and \$1.6 million in FY 2019 to provide matching funds to improve the transit corridor between Kennedy Plaza, the Providence Train Station and other hubs. The Rhode Island Public Transit Authority was awarded a \$13.0 million federal grant for this purpose.
- ***Pawtucket Bus Hub and Transit Corridor.*** The Governor's capital budget includes \$7.1 million, including \$1.3 million from Rhode Island Capital Plan funds, to match federal funds for the Rhode Island Public Transit Authority to build a transit hub adjacent to the new commuter rail station on the Pawtucket/Central Falls border.
- ***College Hill Bus Tunnel.*** The Governor recommends a total of \$1.9 million from Rhode Island Capital Plan funds over FY 2020 through FY 2022 to match federal funds to make structural and drainage repairs, and safety improvements to the College Hill Bus Tunnel.

Statewide Overview

Summary

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
Expenditures by Function*				
General Government	\$ 1,503.6	\$ 1,486.7	\$ 1,684.0	\$ 1,546.1
Human Services	3,935.3	4,038.9	4,170.5	3,897.5
Education	2,589.5	2,608.3	2,675.5	2,640.3
Public Safety	591.6	617.6	605.3	591.7
Natural Resources	108.8	115.8	114.8	109.7
Transportation	514.1	595.0	570.1	592.4
Total	\$ 9,242.8	\$ 9,462.3	\$ 9,820.2	\$ 9,377.7
Expenditures by Category*				
Salaries and Benefits	\$ 1,700.1	\$ 1,691.0	\$ 1,795.4	\$ 1,750.5
Contracted Services	279.6	318.0	299.3	289.9
Subtotal	\$ 1,979.7	\$ 2,009.0	\$ 2,094.7	\$ 2,040.4
Other State Operations	859.2	935.4	921.1	961.1
Aid to Local Units of Government	1,318.7	1,320.9	1,373.0	1,362.9
Assistance, Grants, and Benefits	4,170.8	4,194.0	4,394.1	4,085.5
Capital	449.6	550.4	532.0	425.4
Capital Debt Service	238.8	237.2	249.9	242.1
Operating Transfers	226.1	215.3	255.3	260.3
Total	\$ 9,242.8	\$ 9,462.3	\$ 9,820.2	\$ 9,377.7
Sources of Funds*				
General Revenue	\$ 3,767.7	\$ 3,806.7	\$ 4,055.8	\$ 3,829.3
Federal Aid	3,134.1	3,222.0	3,249.6	3,091.9
Restricted Receipts	261.7	275.8	277.6	285.5
Other	2,079.2	2,157.7	2,237.3	2,171.1
Total	\$ 9,242.8	\$ 9,462.3	\$ 9,820.2	\$ 9,377.7
FTE Authorization	15,160.2	15,186.2	15,466.8	15,426.5

**Data in millions*

Summary

The Governor's budget recommendations for FY 2019, along with her revisions to the FY 2018 enacted budget, are contained in 2018-H 7200, introduced on January 18, 2018, which is the day it was due by law. Most supporting documents required as part of that submission were not made available with the introduction, with the exception of the executive summary. Draft documents were made available during the weeks that followed. The Capital Budget was not available until the first week of February.

The Governor recommends a total FY 2019 budget of \$9,377.7 million. Total expenditures increase \$134.9 million from the FY 2018 budget enacted by the 2017 Assembly, or 1.5 percent. Her FY 2018 revised budget totals \$9,462.3 million; FY 2017 expenditures were \$8,759.3 million.

The Budget includes \$3,829.3 million of expenditures funded from general revenues, \$61.6 million, or 1.6 percent more than the enacted general revenue funded budget. They are also \$22.6 million more than her revised recommendation.

FY 2019	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2018 Enacted	\$ 3,767.7	\$ 3,134.1	\$ 261.7	\$ 2,079.2	\$ 9,242.8
Governor	3,829.3	3,091.9	285.5	2,171.1	9,377.7
Change to Enacted	\$ 61.6	\$ (42.3)	\$ 23.8	\$ 91.9	\$ 134.9
Percent Change	1.6%	-1.3%	9.1%	4.4%	1.5%

FY 2018 Revised	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2017 Final	\$ 3,686.5	\$ 3,184.6	\$ 276.3	\$ 2,054.1	\$ 9,201.5
FY 2017 Actual	3,672.5	2,977.4	228.0	1,881.4	8,759.3
Difference	\$ (14.0)	\$ (207.2)	\$ (48.3)	\$ (172.7)	\$ (442.2)
FY 2018 Enacted	\$ 3,767.7	\$ 3,134.1	\$ 261.7	\$ 2,079.2	\$ 9,242.8
Governor's FY 2018 Revised	3,806.7	3,222.0	275.8	2,157.7	9,462.3
Governor's Change to Enacted	\$ 39.0	\$ 87.9	\$ 14.1	\$ 78.4	\$ 219.4
Percent Change	1.0%	2.8%	5.4%	3.8%	2.4%

The Budget Office estimates that in preparing the FY 2019 budget, the Governor faced a projected revenue-expenditure gap of about \$237 million. This was significantly larger than the House Fiscal Staff's June projections because it assumed lower revenues and not achieving the \$25 million savings target in the enacted budget. By November, it was clear that agency overspending and increased caseload costs would outstrip increased resources available from the FY 2017 closing and revised consensus revenue estimates. Lack of authorization for the Children's Health Insurance Program also contributed to the gap.

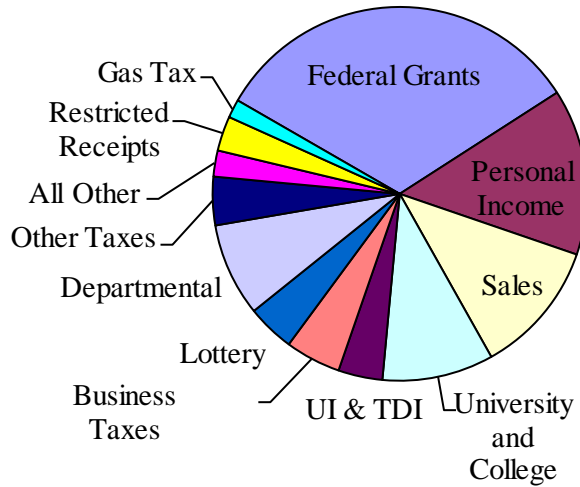
The House Fiscal Staff estimated in December that those factors meant a roughly \$55 million current year deficit would have to be solved as well as a now \$180 million issue for FY 2019. This represents approximately 4.6 percent of general revenue expenditures. This differs from the Budget Office's updated estimate of \$260 million across the two years, again largely because of its treatment of the \$25 million of enacted budget savings as one-time.

The Governor's budget resolves much of the deficit through reductions to human services caseload expenses and increased revenues, most of which is structural in nature. These reductions are offset by increased spending for new and existing commerce initiatives as well as a variety of new spending priorities.

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

The revenue sources for the enacted budget are shown in the following graph. They include a number of changes to current law, all of which are described in *Section VI, Special Reports: Revenues Changes*.

Sources of Funds



- *Federal funds* continue to be the single largest source, accounting for approximately 32.6 percent of all revenues in FY 2019. Recommended expenditures from federal sources of \$3,091.9 million are \$42.3 million less than enacted for FY 2018, a 1.3 percent decrease, and are from 279 different federal programs.

Medicaid is the single largest source of federal funds. The Budget includes \$1,688.9 million from Medicaid, 54.6 percent of all federal funds, and 17.8 percent of all revenues. Supplemental Nutrition (Food Stamps) of \$282.1 million is the second largest category, 9.1 percent of federal funds.

The following table shows the ten largest sources, along with the percent of total federal expenditures attributable to each. They account for 81.6 percent of all federal funds expenditures, with the remaining 269 programs accounting for the other 19.4 percent.

Top Ten Federal Sources	<i>Total</i>	<i>Percent of Total</i>	<i>Cumulative Percent</i>
Medicaid	\$ 1,688,939,496	54.6%	54.6%
Supplemental Nutrition (Food Stamps)	282,059,537	9.1%	63.7%
Federal Highway Funds	261,888,721	8.5%	72.2%
Temporary Assistance to Needy Families (TANF)	65,657,599	2.1%	74.3%
Title I Grants to Local Education Agencies	53,669,989	1.7%	76.1%
Special Education Grants to States	49,143,705	1.6%	77.7%
National School Lunch Program	32,906,853	1.1%	78.7%
Child Care and Development Block Grant	31,560,615	1.0%	79.8%
LIHEAP and Weatherization Grants	29,115,600	0.9%	80.7%
CHIP Children's Health Insurance	29,038,347	0.9%	81.6%

The following table shows FY 2019 sources with items contributing to general revenues in bold type. It also shows the total percent it contributes to all funds and general revenues for each source.

All Sources	All Funds	Contribution	General Revenue	Contribution
Federal Grants	\$ 3,091.9	32.6%	\$ -	0.0%
Personal Income	1,365.0	14.4%	1,365.0	34.6%
Sales	1,101.5	11.6%	1,101.5	27.9%
University and College	913.8	9.6%	-	0.0%
UI & TDI	362.9	3.8%	-	0.0%
Business Taxes	456.0	4.8%	456.0	11.5%
Lottery	391.2	4.1%	391.2	9.9%
Departmental	397.7	4.2%	397.7	10.1%
Other Taxes	214.4	2.3%	214.4	5.4%
All Other	766.0	8.1%	22.6	0.6%
Restricted Receipts	285.5	3.0%	-	0.0%
Gas Tax	151.0	1.6%	-	0.0%
Total	\$ 9,496.8	100%	\$ 3,948.4	100%

- *Sales and Personal Income taxes* combine for 26.0 percent of all revenues in FY 2019 and 62.5 percent of all general revenues. Combined with federal funds, they total over half, 58.5 percent.
- *Personal Income taxes* of \$1,365.0 million are the second largest of all revenue sources and the largest source of general revenues. The FY 2019 estimate is \$115.8 million more than the FY 2018 enacted budget estimates, or 9.3 percent.
- *Sales tax* revenues of \$1,101.5 million are the second largest of general revenue sources. That amount is \$84.5 million more than enacted for FY 2018, or 8.3 percent.
- *University and College Funds* are \$913.8 million and 9.6 percent of all sources, including tuition, revenues from the operation of enterprise type activities such as residence and dining halls, sponsored research, the direct student loan program, and federal scholarship and grant funds like Pell grants. These increase \$8.4 million or 0.9 percent from the FY 2018 enacted estimates.
- *Employment Security and Temporary Disability Insurance* payments are estimated at \$362.9 million, which are \$15.3 million more than the levels estimated for the FY 2018 enacted budget.
- *Business taxes* of \$456.0 million account for 4.8 percent of total revenues and 11.5 percent of general revenues for FY 2019. They would decrease \$3.4 million or 0.7 percent from the enacted estimate. These include corporate income tax, public utilities gross earnings, the tax on banks, financial institutions, insurance companies and health care institutions.
- The *Lottery* is expected to contribute \$391.2 million, which is 4.1 percent of all revenues and 9.9 percent of general revenues.
- *Departmental Revenues* of \$397.7 million include \$182.0 million from extending the hospital licensing fee another year. Departmental revenues would be 4.2 percent of all revenues and 10.1 percent of general revenues.
- *Other taxes* include cigarettes, alcohol, inheritance, realty transfer, and racing and athletics. These total \$214.4 million in the FY 2019 budget and comprise 2.3 percent of all sources but 5.4 percent of general revenues. This category also included motor vehicle taxes which were transitioned over a four-year period ending FY 2018 from general revenue to a restricted use transportation account.

- The *gas tax*, currently 33.5 cents per gallon, not including the one-half cent for the Underground Storage Tank Financial Responsibility Fund, is estimated to produce \$4.4 million from each cent in FY 2019 for a total of \$151.0 million.
- The remaining sources, estimated at \$1,051.5 million, constitute 11.1 percent of all FY 2019 sources and include sources dedicated to specific purposes such as lottery operations, transportation funds and restricted receipts as well as unclaimed property and miscellaneous other items.

General Revenue Sources

Less than half of the total funds collected or received from all sources are considered as general revenues, \$3,948.4 million, 41.6 percent of all sources. They can be used for any legitimate purpose in contrast to federal funds, restricted receipts, and certain other sources that may only be used for specific purposes.

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

Available general revenues also include a balance forward from FY 2018 of \$0.3 million minus transfer of \$118.6 million to the Budget Stabilization and Cash Reserve Account, or “rainy day fund” to be used in case of emergency, and then only by legislative action. Three percent of the opening surplus plus all revenues must be deposited in the account. These amounts had been increasing by 0.2 percent per year until reaching 3.0 percent in FY 2013. Any amounts used must be replaced in the following year.

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

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

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

FY 2019 Expenditures

Recommended expenditures of \$9,377.7 million are \$134.9 million more than enacted for FY 2018, or 1.5 percent. They can be divided into a functional classification of expenditures that aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for.

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

Expenditures by Function

- The *Human Services* function includes all programs for medical assistance, supplemental security income, cash assistance, day care, elderly services, adjudicated youth, mental health, general health, developmental disabilities, children under the care and jurisdiction of the state, and the state's general hospitals. Expenditures of \$3,897.5 million are 41.6 percent of all expenditures and 36.5 percent of those funded from general revenues. These expenditures are \$37.8 million less enacted for FY 2018 by the 2017 Assembly. Those funded from general revenues are \$6.7 million less.
- *Education* includes programs of elementary and secondary education, public higher education, scholarships and grants for all higher education, arts, and historical preservation and heritage. Education aid to local units of government represents 46.8 percent of total expenses, or \$1,235.5 million of the \$2,640.3 million. The inadvertent classification of certain construction aid expenses as an operating transfer has the effect of understating the aid total by almost \$65 million in this presentation. Education aid is discussed in detail in *Section VI* of this volume, *Special Reports: Education Aid*. Education expenditures comprise 28.2 percent of total expenditures, but 36.9 percent of general revenue funded ones. They increase by \$50.8 million over the enacted FY 2018 budget, and those funded from general revenues increase by \$26.0 million.
- The Budget includes \$591.7 million for *Public Safety* expenditures, \$0.1 million more than the enacted budget. They comprise 6.3 percent of all expenditures and 12.5 percent of those funded from general revenues.
- *Natural Resources* programs would spend \$109.7 million, which is \$0.9 million more than enacted for FY 2018. They are 1.2 percent of total expenditures and 1.1 percent of those from general revenues.
- *Transportation* programs account for 6.3 percent of expenditures and include the state's highway and transit programs. Funding of \$592.4 million, none from general revenues, is \$78.4 million more than enacted for FY 2018.
- The remaining 16.5 percent of expenditures, \$1,546.1 million, are for the *General Government* programs. These include programs that support all other functions as well as general type activities. Examples of the former include the Ethics Commission and the Department of Administration. Examples of the latter include the general officers except the Attorney General, the Board of Elections, and the Department of Labor and Training.

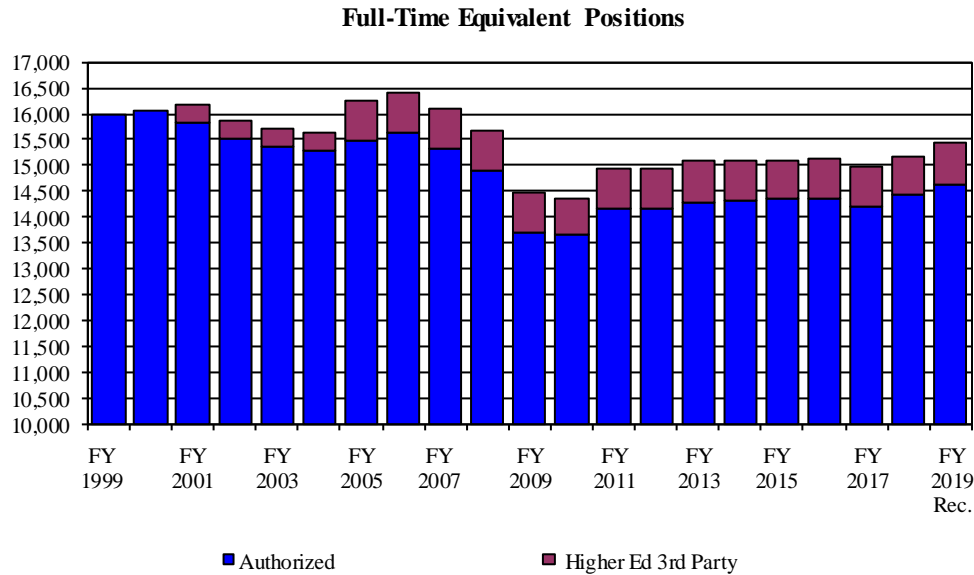
Expenditures also include all of the state's debt service except that for higher education and the transportation Grant Anticipation Revenue Vehicle bonds. General Government expenditures are \$42.5 million or 2.8 percent more than the enacted budget.

Expenditures by Category

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

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

The Budget includes \$1,750.5 million for total *salaries and benefits* for 15,426.5 full-time equivalent positions and *contracted services* expenditures of \$289.9 million. Salary and benefit expenditures are \$50.5 million more than the enacted budget. Contracted services expenditures would increase \$10.3 million. Salaries and benefits account for 18.7 percent of total expenditures and 23.7 percent of those funded from general revenues. Expenditures for contracted services account for 3.1 percent of the total budget and 1.6 percent of those funded from general revenues.



The total personnel expenditures are the costs associated with all positions in state service, excluding those funded through internal service accounts. These accounts are funded from operating charges to state agencies for overhead type services provided by the individuals funded from the accounts. These costs are treated in the budget as operating expenses; the personnel and operating costs in the internal service accounts are essentially off line to avoid double counting. The largest ones were converted to direct appropriations by the 2006 Assembly in the FY 2008 enacted budget. The 2017 Assembly authorized internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources. The FY 2018 revised as well as the FY 2019 recommended budgets reflect the establishment of these internal service funds. A total of \$81.5 million of FY 2018 expenses were converted from direct appropriations to internal service funds. Of that total, \$50.5 million was budgeted as salaries and benefits and is now shown as an operating expense.

The Budget includes \$961.1 million for *other state operations*, which constitutes 10.2 percent of FY 2019 expenditures from all sources and 4.3 percent of those funded with general revenues. This is \$101.9 million more than enacted, \$25.9 million more from general revenues. As noted above, the increase includes the conversion of \$50.5 million in personnel costs to operating expenses for interagency centralized services billings. This accounts for \$36.9 million of the general revenue operating increase. This is offset by proposals for statewide savings relating to insurance costs and procurement.

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

EOHHS-Human Services Grants	All Funds				General Revenues			
	FY 2017 Reported	FY 2018 Enacted	FY 2019 Governor	Change	FY 2017 Reported	FY 2018 Enacted	FY 2019 Governor	Change
EOHHS/Human Services								
Managed Care	\$ 681.0	\$ 690.5	\$ 705.7	\$ 15.2	\$ 306.3	\$ 305.7	\$ 308.7	\$ 3.0
Long Term Care	249.1	238.7	239.1	0.4	129.0	116.2	111.2	(5.0)
Hospitals	188.4	198.0	143.5	(54.5)	93.3	97.2	69.0	(28.2)
Rhody Health Partners	238.7	236.3	236.5	0.3	117.7	115.7	113.6	(2.1)
Rhody Health Options	345.8	355.3	362.3	7.0	170.0	173.0	173.0	0.0
Expansion	437.9	478.5	437.8	(40.7)	8.6	26.4	28.6	2.2
Other	106.5	107.1	106.5	(0.5)	37.3	40.1	38.3	(1.8)
Pharmacy	54.2	62.1	62.4	0.3	57.0	63.1	63.5	0.4
Health System Transformation Project	-	23.5	23.5	-	-	-	-	-
Subtotal: Medical Assistance	\$2,301.7	\$2,390.0	\$2,317.5	\$ (72.5)	\$ 919.3	\$ 937.3	\$ 905.8	\$ (31.5)
Child Care	\$ 64.9	\$ 69.0	\$ 76.3	\$ 7.3	\$ 9.9	\$ 10.6	\$ 17.8	\$ 7.2
Rhode Island Works Program	25.6	22.9	24.8	1.9	-	-	-	-
SSI State Program	18.7	18.5	19.6	1.0	18.7	18.5	19.6	1.0
SSI/Bridge Program	1.2	1.4	1.4	(0.0)	1.2	1.4	1.2	(0.1)
Subtotal: Cash Assistance	\$ 110.5	\$ 111.8	\$ 122.0	\$ 10.2	\$ 29.8	\$ 30.5	\$ 38.6	\$ 8.1
Supplemental Nutrition Assistance	\$ 268.5	\$ 282.0	\$ 282.0	\$ -	\$ -	\$ -	\$ -	\$ -
Low Income Heating and Energy Assistance Program (LIHEAP)	24.9	28.2	28.2	-	-	-	-	-
Weatherization	0.9	1.0	0.9	(0.1)	-	-	-	-
HIV/AIDS Prevention	2.3	3.7	6.0	2.3	-	-	-	-
Veterans' Organizations	0.2	0.2	0.2	-	0.2	0.2	0.2	-
Community Services & Block Grants	7.3	6.8	7.1	0.3	3.3	3.1	3.1	-
Subtotal: Other Assistance	\$ 304.0	\$ 321.8	\$ 324.3	\$ 2.1	\$ 3.5	\$ 3.3	\$ 3.3	\$ -
DHS/Division of Elderly Affairs								
Medical Assistance	5.7	6.9	6.7	(0.2)	2.7	3.3	3.1	(0.2)
Other Grants	7.1	8.8	8.8	0.0	1.7	1.7	2.1	0.4
Behavioral Healthcare, Developmental Disabilities and Hospitals								
Developmental Disabilities	\$ 252.7	\$ 218.6	\$ 209.7	\$ (8.8)	\$ 124.1	\$ 106.3	\$ 99.3	\$ (7.1)
Behavioral Healthcare Services	\$ 14.9	\$ 22.1	\$ 21.2	(0.9)	\$ 2.0	\$ 0.3	\$ 0.9	\$ 0.6
Children, Youth and Families								
Child Welfare	\$ 126.1	\$ 113.8	\$ 106.2	\$ (7.6)	\$ 91.2	\$ 79.6	\$ 76.9	\$ (2.7)
Children's Behavioral Health	10.5	7.5	8.8	1.3	4.6	3.3	4.4	1.0
Juvenile Corrections	2.8	2.3	2.2	(0.1)	2.8	2.3	2.2	(0.1)
Higher Ed. Incentive Grants	0.2	0.2	0.2	-	0.2	0.2	0.2	-
Health								
Women, Infants and Children*	\$ 19.7	\$ 22.1	\$ 21.7	\$ (0.4)	\$ -	\$ -	\$ -	\$ -
HIV Surveillance	0.3	0.4	0.4	-	-	-	-	-
Tobacco and Smoking Cessation	0.1	0.1	0.1	(0.0)	0.1	0.1	0.1	(0.0)
Other Grants	20.6	22.1	16.8	(5.3)	1.0	0.8	0.7	(0.1)

Assistance, grants, and benefits are \$4,085.5 million and constitute the largest category, 43.6 percent of all expenditures and 31.9 percent of general revenue funded expenditures. While these include employment security and temporary disability fund expenditures, human services medical assistance, food stamps, and cash assistance make up most of these expenditures. These expenditures are \$85.3 million less than the enacted budget considering all sources, and \$35.8 million less from general revenues.

Local Aid, or Aid to Local Units of Government, is payments made to governmental units with taxing authority. It includes both aid to local governments designed to decrease property tax reliance and education aid. The budget includes \$1,362.9 million for *aid to local units of government* that includes \$1,235.5 million in education aid and \$127.4 million in general state aid. These expenditures comprise 14.5 percent of all expenditures. However, they comprise 31.0 percent of general revenue funded ones. These values are understated, because the budget classification for the Governor's FY 2019 budget shows

\$72.9 million of general revenue support for local education expenses as operating transfers and not local aid.

Local aid expenditures from general revenues of \$1,186.2 million consist of \$1,059.7 million in education aid and \$126.5 million in general state aid. General revenue funded education aid increases by \$19.5 million but appears to only increase by \$18.1 million because of the category presentation; general aid is \$20.3 million more. Local aid is discussed in detail in *Section VI* of this volume, *Special Reports: State Aid to Local Governments* and *Special Reports: Education Aid*.

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

Capital expenses total \$425.4 million, or 4.5 percent of all expenditures; debt service of \$242.1 million is 2.6 percent. Capital expenditures would be \$24.2 million less than enacted for FY 2018 and debt service \$3.3 million more. A comprehensive review of the capital budget is contained in *Section IV: Capital Budget*. However, they now include capital purchases that had formerly been included as capital outlays within state operations. The purpose may be to include all fixed assets above certain threshold values of cost and time. The Budget does not present sufficient information to break the new items out from the old.

Operating Transfers are transfers between different funds and to component units of state government. They had been part of other categories in past budgets. Transfers to component units include transfers from general revenues to quasi-public agencies, such as the transfer to the Commerce Corporation. Recent budgets contained a significant increase in these related to limited-term investments via the Commerce Corporation. The budget also misclassifies most of the appropriation for school construction aid this way, skewing totals and comparisons as noted earlier.

They also represent transfers within state agencies from funds distinct from the General Fund. An example is transfers from the Department of Labor and Training to the three Rhode Island institutions of higher education. These transfers double count expenditures that appear elsewhere in this budget or in other state agencies. They total \$260.3 million and constitute 2.8 percent of the total budget. The general revenues portion is \$107.3 million, 2.8 percent of general revenue funded expenditures, though more than half of that should have been categorized as local aid.

General Revenue Surplus Statement

The Governor recommends an ending FY 2019 surplus of \$0.9 million, and an operating surplus of \$0.6 million reflecting use of the FY 2018 surplus.

	FY 2017	FY 2018	FY 2019
Opening Surplus			
Free Surplus	\$ 167,818,207	\$ 61,660,230	\$ 268,462
Reappropriated Surplus	7,848,853	10,338,899	-
Subtotal	\$ 175,667,060	\$ 71,999,129	\$ 268,462
Revenues			
Actual/Enacted/Estimated	\$ 3,684,357,619	\$ 3,834,722,506	\$ 3,681,600,000
Governor	-	17,690,626	266,758,008
Revenues	\$ 3,684,357,619	\$ 3,852,413,132	\$ 3,948,358,008
Cash Stabilization Fund	\$ (115,565,275)	\$ (117,422,201)	\$ (118,458,794)
Total Available Resources	\$ 3,744,459,404	\$ 3,806,990,060	\$ 3,830,167,676
Expenditures			
Actual/Enacted/Estimated	\$ 3,672,460,275	\$ 3,767,715,656	\$ 3,829,280,172
Reappropriations	-	10,338,899	-
Governor	-	28,667,043	-
Total Expenditures	\$ 3,672,460,275	\$ 3,806,721,598	\$ 3,829,280,172
Total Surplus	\$ 71,999,129	\$ 268,462	\$ 887,504
Reappropriations	(10,338,899)	-	-
Free Surplus	\$ 61,660,230	\$ 268,462	\$ 887,504
<i>Operating Surplus/(Deficit)</i>	<i>(95,819,078)</i>	<i>(61,391,768)</i>	<i>619,042</i>
Budget Stabilization and Cash Reserve	\$ 191,581,535	\$ 192,182,280	\$ 193,646,254
Percent of Revenues	5.2%	5.0%	4.9%

The budget reserve and cash stabilization account, the “rainy day fund” would have ending balances of \$191.6 million in FY 2017, \$192.2 million in FY 2018, and \$193.6 million in FY 2019. The account receives 3.0 percent of general revenues plus free surplus annually.

Out-Year Forecasts

The Governor’s budget projects the out-years again to be significantly unbalanced though without the steep increases as seen in prior years. The forecast included with the Budget estimates a \$86.2 million gap for FY 2020, equating to 2.2 percent of useable revenues, that grows to \$227.0 million in FY 2023, 5.5 percent of useable revenues.

	FY 2020	FY 2021	FY 2022	FY 2023
Opening Surplus	\$ 0.9	\$ -	\$ -	\$ -
Revenues	4,030.4	4,121.8	4,176.4	4,261.1
Cash Stabilization Fund	(120.9)	(123.7)	(125.3)	(127.8)
Useable Revenues	\$ 3,910.3	\$ 3,998.2	\$ 4,051.1	\$ 4,133.2
Expenditures	3,996.6	4,122.1	4,224.7	4,360.2
Total Surplus	\$ (86.2)	\$ (123.9)	\$ (173.6)	\$ (227.0)
Revenue Growth	2.1%	2.3%	1.3%	2.0%
Useable Revenue Growth	2.1%	2.2%	1.3%	2.0%
Expenditure Growth	4.4%	3.1%	2.5%	3.2%
Surplus Percent of Useable Revenues	-2.2%	-3.1%	-4.3%	-5.5%

The FY 2020 gap includes the impact of the use of one-time items in the resolution of the current budget gap as well as growth in local aid based on the ongoing car tax phase-out. The estimate also reflects the growing impact of casino gaming in Massachusetts with the offsetting impacts of the new Tiverton Casino as well as the Governor’s proposal regarding sports wagering.

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

<i>(in millions)</i>	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Average
<i>Gov. Budget</i>	Out-Year Forecasts											
FY 2011	(416.2)	(457.8)	(535.7)									(443.0)
FY 2012*	(128.8)	(224.7)	(342.5)	(480.0)								(294.0)
FY 2013		(103.6)	(232.2)	(348.7)	(464.4)							(287.2)
FY 2014			(169.2)	(254.5)	(377.8)	(468.9)						(317.6)
FY 2015				(151.1)	(256.7)	(330.5)	(419.30)					(289.4)
FY 2016					(74.6)	(211.8)	(285.90)	(376.70)				(237.3)
FY 2017						(192.6)	(233.60)	(271.70)	(332.60)			(257.6)
FY 2018							(150.00)	(184.10)	(192.60)	(194.10)		(180.2)
FY 2019								(86.24)	(123.87)	(173.58)	(227.02)	(152.7)

**Corrected for miscalculation of stated personnel growth rate assumptions*

The largest single contributor to the FY 2019 deficit that required solving was the use of one-time solutions for the FY 2018 budget, including the expected \$49.7 million FY 2018 surplus. Also contributing was the commitment to reimburse municipalities for phasing out car taxes and the final implementation of the shift of motor vehicle related fees from general revenues to the transportation fund.

One-time revenues are also featured in the resolution of the current budget gap, but with no material surplus expected in the current year, these are considerably smaller than in the past. There are also proposals that cost more in later years than in FY 2019, and it is not apparent that all are accounted for properly in the out-year estimates. Notably, the school construction proposal and the expansion of services through the Department of Children, Youth and Families.

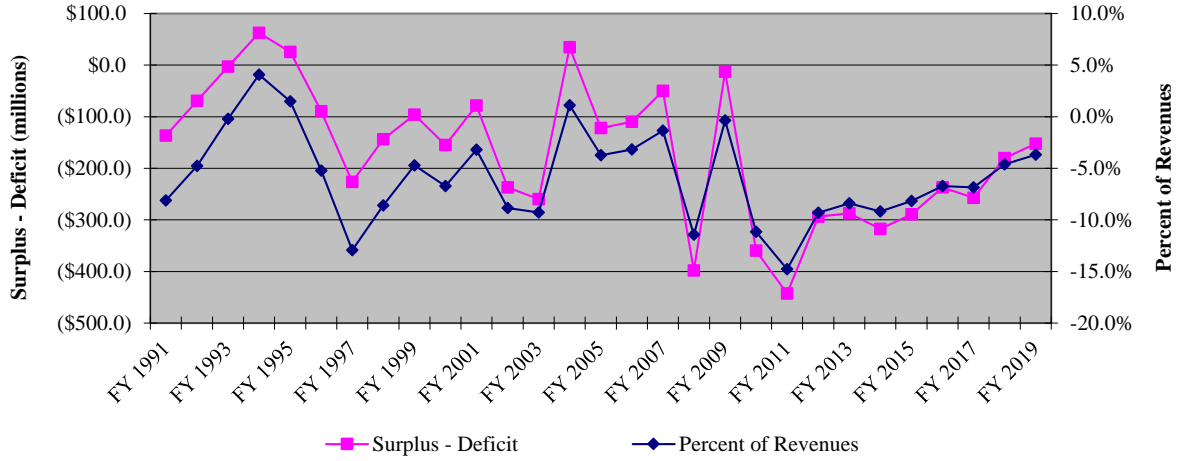
However, out-year projections are a function of both the assumptions made concerning revenues and expenditures and the structure of the budget. That is, the out-year projections are a function of assumed revenue and expenditure growth patterns for FY 2020 through FY 2023 and the FY 2019 budget itself. In the past a more pronounced pattern of growth in the out-year gaps illustrated the fact that projected expenditures continue to grow at faster rates than revenues are expected to grow. This budget does not show that level of growth; however, there is still a notable imbalance between expenditure growth and revenue growth.

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

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

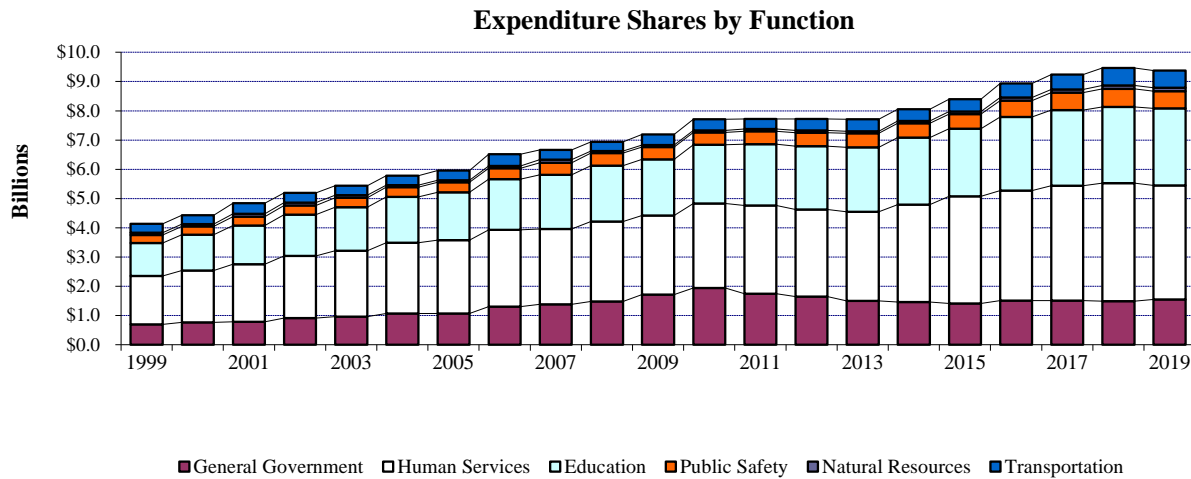
The following chart shows the average surpluses and deficits for the four out-years for each of the proposed budgets since FY 1991.

Average Four Year Surplus - Deficit



Distribution of Total Expenditures

Expenditures can be aggregated many ways. In Rhode Island, we have tended to aggregate by *function* and by *category of expenditure*. The functional classification aggregates agencies with like programs and purposes into the six functions used: general government, human services, education, public safety, natural resources, and transportation. Viewing expenditures functionally offers a look at what they do or provide for. As noted previously, changes in budget presentation relative to internal service funds impact these comparisons.



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

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

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

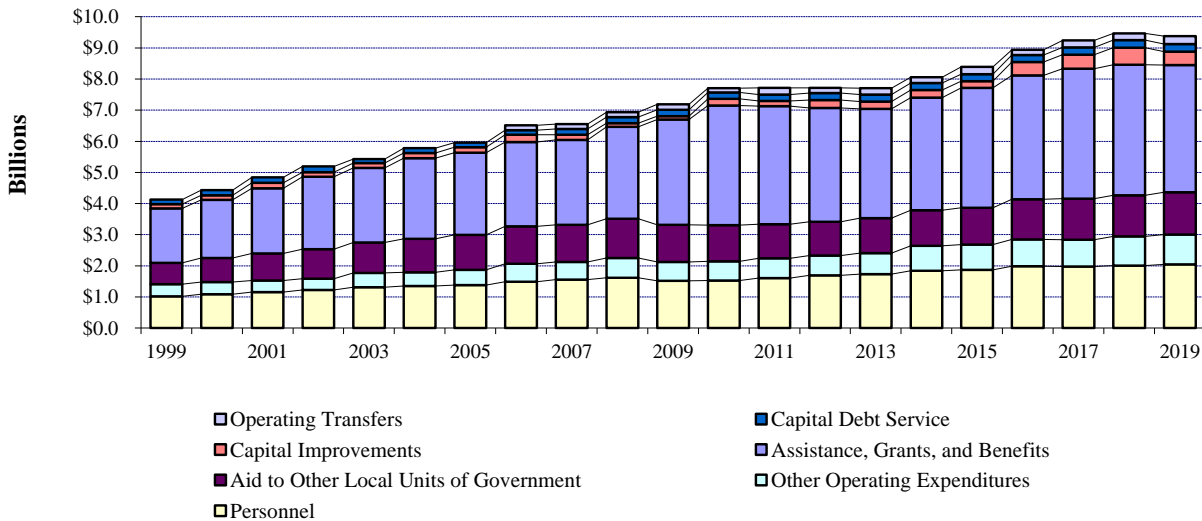
Public Safety includes the state’s law enforcement, adjudication, and penal programs.

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

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

Expenditures are also aggregated and presented by accounting categories that designate what is purchased as opposed to the purpose of expenditures. The categories include: state operations; local aid; assistance, grants, and benefits; capital; and operating transfers. As noted previously, changes in budget presentation relative to internal service funds impact these comparisons.

Expenditure Shares by Category



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

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

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

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

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

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

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

Distribution Tables

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

Expenditures from All Funds

FY 2017 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 241.0 2.8%	\$ 360.6 4.1%	\$ 507.9 5.8%	\$ 423.4 4.8%	\$ 52.2 0.6%	\$ 67.8 0.8%	\$ 1,652.7 18.9%
Contracted Services	36.2 0.4%	94.6 1.1%	67.9 0.8%	18.9 0.2%	4.6 0.1%	42.9 0.5%	265.2 3.0%
Other State Operations	430.0 4.9%	96.2 1.1%	213.0 2.4%	52.5 0.6%	12.5 0.1%	0.5 0.0%	804.8 9.2%
Aid to Local Units of Government	77.1 0.9%	- 0.0%	1,145.3 13.1%	- 0.0%	- 0.0%	- 0.0%	1,222.4 14.0%
Assistance, Grants, & Benefits	387.4 4.4%	3,224.2 36.8%	335.0 3.8%	24.2 0.3%	5.6 0.1%	17.0 0.2%	3,993.4 45.6%
Capital	36.4 0.4%	56.8 0.6%	44.4 0.5%	24.8 0.3%	9.8 0.1%	163.4 1.9%	335.7 3.8%
Debt Service	141.9 1.6%	- 0.0%	46.0 0.5%	1.5 0.0%	- 0.0%	- 0.0%	189.4 2.2%
Operating Transfers	89.6 1.0%	5.9 0.1%	75.7 0.9%	0.2 0.0%	- 0.0%	124.2 1.4%	295.6 3.4%
Total	\$ 1,439.8 16.4%	\$ 3,838.3 43.8%	\$ 2,435.3 27.8%	\$ 545.5 6.2%	\$ 84.6 1.0%	\$ 415.8 4.7%	\$ 8,759.3 100.0%

FY 2018 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 232.6 2.5%	\$ 359.1 3.9%	\$ 562.3 6.1%	\$ 404.8 4.4%	\$ 54.4 0.6%	\$ 86.9 0.9%	\$ 1,700.1 18.4%
Contracted Services	33.5 0.4%	113.0 1.2%	64.7 0.7%	21.0 0.2%	8.6 0.1%	38.8 0.4%	279.6 3.0%
Other State Operations	441.5 4.8%	100.9 1.1%	227.4 2.5%	54.2 0.6%	14.9 0.2%	20.2 0.2%	859.2 9.3%
Aid to Local Units of Government	107.1 1.2%	- 0.0%	1,211.6 13.1%	- 0.0%	- 0.0%	- 0.0%	1,318.7 14.3%
Assistance, Grants, & Benefits	410.8 4.4%	3,335.9 36.1%	343.2 3.7%	49.6 0.5%	8.1 0.1%	23.3 0.3%	4,170.8 45.1%
Capital	57.6 0.6%	21.3 0.2%	48.0 0.5%	62.0 0.7%	22.8 0.2%	238.0 2.6%	449.6 4.9%
Debt Service	181.2 2.0%	- 0.0%	57.6 0.6%	- 0.0%	- 0.0%	- 0.0%	238.8 2.6%
Operating Transfers	39.3 0.4%	5.0 0.1%	74.8 0.8%	- 0.0%	0.1 0.0%	106.9 1.2%	226.1 2.4%
Total	\$ 1,503.6 16.3%	\$ 3,935.3 42.6%	\$ 2,589.5 28.0%	\$ 591.6 6.4%	\$ 108.8 1.2%	\$ 514.1 5.6%	\$ 9,242.8 100.0%

Expenditures from All Funds

FY 2019 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 222.6 <i>2.4%</i>	\$ 385.6 <i>4.1%</i>	\$ 572.8 <i>6.1%</i>	\$ 424.2 <i>4.5%</i>	\$ 54.7 <i>0.6%</i>	\$ 90.6 <i>1.0%</i>	\$ 1,750.5 <i>18.7%</i>
Contracted Services	31.1 <i>0.3%</i>	108.4 <i>1.2%</i>	72.0 <i>0.8%</i>	21.6 <i>0.2%</i>	7.2 <i>0.1%</i>	49.7 <i>0.5%</i>	289.9 <i>3.1%</i>
Other State Operations	467.7 <i>5.0%</i>	136.8 <i>1.5%</i>	226.1 <i>2.4%</i>	72.1 <i>0.8%</i>	16.5 <i>0.2%</i>	41.9 <i>0.4%</i>	961.1 <i>10.2%</i>
Aid to Local Units of Government	127.4 <i>1.4%</i>	- <i>0.0%</i>	1,235.5 <i>13.2%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	1,362.9 <i>14.5%</i>
Assistance, Grants, & Benefits	415.8 <i>4.4%</i>	3,255.1 <i>34.7%</i>	355.1 <i>3.8%</i>	27.4 <i>0.3%</i>	8.7 <i>0.1%</i>	23.4 <i>0.2%</i>	4,085.5 <i>43.6%</i>
Capital	57.1 <i>0.6%</i>	6.6 <i>0.1%</i>	45.7 <i>0.5%</i>	46.5 <i>0.5%</i>	22.6 <i>0.2%</i>	247.0 <i>2.6%</i>	425.4 <i>4.5%</i>
Debt Service	183.7 <i>2.0%</i>	- <i>0.0%</i>	58.4 <i>0.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	242.1 <i>2.6%</i>
Operating Transfers	40.8 <i>0.4%</i>	5.0 <i>0.1%</i>	74.7 <i>0.8%</i>	- <i>0.0%</i>	0.1 <i>0.0%</i>	139.8 <i>1.5%</i>	260.3 <i>2.8%</i>
Total	\$ 1,546.1 <i>16.5%</i>	\$ 3,897.5 <i>41.6%</i>	\$ 2,640.3 <i>28.2%</i>	\$ 591.7 <i>6.3%</i>	\$ 109.7 <i>1.2%</i>	\$ 592.4 <i>6.3%</i>	\$ 9,377.7 <i>100.0%</i>

FY 2019 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ (10.0) <i>-7.4%</i>	\$ 26.5 <i>19.6%</i>	\$ 10.5 <i>7.8%</i>	\$ 19.4 <i>14.4%</i>	\$ 0.3 <i>0.2%</i>	\$ 3.8 <i>2.8%</i>	\$ 50.5 <i>37.4%</i>
Contracted Services	(2.4) <i>-1.8%</i>	(4.7) <i>-3.5%</i>	7.3 <i>5.4%</i>	0.6 <i>0.4%</i>	(1.4) <i>-1.1%</i>	10.9 <i>8.1%</i>	10.3 <i>7.6%</i>
Other State Operations	26.2 <i>19.4%</i>	35.9 <i>26.6%</i>	(1.3) <i>-0.9%</i>	17.9 <i>13.3%</i>	1.6 <i>1.2%</i>	21.6 <i>16.0%</i>	101.9 <i>75.6%</i>
Aid to Local Units of Government	20.3 <i>15.0%</i>	- <i>0.0%</i>	23.9 <i>17.7%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	44.2 <i>32.8%</i>
Assistance, Grants, & Benefits	5.1 <i>3.8%</i>	(80.8) <i>-59.9%</i>	11.9 <i>8.8%</i>	(22.2) <i>-16.5%</i>	0.6 <i>0.5%</i>	0.1 <i>0.1%</i>	(85.3) <i>-63.3%</i>
Capital	(0.5) <i>-0.4%</i>	(14.7) <i>-10.9%</i>	(2.3) <i>-1.7%</i>	(15.6) <i>-11.5%</i>	(0.2) <i>-0.1%</i>	9.1 <i>6.7%</i>	(24.2) <i>-17.9%</i>
Debt Service	2.4 <i>1.8%</i>	- <i>0.0%</i>	0.8 <i>0.6%</i>	- <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	3.3 <i>2.4%</i>
Operating Transfers	1.4 <i>1.1%</i>	0.0 <i>0.0%</i>	(0.1) <i>0.0%</i>	- <i>0.0%</i>	- <i>0.0%</i>	32.9 <i>24.4%</i>	34.3 <i>25.4%</i>
Total	\$ 42.5 <i>31.5%</i>	\$ (37.8) <i>-28.0%</i>	\$ 50.8 <i>37.7%</i>	\$ 0.1 <i>0.0%</i>	\$ 0.9 <i>0.7%</i>	\$ 78.4 <i>58.1%</i>	\$ 134.9 <i>100.0%</i>

Expenditures from General Revenues

FY 2017 Reported	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 151.4 4.6%	\$ 178.6 5.5%	\$ 147.9 4.5%	\$ 32.0 1.0%	\$ 32.0 1.0%	\$ - 0.0%	\$ 541.8 16.6%
Contracted Services	10.0 0.3%	20.8 0.6%	12.1 0.4%	0.4 0.0%	0.4 0.0%	- 0.0%	43.8 1.3%
Other State Operations	38.6 1.2%	24.6 0.8%	33.8 1.0%	7.1 0.2%	7.1 0.2%	- 0.0%	111.1 3.4%
Aid to Local Units of Government	76.2 2.3%	- 0.0%	991.8 30.4%	- 0.0%	- 0.0%	- 0.0%	1,068.0 32.7%
Assistance, Grants, & Benefits	12.3 0.4%	1,177.9 36.1%	34.9 1.1%	1.1 0.0%	1.1 0.0%	- 0.0%	1,227.2 37.6%
Capital	1.6 0.0%	0.5 0.0%	1.5 0.0%	0.1 0.0%	0.1 0.0%	- 0.0%	3.7 0.1%
Debt Service	93.5 2.9%	- 0.0%	19.6 0.6%	- 0.0%	- 0.0%	- 0.0%	113.1 3.5%
Operating Transfers	76.6 2.3%	2.5 0.1%	74.0 2.3%	- 0.0%	- 0.0%	- 0.0%	153.1 4.7%
Total	\$ 460.2 14.1%	\$ 1,404.9 43.1%	\$ 1,315.6 40.3%	\$ 40.6 1.2%	\$ 40.6 1.2%	\$ - 0.0%	\$ 3,261.9 100.0%

FY 2018 Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 139.6 3.7%	\$ 179.2 4.8%	\$ 158.3 4.2%	\$ 373.2 9.9%	\$ 32.6 0.9%	\$ - 0.0%	\$ 883.0 23.4%
Contracted Services	10.3 0.3%	23.0 0.6%	8.6 0.2%	16.4 0.4%	0.4 0.0%	- 0.0%	58.7 1.6%
Other State Operations	37.7 1.0%	21.5 0.6%	32.5 0.9%	39.9 1.1%	7.0 0.2%	- 0.0%	138.6 3.7%
Aid to Local Units of Government	106.2 2.8%	- 0.0%	1,041.6 27.6%	- 0.0%	- 0.0%	- 0.0%	1,147.8 30.5%
Assistance, Grants, & Benefits	10.3 0.3%	1,180.7 31.3%	35.0 0.9%	29.0 0.8%	1.8 0.0%	- 0.0%	1,257.0 33.4%
Capital	2.3 0.1%	0.3 0.0%	5.5 0.1%	1.5 0.0%	0.0 0.0%	- 0.0%	9.6 0.3%
Debt Service	138.4 3.7%	- 0.0%	31.0 0.8%	- 0.0%	- 0.0%	- 0.0%	169.4 4.5%
Operating Transfers	30.1 0.8%	0.2 0.0%	73.4 1.9%	- 0.0%	- 0.0%	- 0.0%	103.7 2.8%
Total	\$ 474.9 12.6%	\$ 1,404.9 37.3%	\$ 1,386.0 36.8%	\$ 460.2 12.2%	\$ 41.8 1.1%	\$ - 0.0%	\$ 3,767.7 100.0%

Expenditures from General Revenues

FY 2019 Recommended	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ 138.0 3.6%	\$ 182.6 4.8%	\$ 159.1 4.2%	\$ 393.6 10.3%	\$ 33.1 0.9%	\$ - 0.0%	\$ 906.6 23.7%
Contracted Services	9.0 0.2%	24.0 0.6%	10.6 0.3%	16.4 0.4%	0.4 0.0%	- 0.0%	60.4 1.6%
Other State Operations	31.5 0.8%	41.8 1.1%	26.7 0.7%	55.2 1.4%	9.3 0.2%	- 0.0%	164.5 4.3%
Aid to Local Units of Government	126.5 3.3%	- 0.0%	1,059.7 27.7%	- 0.0%	- 0.0%	- 0.0%	1,186.2 31.0%
Assistance, Grants, & Benefits	12.8 0.3%	1,149.2 30.0%	45.0 1.2%	13.2 0.3%	0.9 0.0%	- 0.0%	1,221.1 31.9%
Capital	1.5 0.0%	0.3 0.0%	5.1 0.1%	1.6 0.0%	0.0 0.0%	- 0.0%	8.5 0.2%
Debt Service	141.8 3.7%	- 0.0%	32.9 0.9%	- 0.0%	- 0.0%	- 0.0%	174.7 4.6%
Operating Transfers	34.2 0.9%	0.2 0.0%	72.9 1.9%	- 0.0%	- 0.0%	- 0.0%	107.3 2.8%
Total	\$ 495.2 12.9%	\$ 1,398.2 36.5%	\$ 1,412.0 36.9%	\$ 480.0 12.5%	\$ 43.8 1.1%	\$ - 0.0%	\$ 3,829.3 100.0%

FY 2019 Recommended Change to Enacted	General Government	Human Services	Education	Public Safety	Natural Resources	Trans- portation	Total
Salaries & Benefits	\$ (1.6) -2.6%	\$ 3.4 5.5%	\$ 0.8 1.3%	\$ 20.4 33.2%	\$ 0.5 0.9%	\$ - 0.0%	\$ 23.6 38.3%
Contracted Services	(1.2) -2.0%	1.0 1.7%	2.0 3.2%	(0.0) -0.1%	0.1 0.1%	- 0.0%	1.8 2.9%
Other State Operations	(6.2) -10.1%	20.3 33.1%	(5.8) -9.5%	15.3 24.8%	2.4 3.8%	- 0.0%	25.9 42.1%
Aid to Local Units of Government	20.3 32.9%	- 0.0%	18.1 29.4%	- 0.0%	- 0.0%	- 0.0%	38.4 62.4%
Assistance, Grants, & Benefits	2.5 4.1%	(31.5) -51.1%	9.9 16.1%	(15.9) -25.8%	(0.9) -1.5%	- 0.0%	(35.8) -58.2%
Capital	(0.8) -1.4%	0.0 0.0%	(0.4) -0.6%	0.1 0.1%	- 0.0%	- 0.0%	(1.1) -1.8%
Debt Service	3.4 5.5%	- 0.0%	1.9 3.1%	- 0.0%	- 0.0%	- 0.0%	5.3 8.6%
Operating Transfers	4.1 6.7%	- 0.0%	(0.5) -0.9%	- 0.0%	- 0.0%	- 0.0%	3.6 5.8%
Total	\$ 20.3 33.0%	\$ (6.7) -10.8%	\$ 26.0 42.2%	\$ 19.9 32.3%	\$ 2.0 3.3%	\$ - 0.0%	\$ 61.6 100.0%

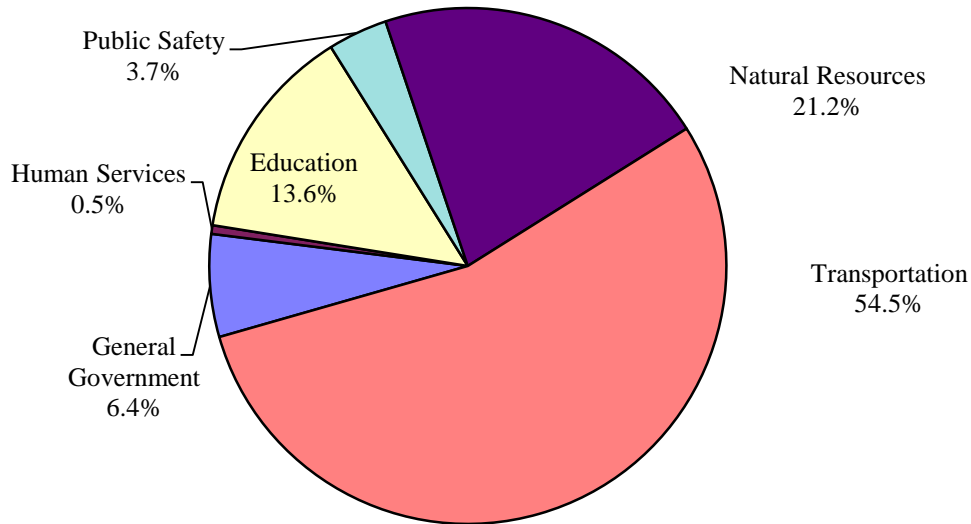
Capital Budget

Capital Budget

Summary

The Governor's five-year capital recommendations for FY 2019 through FY 2023 call for total outlays of \$4,861.1 million for the period. Financing the plan requires \$1,228.2 million of debt issuances and \$3,632.9 million from current revenue streams.

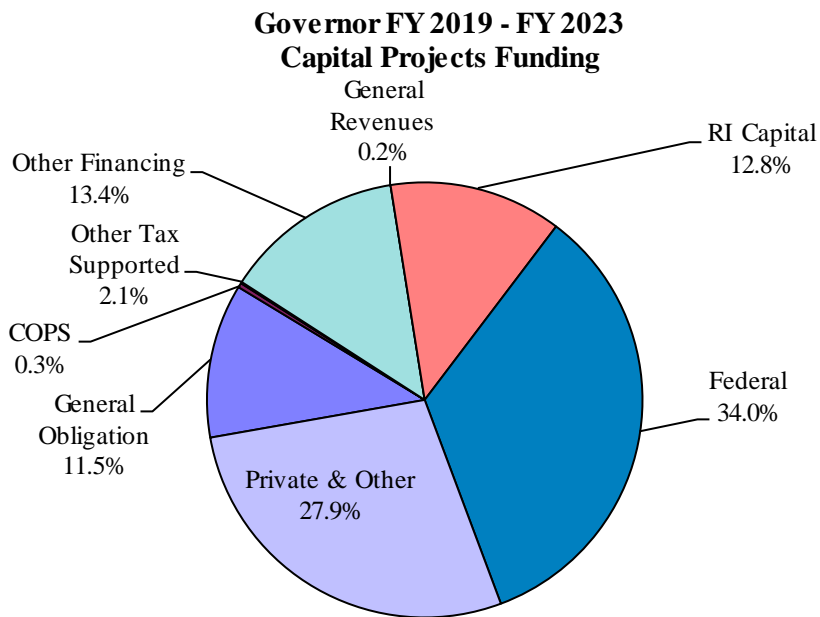
FY 2019 - FY 2023 Capital Projects by Function



The Governor's five-year capital recommendation for FY 2019 through FY 2023 calls for total outlays of \$4,861.1 million for the period. Financing the plan requires \$1,228.2 million of debt issuances and \$3,632.9 million from current revenue streams. Over half of the expenditures are for transportation projects including road and bridges, rail, and public transportation. The next largest shares are for natural resources and education project outlays. The three areas account for almost 90 percent of total outlays during the five-year period. Highlights of her capital budget include:

- **Outlays and Funding.** The FY 2019 through FY 2023 plan includes \$4,861.1 million of outlays on \$12,402.1 million of project estimates. Average outlays would be \$972.2 million per year for the five-year period with \$785.2 million required at the end of the period to complete the projects. In a change in presentation, this year's capital budget does not reflect debt service payments supported by Federal Highway Administration funds or gas tax. This corrects the prior practice of double-counting this expense.
- **General Obligation Bonds Referenda.** Financing the five-year plan is based on \$556.7 million of general obligation bond debt issuances. This includes \$368.5 million from new general obligation bonds to be presented to the voters on the November 2018 ballot. Consistent with last year, but in a departure from past practice, the budget does not assume any new referenda will go before the voters in November 2020 or November 2022. The average bond referenda over the past five elections was \$189.3 million and the voters approved \$227.5 million on the November 2016 ballot. The impact of future referenda is excluded from any bond or debt projections in the plan. The current proposal increases the five-year average to \$244.5 million.

- **Other Debt Approvals.** The Governor recommends \$19.8 million to be approved by the 2018 Assembly under the Public Debt Management Act for three projects at the University. This includes \$11.0 million for repaving, hardscape and landscape, \$6.5 million for the first phase of utility infrastructure upgrades, and \$2.3 million for the second phase of fire safety and protection projects for auxiliary enterprises.
- **Financing.** Paying for the five-year outlays includes \$1,228.2 million from debt financing and \$3,632.9 million from current or pay-go sources. Pay-go represents 74.7 percent with debt funding being 25.3 percent.
- **Debt Levels.** Total net tax supported debt decreases during the period through FY 2023 by \$120.9 million from \$1,849.9 million to \$1,648.5 million. Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget and as noted previously, the plan identifies no new general obligation bond funded debt.
- **Debt Ratios.** Net tax supported debt would decrease from 3.2 percent of personal income reported for FY 2017 to 2.4 percent in FY 2023 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected especially since, as previously noted, the budget does not assume any new referenda will go before the voters in November 2020 or November 2022.
- **Rhode Island Capital Plan Fund.** The plan relies heavily on the use of Rhode Island Capital Plan funds, an important source of pay-go funds designed to reduce the need for borrowing. Total outlays for the five-year period are \$623.4 million. It should be noted that the Governor’s capital budget removes \$11.9 million in approved Rhode Island Capital Plan funding for three projects under the purview of the Department of Environmental Management; the Governor’s recommendation for new general obligation bond funds backfills that reduction.



Outlays and Funding

In order to support the maintenance, repair and construction of infrastructure throughout Rhode Island, the state has utilized both funding and financing for infrastructure. Funding can be considered as “pay-go”,

which means that annual budgets include sufficient appropriations for projects to continue on schedule, without incurring long term debt. For Rhode Island, this is accomplished primarily through the Rhode Island Capital Plan Fund, which is described in greater detail elsewhere in this report.

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

Financing capital projects includes borrowing, usually in the form of long term debt such as general obligation or revenue bonds. General obligation bonds are backed by the full faith and credit of the state, with annual debt service appropriated from general revenues. This type of borrowing is more closely related to state agencies, and the authorizations for this debt appear as referenda on election year ballots.

Revenue bonds are not backed by the full faith and credit of the state, and debt service is paid from a defined revenue stream, such as a user fee. This type of debt has historically been used by quasi-state agencies to fund long-term infrastructure projects. For example, the Turnpike and Bridge Authority uses toll revenue to fund the maintenance of the Newport Pell Bridge. Compared to pay-go funding, financing does not require large up-front investments in order to complete large projects; however, by the time the financing has been completed, issuance and interest costs can significantly add to a project's total cost, and may also require payments long after a facility has been constructed.

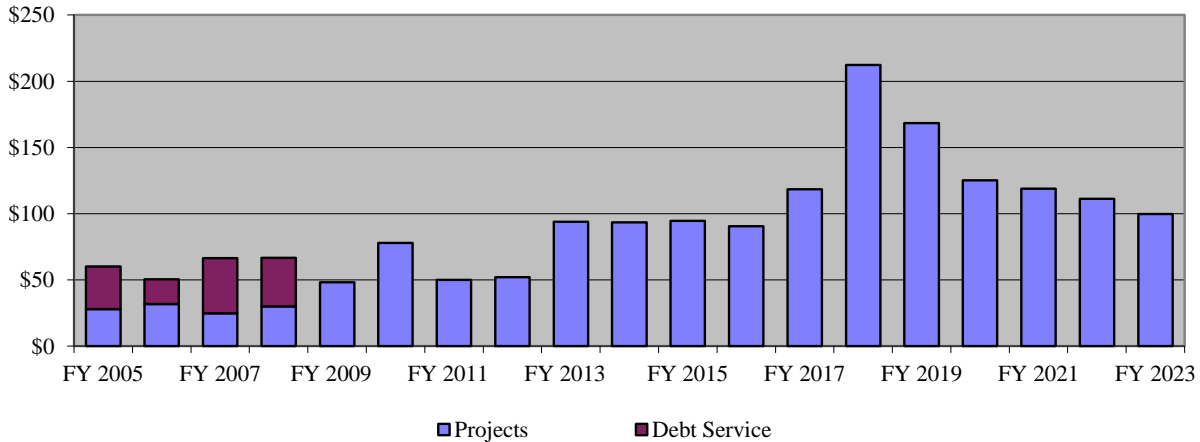
The total five-year outlays of \$4,861.1 million are supported by a mix of pay-as-you-go funding and financing. Nearly three-quarters, 74.7 percent of outlays, are supported by current revenues, or pay-go, with the remaining 25.3 percent from financing.

Pay-Go. The pay-go sources include \$1,652.6 million from federal sources, \$623.4 million from Rhode Island Capital Plan funds, and \$1,356.8 million from private and other sources. Federal funds remain the largest source of capital funding, providing 34.0 percent of all funding, and 45.5 percent of pay-go funding.

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

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

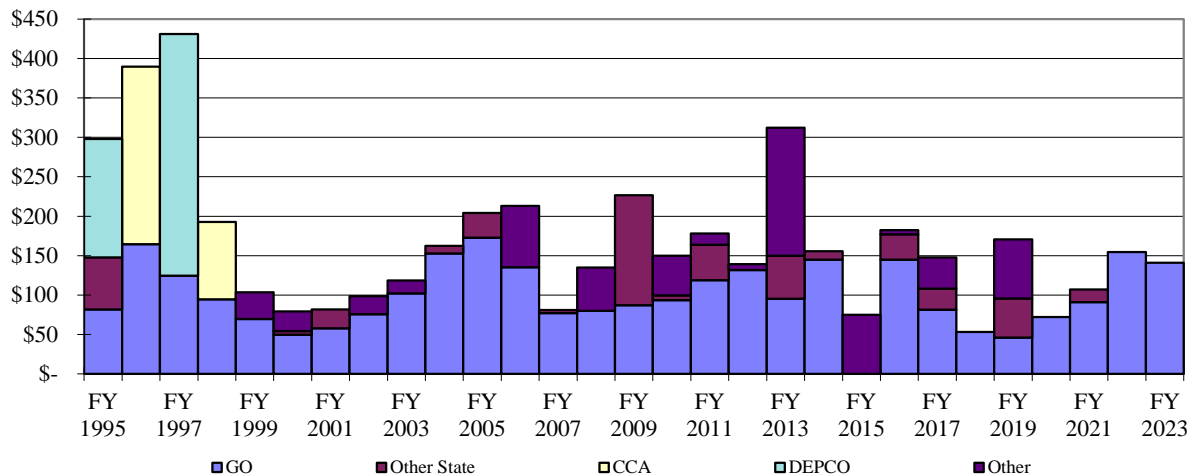
Use of Rhode Island Capital Fund



With the transition to the 5.0 percent cap complete, resources in the Rhode Island Capital Plan Fund have grown and begun to fulfill the purpose of lowering borrowing needs. An example of this is the annual \$27.2 million that is being used in lieu of borrowing to match federal transportation funds. Approximately \$100 million is transferred to this fund annually and programmed for use through the five-year capital plan. In addition to the transportation uses noted above, another primary use of the fund is for asset protection and other projects at the state’s public higher education institutions. These account for about one half of the use of the fund. The remaining half is used for the asset protection and improvements for state buildings, including courts, prisons, hospitals and other state facilities such as dams, piers, parks and office buildings. Many of these ongoing investments are designed to extend the life of the facilities and prevent the need for costly replacements.

Debt Financing. Proceeds from financing \$1,228.2 million, constitute 25.3 percent of the funds available for outlays during the period. Tax supported financing comprises \$578.3 million, including \$556.7 million from general obligation bonds and \$16.4 million from Certificates of Participation. Outlays from tax supported financing are 46.9 percent of the financed outlays and 11.9 percent of all outlays. Other non-tax supported financing supports \$649.9 million of outlays, or 13.4 percent. It includes debt such as \$130.9 million issued by the Rhode Island Health and Educational Building Corporation for higher education projects supported by University and College funds.

Debt Issues



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

Debt issued by the Colleges and University through the Rhode Island Health and Educational Building Corporation is also not included. The five-year budget includes expenditures of \$149.9 million from these bonds. It should be noted that it is the total charges to students that are used in tuition and fee comparisons to other institutions. Any tuition and fees used for debt service are not available for general operating expenses. This forms the context for general revenue requests by the Board of Education. Further, in the event of insufficient University and College revenues, it is likely that the state would intervene with appropriations rather than allow bondholders to take over assets financed.

The table below shows debt service for Higher Education, funded from general revenues and tuition and fees from FY 2008 through the FY 2019 recommended budget. General obligation debt is funded solely from general revenues. For debt issued for projects funded through the Rhode Island Health and Educational Building Corporation, debt service is paid from both general revenues and tuition and fees. As the table shows, debt service costs more than doubled in the period from FY 2008 to FY 2014. It drops in FY 2015 and FY 2016 before increasing to \$27.0 million in FY 2017. It would increase almost 50 percent between FY 2017 and FY 2019 based on the Governor's FY 2019 recommended budget.

The FY 2016 budget included savings of \$14.6 million from the refinancing of general obligation bond debt.

Unrestricted Debt Service					
	URI	RIC	CCRI	Total	
FY 2008	\$ 10,437,786	\$ 3,192,316	\$ 1,381,264	\$	15,011,366
FY 2009	\$ 12,590,080	\$ 3,278,968	\$ 1,504,159	\$	17,373,207
FY 2010	\$ 16,969,110	\$ 2,024,109	\$ 1,414,364	\$	20,407,583
FY 2011	\$ 15,006,727	\$ 3,552,373	\$ 1,585,869	\$	20,144,969
FY 2012	\$ 19,334,834	\$ 4,656,198	\$ 2,233,761	\$	26,224,793
FY 2013	\$ 25,321,543	\$ 5,679,879	\$ 3,248,295	\$	34,249,717
FY 2014	\$ 25,800,709	\$ 6,024,206	\$ 2,645,586	\$	34,470,501
FY 2015	\$ 23,992,610	\$ 4,424,086	\$ 2,720,253	\$	31,136,949
FY 2016	\$ 13,251,194	\$ 2,408,090	\$ 1,341,228	\$	17,000,512
FY 2017	\$ 20,880,779	\$ 3,641,528	\$ 2,450,444	\$	26,972,751
FY 2018 Revised	\$ 28,026,731	\$ 7,666,547	\$ 2,887,870	\$	38,581,148
FY 2019 Recommended	\$ 29,213,854	\$ 7,916,082	\$ 2,707,905	\$	39,837,841

38 Studios. In 2010, the Economic Development Corporation backed a \$75.0 million loan to 38 Studios through the Job Creation Guaranty Program. Of the loan amount, \$12.7 million was held in a capital reserve account and \$10.6 million was held on a capitalized interest account; 38 Studios defaulted on the loan after paying \$1.125 million of guaranty fees. The Corporation used the \$10.6 million to cover interest-only debt service from FY 2011 through FY 2013. The debt service payments are accounted for in the Capital Budget along with all other debt obligations. Outstanding debt service payments of \$15.2 million for 38 Studios are due through FY 2021, as summarized in the following table.

	Total Owed	Reserve and Settlement Funds	General Revenues
FY 2014	\$ 12,526,213	\$ (10,095,206)	\$ 2,431,007
FY 2015	12,511,463	(3,876,463)	8,635,000
FY 2016	12,499,113	-	12,499,113
FY 2017	12,449,288	(12,449,288)	-
FY 2018	12,378,881	(12,378,881)	-
FY 2019	12,352,638	(12,352,638)	-
FY 2020	12,322,300	(9,437,634)	2,884,666
FY 2021	12,288,412	-	12,288,412
Total	\$ 99,328,308	\$ (60,590,110)	\$ 38,738,198

New Debt Authorizations

The Governor's budget includes \$388.3 million of new debt authority that requires approval by the General Assembly. Of this amount, \$368.5 million would be derived from general obligation bonds that would be placed on the November 2018 ballot for voter approval and \$19.8 million would require approval by the Assembly under the Public Debt Management Act.

New Debt Authority	Amount	Legislation
November 2018 Bond Referenda		
Question 1		
Rhode Island School Buildings	\$ 250,000,000	Article 5
Question 2		
URI Narragansett Bay Campus	45,000,000	Article 5
RIC Horace Mann Hall	25,000,000	Article 5
Question 3		
Coastal Resiliency & Public Access Projects	5,000,000	Article 5
Clean Water and Drinking Water	6,100,000	Article 5
Wastewater Treatment Facility Resilience Improvements	5,000,000	Article 5
Dam Safety	4,400,000	Article 5
State Recreation Projects	10,000,000	Article 5
State Bikeway Development	5,000,000	Article 5
Brownfield Remediation & Economic Development	4,000,000	Article 5
Local Recreation Projects	5,000,000	Article 5
Access to Farmland	2,000,000	Article 5
Local Open Space	2,000,000	Article 5
Green Economy Subtotal	\$ 48,500,000	
Total New Referenda	\$ 368,500,000	
Other Debt Instruments		
Revenue Bonds		
URI Repaving, Hardscape & Landscape	\$ 11,000,000	Article 16
URI Utility Infrastructure Upgrade Phase I	6,500,000	Article 16
URI Fire Safety & Protection - Auxiliary Phase II	2,300,000	Article 16
Total New Revenue Bonds	\$ 19,800,000	
Total New Debt Authorization Recommended	\$ 388,300,000	

The Public Debt Management Act requires that all new debt authorizations be approved by the Assembly unless the Governor certifies that federal funds will be available to make all of the payments which the state is or could be obligated to make under the financing lease or guarantee; or the General Assembly has

adjourned for the year with the expectation that it will not meet again until the following year and the Governor certifies that action is necessary, because of events occurring after the General Assembly has adjourned, to protect the physical integrity of an essential public facility, to ensure the continued delivery of essential public services, or to maintain the credit worthiness of the state in the financial markets. Select quasi-public agencies are exempt. The 2009 Assembly rescinded the exception previously granted to the Rhode Island Resource Recovery Corporation. The previous table shows the \$388.3 million of recommended new debt authority requiring action by the 2018 General Assembly. It is followed by descriptions of the projects which would be funded by the new debt.

General Obligation Bond Referenda. The Governor's Capital Budget includes \$368.5 million in new referenda to be presented to the voters in November 2018. Section 35-3-7.1 of the Rhode Island General Laws provides that bond referenda only be presented during election years absent special circumstances. Debt service on these bonds is paid from state general revenues. Assuming a 5.0 percent interest rate and a 20 year amortization, annual debt service is estimated to be \$29.6 million. These individual projects are described in greater detail below.

Rhode Island School Buildings. The Governor's budget includes \$250.0 million of new general obligation bonds to be submitted to the voters on the November 2018 ballot for public school construction and repairs over the next five years, with an authorization limit of \$100.0 million in any one year. However, the capital budget assumes issuance of \$50.0 million each year from FY 2020 through post-FY 2023, which is inconsistent with the annual spending proposal included in the bond recommendation. Annual debt service would be \$20.7 million assuming a 5.0 percent interest rate and a 20-year term; total debt service would be \$401.4 million.

Following the release of the Department of Elementary and Secondary Education's 2017 State of Rhode Island Schoolhouses report, Governor Raimondo established the Rhode Island School Building Task Force through executive order. The report was the culmination of a year-long assessment commissioned by the School Building Authority and completed by Jacobs Engineering Group. The report identified more than \$2.2 billion in deficiencies across the state's 306 public schools. The task force, led by the General Treasurer and the Commissioner of Elementary and Secondary Education, met several times during the fall of 2017 and submitted several recommendations. Among its recommendations were enhanced incentives for new projects and oversight measures to ensure efficient spending. It also recommended referenda to be put on the November 2018 and 2022 ballots for authorization to issue \$250.0 million of general obligation bonds each, a total of \$500.0 million. The bonds would be used for public school construction and repairs over a five year-period, with no more than \$100.0 million issued in any one year.

The Governor's budget does not assume any new referenda will go before the voters in November 2020 or November 2022 and her budget is silent on support for the next \$250.0 million of general obligation bonds as recommended by the task force.

URI Narragansett Bay Campus. The Governor recommends \$45.0 million of new general obligation bonds to be submitted to the voters on the November 2018 ballot to renovate or replace the buildings, laboratories and infrastructure at the University's Narragansett Bay Campus. Improvements would also be done to the waterfront research vessel dock, roadways and walkways. Annual debt service would be \$3.6 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$73.5 million.

RIC Horace Mann Hall. The Governor recommends \$25.0 million of new general obligation bonds to be submitted to the voters on the November 2018 ballot for renovations to Horace Mann Hall at Rhode Island College. Annual debt service would be \$2.0 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$40.9 million.

Coastal Resiliency and Public Access Projects. The plan includes \$5.0 million for matching grants to public and non-profit entities for restoring or improving resiliency of vulnerable coastal habitats and restoring river and stream floodplains. Annual debt service would be \$0.4 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$8.2 million.

Capital for Clean Water and Drinking Water. The plan includes \$6.1 million for clean water and drinking water infrastructure improvements. Annual debt service would be \$0.5 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$10.0 million.

Wastewater Treatment Facility Resiliency Improvements. The plan includes \$5.0 million for matching grants for wastewater treatment facility resiliency improvements for those vulnerable to flooding, storm events, and environmental degradation. Annual debt service would be \$0.4 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$8.2 million.

Dam Safety. The plan includes \$4.4 million for repairing or removing state-owned dams. Annual debt service would be \$0.4 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$7.2 million.

State Recreation Projects Program. The plan includes \$10.0 million for capital improvements to state recreational facilities including Fort Adams State Park. Annual debt service would be \$0.8 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$16.3 million.

State Bikeway Development Program. The plan includes \$5.0 million for designing, repairing, and constructing bikeways. Annual debt service would be \$0.4 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$8.2 million.

Brownfield Remediation and Economic Development. The plan includes \$4.0 million for matching grants to public, private, and non-profit entities for brownfield remediation projects. Annual debt service would be \$0.3 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$6.5 million.

Local Recreation Projects. The plan includes \$5.0 million for grants to municipalities for recreation development and acquisition projects. Annual debt service would be \$0.4 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$8.2 million.

Access to Farmland. The plan includes \$2.0 million to protect the state's working farms through the Farmland Access Programs. Annual debt service would be \$0.2 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$3.3 million.

Local Open Space. The plan includes \$2.0 million for grants to municipalities, local land trusts, and non-profit organizations to preserve open space in Rhode Island. Annual debt service would be \$0.2 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$3.3 million.

Public Corporation Debt Management Act Debt Issues. The Governor's budget also includes \$19.8 million of new authorization for debt that would not require voter approval, but does require Assembly approval pursuant to the Public Corporation Debt Management Act. The projects are described below.

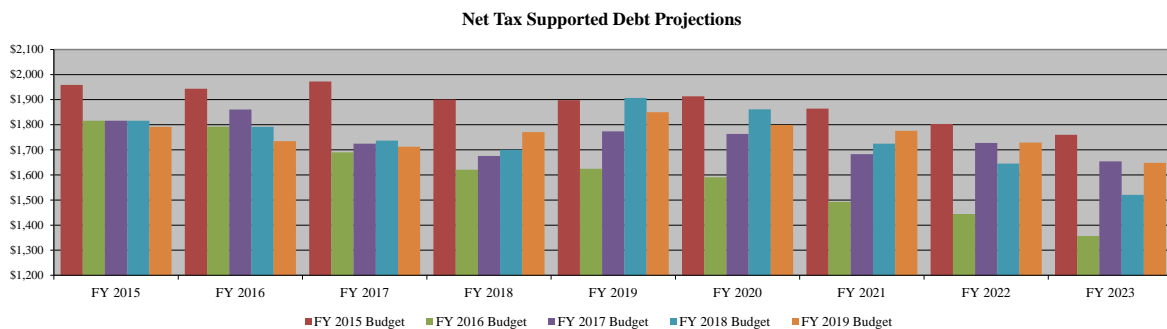
URI Repaving, Hardscape and Landscape. The Governor's budget includes authorization for Assembly approval of \$11.0 million from revenue bonds for the repaving and reconstruction of major parking facilities, internal roadways, walkways and associated infrastructure on the University's Kingston, Narragansett Bay, and Alton Jones campuses. Annual debt service would be \$0.9 million, assuming 5.0 percent interest and a 20-year term and be supported by general revenues, tuition, and parking fees.

URI Utility Infrastructure Upgrade Phase I. The Governor’s budget includes authorization for Assembly approval of \$6.5 million from revenue bonds for upgrades to utility-related infrastructure on the Kingston Campus, including steam, water, sanitary, electrical, and storm water systems. Annual debt service would be \$0.5 million, assuming 5.0 percent interest and a 20-year term supported by general revenues, and tuition and fees.

URI Fire Safety and Protection – Auxiliary Phase II. The Governor’s budget includes authorization for Assembly approval of \$2.3 million for the second phase of fire safety enhancements to the University’s auxiliary enterprise buildings. Annual debt service would be \$0.2 million, assuming 5.0 percent interest and a 20-year term supported by student fees. The 2008 Assembly authorized \$19.4 million from revenue bonds for the first phase of this project which is almost complete.

Debt Levels

Total net tax supported debt decreases during the period through FY 2023 by \$120.9 million from \$1,849.9 million to \$1,648.5 million. Net tax supported debt had dropped to \$1,280.9 million in FY 2003 after the state used \$247.6 million of special revenue bonds backed by the state’s tobacco master settlement agreement to defease general obligation bond debt in FY 2002.



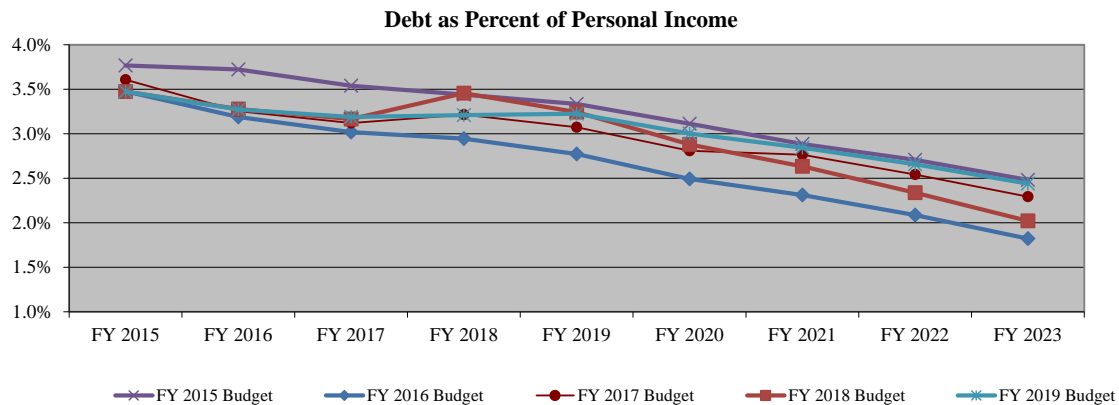
Past practice indicates that debt levels will be significantly higher as more projects are added within the five-year period of this capital budget. Similar to last year, but in a departure from past practice, the budget does not assume any new referenda will go before the voters in November 2020 or November 2022. The average bond referenda over the past five elections was \$189.3 million and the voters approved \$227.5 million on the November 2016 ballot. The Governor recommends \$368.5 million for the November 2018 ballot but the impact of future referenda is excluded from any bond or debt projections in the plan. The above chart shows projected debt levels for FY 2015 through FY 2023 in the past five budgets. The FY 2020 debt projection presented in the FY 2019 capital budget is \$73.8 million or 4.3 percent more than the FY 2020 projection in the FY 2018 capital budget.

Debt is often expressed as a percent of state personal income as a measure to compare across jurisdictions; state personal income is a rough measure of the state’s wealth, and therefore its potential ability to service its debt. Net tax supported debt would decrease from 3.2 percent into FY 2017 to 2.4 percent in FY 2023 assuming that the capital budget is not increased. However, as with debt levels, past practice indicates it is likely to be higher than projected and as noted previously, the plan identifies no new general obligation bond funded debt.

Debt ratios began increasing significantly in FY 1988, reaching a peak in FY 1994 as the Depositors Economic Protection Corporation and Convention Center debt was added. In FY 1994, net tax supported debt reached 8.4 percent of personal income. The current and prior administrations have expressed the reduction of that ratio as a major capital policy goal. The FY 2015 level of 3.6 percent is the lowest amount

since Staff began keeping track in FY 1991 due to use of the tobacco master settlement agreement revenues securitization.

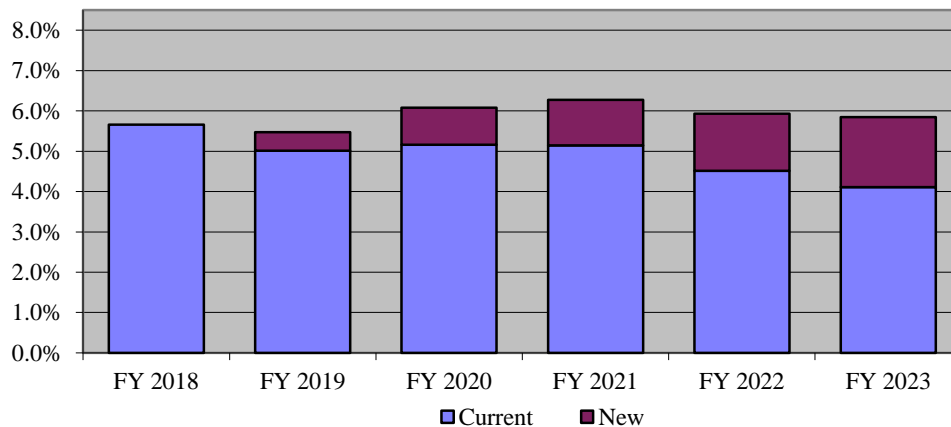
However, as with debt levels, past practices indicate it is likely to be higher than projected since as previously noted, the budget does not assume any new referenda will go before the voters in November 2020 or November 2022, a departure from past practice. The chart below shows projected debt as percent of personal income for FY 2015 through FY 2023 in the past five budgets. The FY 2015 budget projected FY 2020 debt at 3.1 percent of personal income, which is 10 basis points higher than the 3.0 percent projected in the FY 2019 budget. The projections assume that the debt levels do not increase in subsequent budgets.



Debt Service

Useable general revenues are estimated collections net of the transfers to the Budget Stabilization and Cash Reserve account. These transfers ultimately become Rhode Island Capital Plan funds and cannot be used for debt service. The term net tax supported debt refers to all debt for which an appropriation is or may be required. That includes not only general obligation bonds and direct state issuance, but also debt issued by other entities for which the state is pledged to an annual lease payment or to make an appropriation in the event of a default. The proportion of net tax supported debt to useable general revenues provides a snapshot of how the state is leveraging its debt compared to available resources eligible to pay off that debt. For FY 2016 and FY 2017, debt service as a percent of general revenues was 5.0 percent and 5.3 percent, respectively. Debt service in the recommended capital budget would increase from 5.7 percent of useable general revenues in FY 2018 to 6.3 percent in FY 2021 before decreasing to 5.8 percent in FY 2023.

Net Debt Service as Percent of Useable General Revenues



FY 2018
Revised Budget

FY 2018 Revised Budget

	FY 2017 Reported	FY 2018 Enacted	FY 2018 Rev. Req.	FY 2018 Revised
Expenditures by Function*				
General Government	\$ 1,439.8	\$ 1,503.6	\$ 1,549.7	\$ 1,486.7
Human Services	3,838.3	3,935.3	4,019.9	4,038.9
Education	2,435.3	2,589.5	2,595.5	2,608.3
Public Safety	545.5	591.6	609.6	617.6
Natural Resources	84.6	108.8	111.8	115.8
Transportation	415.8	514.1	595.6	595.0
Total	\$ 8,759.3	\$ 9,242.8	\$ 9,482.1	\$ 9,462.3
Expenditures by Category*				
Salaries and Benefits	\$ 1,652.7	\$ 1,700.1	\$ 1,720.3	\$ 1,691.0
Contracted Services	265.2	279.6	326.9	318.0
Subtotal	\$ 1,917.9	\$ 1,979.7	\$ 2,047.3	\$ 2,009.0
Other State Operations	663.4	859.2	886.6	935.4
Aid to Local Units of Government	1,222.4	1,318.7	1,322.7	1,320.9
Assistance, Grants, and Benefits	4,137.2	4,170.8	4,203.9	4,194.0
Capital	335.7	449.6	565.5	550.4
Capital Debt Service	189.4	238.8	235.2	237.2
Operating Transfers	293.2	226.1	220.9	215.3
Total	\$ 8,759.3	\$ 9,242.8	\$ 9,482.1	\$ 9,462.3
Sources of Funds*				
General Revenue	\$ 3,672.5	\$ 3,767.7	\$ 3,809.4	\$ 3,806.7
Federal Aid	2,977.4	3,134.1	3,219.4	3,222.0
Restricted Receipts	228.0	261.7	273.5	275.8
Other	1,881.4	2,079.2	2,179.8	2,157.7
Total	\$ 8,759.3	\$ 9,242.8	\$ 9,482.1	\$ 9,462.3
FTE Authorization	14,959.0	15,160.2	15,209.0	15,186.2
FTE Average	13,805.0			

**Data in millions*

Summary

The Governor's revised budget recommendations for FY 2018, along with her recommendations for FY 2019, are contained in 2018-H 7200, introduced on January 18, 2018. The Governor recommends total revised expenditures for FY 2018 of \$9,462.3 million, which is \$219.4 million or 2.4 percent more than enacted by the 2017 Assembly.

Total expenditures would increase \$703.0 million or 8.0 percent over reported FY 2017 expenditures. General revenue expenditures are \$39.0 million or 1.0 percent more than the FY 2018 budget adopted by the 2017 Assembly and \$134.3 million or 3.7 percent more than actual FY 2017 expenditures. Expenditures from federal funds are \$87.9 million more than enacted and \$244.7 million more than FY 2017. Expenditures from restricted receipts are \$14.1 million more than enacted and \$47.8 million more than FY

2017. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$78.4 million or 3.8 percent more than enacted and \$276.3 million more than FY 2017.

FY 2018 Revised	General				
	Revenue	Federal	Restricted	Other	All Funds
FY 2017 Final	\$ 3,686.5	\$ 3,184.6	\$ 276.3	\$ 2,054.1	\$ 9,201.5
FY 2017 Actual	3,672.5	2,977.4	228.0	1,881.4	8,759.3
Difference	\$ (14.0)	\$ (207.2)	\$ (48.3)	\$ (172.7)	\$ (442.2)
FY 2018 Enacted	\$ 3,767.7	\$ 3,134.1	\$ 261.7	\$ 2,079.2	\$ 9,242.8
Governor's FY 2018 Revised	3,806.7	3,222.0	275.8	2,157.7	9,462.3
Governor's Change to Enacted	\$ 39.0	\$ 87.9	\$ 14.1	\$ 78.4	\$ 219.4
Percent Change	1.0%	2.8%	5.4%	3.8%	2.4%

The FY 2017 final budget projected \$49.7 million would be available for FY 2018 and was used for that budget. The State Controller finalized the closing statement on January 5, 2018, and it showed a surplus of \$61.7 million, or \$11.9 million more.

FY 2017 Closing		Enacted	Final	Variance
Open:	Free Surplus	\$ 167,818,207	\$ 167,818,207	\$ -
Plus:	Reappropriated Surplus	7,848,853	7,848,853	-
Equals:	Total Surplus	175,667,060	175,667,060	-
Plus:	Revenues	3,675,827,389	3,684,357,619	8,530,230
Minus:	Transfer to Budget Stabilization Fun	(115,309,368)	(115,565,275)	(255,907)
Equals:	Total Available	3,736,185,081	3,744,459,404	8,274,323
Minus:	Expenditures	(3,686,469,015)	(3,672,460,275)	14,008,740
Equals:	Closing Surplus	\$ 49,716,066	\$ 71,999,129	\$ 22,283,063
Minus:	Reappropriations	-	(10,338,899)	(10,338,899)
Equals:	Free Surplus	\$ 49,716,066	\$ 61,660,230	\$ 11,944,164

Revenues were \$8.5 million more than estimated. Taxes were up \$13.4 million with an unusual inheritance tax payment covering decreases in income and corporate taxes. Issues with timing of personal income tax refunds continue to add challenges to the personal income estimate. Corporate taxes remain difficult to estimate, and uncertainty in the federal tax environment appears to be a contributing factor to the shortfall this year. All other revenues were down \$4.9 million, with \$6.1 million of that from departmental receipts.

Expenditures were \$14.0 million less than enacted; \$10.3 million must be reappropriated into FY 2018. The total free surplus is \$11.9 million more than the \$49.7 million anticipated in June 2017.

Closing expenses were lower than enacted primarily from Medicaid caseload savings and savings from personnel and utilities. There were areas of overspending, particularly at the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, that reduced the impact of the savings. Many agencies projected overspending in the first quarter of FY 2018 some of which related to overspending in FY 2017 and some related to challenges with managing savings assumed in the enacted budget, notably in the human services agencies. There was also a \$29.3 million increased caseload expense estimated in November, a portion of which was related to unachieved savings.

The Governor's revised budget lowers those first quarter projections primarily through unexpected debt service savings and expenditure shifts to FY 2018 based on certain program delays. Other changes include initiatives to lower costs in human services agencies and savings from an adjustment to employee benefit costs statewide. Her budget also relies on \$33.0 million in new revenues, primarily transfers from

transportation as well as quasi-public corporations. The pages that follow include full analyses of the expenditure changes by agency.

	Enacted	Revised	Difference
Opening Surplus			
Free Surplus	\$ 49,716,066	\$ 61,660,230	\$ 11,944,164
Reappropriated Surplus	-	10,338,899	10,338,899
Subtotal	\$ 49,716,066	\$ 71,999,129	\$ 22,283,063
Revenues	\$ 3,611,647,000	\$ 3,834,722,506	\$ 223,075,506
November Revenue Conference	-	(10,322,506)	(231,312,220)
Governor Changes	220,989,714	28,013,132	25,927,340
Assembly Changes	2,085,792	-	(2,085,792)
Total Revenues	\$ 3,834,722,506	\$ 3,852,413,132	\$ 17,690,626
Budget Reserve Fund	(116,533,157)	(117,422,201)	(889,044)
Total Available Resources	\$ 3,767,905,415	\$ 3,806,990,060	\$ 39,084,645
Expenditures	\$ 3,767,715,656	\$ 3,767,715,656	\$ -
Reappropriation	-	10,338,899	10,338,899
November Caseload Conference	-	29,258,280	29,258,280
Governor Changes	-	(591,237)	(591,237)
Total Expenditures	\$ 3,767,715,656	\$ 3,806,721,598	\$ 39,005,942
Total Surplus	\$ 189,759	\$ 268,462	\$ 78,703
Rainy Day Fund	194,221,929	191,581,535	(2,640,393)
<i>Operating Surplus/(Deficit)</i>	<i>\$ (116,343,398)</i>	<i>\$ (117,153,739)</i>	<i>\$ (810,341)</i>

The revised budget as recommended by the Governor would leave a \$0.3 million surplus for FY 2018. The general revenue surplus statement for FY 2019 shows an ending surplus of \$0.9 million and is presented as part of the overview of her FY 2019 budget recommendations in that section of this publication.

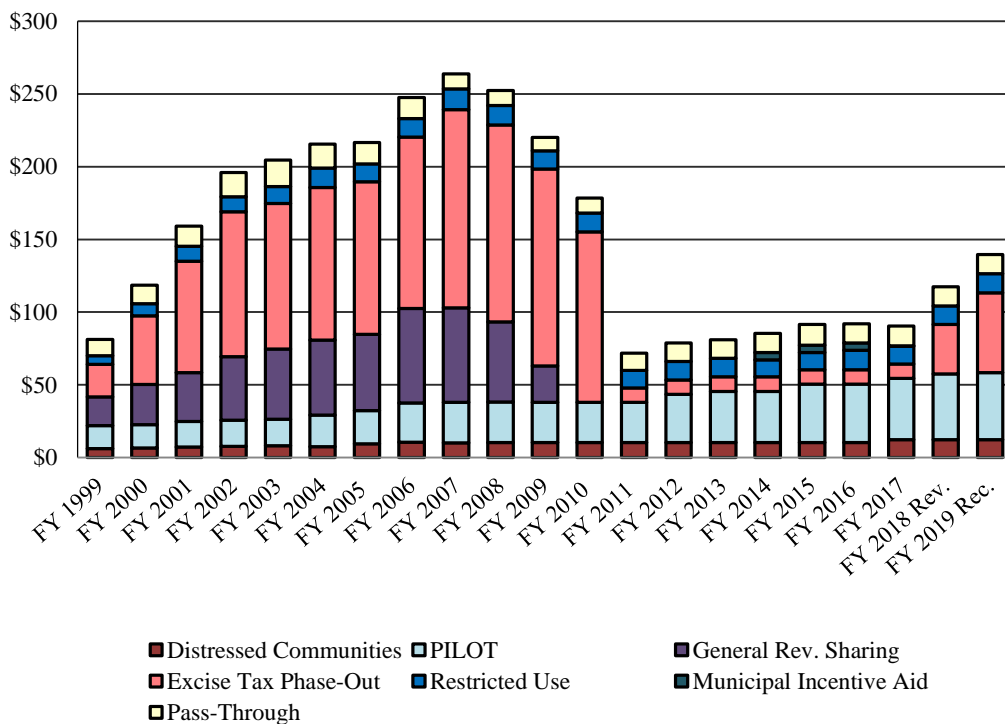
Special Reports

State Aid to Local Governments

Introduction

The Governor recommends state aid to cities and towns totaling \$104.7 million in FY 2018 and \$126.4 million in FY 2019. Funding for general aid programs in FY 2018 includes \$92.1 million, which is \$1.5 million less than the enacted level. Funding for general aid programs in FY 2019 includes \$113.2 million, \$19.6 million more than enacted. The recommendation for restricted use programs includes the enacted level of \$12.6 million for FY 2018 and \$13.2 million for FY 2019. Local communities will also receive \$13.2 million each year in public service corporation property taxes, which the state collects and passes through to the communities.

The following graph shows historical funding data, in millions. The graph below also shows the allocation of funding for state aid programs from FY 1999 through the Governor’s recommendation for FY 2019.



The major changes included in the Governor’s aid proposal are discussed on the following pages, followed by tables that show recommended distribution of general aid by community as well as restricted aid programs by community, including library operating aid, which is considered restricted and is not included in the general aid totals, and public service corporations’ tax collections, a local levy collected at the state level and returned to local governments for tax collection efficiency purposes. It should be noted that the FY 2019 recommendation for the Motor Vehicle Excise Tax phase-out will require data updates not reflected in the distributions. Those updates will likely change allocations to each community.

General. The Governor recommends \$92.1 million for FY 2018 and \$113.2 million for FY 2019 for general state aid programs to local governments.

Fiscal Year	1995	2000	2005	2010	2015	2018 Enacted	2018 Gov.	Rev. Diff.	2019 Gov.	Rec. Diff.
General Aid - State Sources										
Distressed Communities	\$ 7.2	\$ 6.6	\$ 9.5	\$ 10.4	\$ 10.4	\$ 12.4	\$ 12.4	\$ -	\$ 12.4	\$ -
PILOT	12.2	16.1	22.7	27.6	40.1	45.2	45.2	-	46.1	0.9
Excise Tax Phase-Out	-	47.3	105.0	117.2	10.0	36.0	34.5	(1.5)	54.7	18.7
Municipal Incentive Aid	-	-	-	-	5.0	-	-	-	-	-
General Rev. Sharing	13.6	27.6	52.4	-	-	-	-	-	-	-
Subtotal	\$ 33.0	\$ 97.5	\$ 189.7	\$ 155.1	\$ 65.5	\$ 93.6	\$ 92.1	\$ (1.5)	\$ 113.2	\$ 19.6
Restricted Use Aid - State Sources										
Library Resource Aid	\$ 3.3	\$ 5.7	\$ 8.1	\$ 8.8	\$ 8.8	\$ 9.4	\$ 9.4	\$ -	\$ 9.4	\$ -
Library Const. Aid	1.9	1.6	2.5	2.6	2.3	2.2	2.2	(0.0)	2.2	0.0
Police & Fire Incentive	1.3	0.9	1.1	-	-	-	-	-	-	-
Prop. Val. Reimb.	-	0.0	0.6	1.6	0.7	0.9	0.9	-	1.6	0.7
Oversight Reimbursement	-	-	-	-	0.1	0.1	0.1	(0.0)	0.1	(0.1)
Subtotal	\$ 6.5	\$ 8.2	\$ 12.3	\$ 13.0	\$ 11.9	\$ 12.6	\$ 12.6	\$ (0.0)	\$ 13.2	\$ 0.6
Total - State Sources	\$ 39.5	\$ 105.7	\$ 202.0	\$ 168.2	\$ 77.4	\$ 106.2	\$ 104.7	\$ (1.5)	\$ 126.4	\$ 20.2
Other Aid - Pass-Through										
Public Service Corp.	\$ 7.2	\$ 12.8	\$ 14.6	\$ 10.2	\$ 14.3	\$ 13.2	\$ 13.2	\$ -	\$ 13.2	\$ -

In millions

- Distressed Communities Relief Fund.*** The Governor recommends the enacted level of \$12.4 million for the Distressed Communities Relief Fund. Communities' aid distribution is based on updated qualifying tax levies and reflects the first full year of funding for Johnston and the inclusion of Cranston, which requalified as a distressed community for FY 2019. 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.
- Payment in Lieu of Taxes Program.*** The Governor recommends \$46.1 million for FY 2019 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 recommendation is \$0.9 million more than enacted and represents full funding for the program. The enacted budget also provided full funding with reimbursements totaling \$45.2 million.
- Motor Vehicle Excise Tax Phase-Out.*** The Governor's budget funds the Motor Vehicles Excise Tax Phase-Out program at \$34.5 million for FY 2018 and \$54.7 million for FY 2019. The recommendation represents \$1.5 million less for FY 2018 and \$18.7 million more for FY 2019 for the next year based on updated estimates of the cost. The 2017 Assembly restarted the phase-out, which had been frozen for several years. The FY 2019 total is \$6.3 million less than prior estimates. For FY 2019, the changes include increasing the minimum exemption from \$1,000 to \$2,000, lowering the assessed value from 95.0 percent to 90.0 percent, and lowering the tax rate cap from \$60 to \$50, per \$1,000. As of FY 2018, cars older than 15 years are no longer taxed.
- 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 amongst the other communities in May 2017.

- **Library Resource Sharing Aid.** The Governor recommends the enacted amount of \$9.4 million for library aid. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funds represent 22.3 percent.
- **Library Construction Aid.** The Governor provides \$2.2 million, or \$14,843 more than enacted, to fund library construction aid requirements. The state reimburses libraries up to half of the total costs for eligible projects on an installment basis, for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. The 2011 Assembly adopted a three-year moratorium on the acceptance of applications for library construction aid projects that ended July 1, 2014. In 2017, a reimbursement was approved for the Barrington Public Library; reimbursement is set to begin in FY 2019.
- **Property Valuation Reimbursement.** The Governor recommends \$0.9 million for FY 2018 and \$1.6 million for FY 2019 to reimburse communities conducting property valuation updates.
- **Oversight Reimbursement.** The Governor recommends \$62,160 for FY 2019 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. This is \$61,443 less than enacted and reflects the anticipated end of oversight for Central Falls in April 2018 and East Providence in October 2018.
- **Public Service Corporation Tax.** The FY 2019 budget assumes the state will collect and distribute the enacted level of \$13.2 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. A final figure will be calculated in spring 2018 when updated data is available. 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. The Governor's budget includes a proposal to allow the Department of Revenue to withhold a portion of a municipality's funding to offset amounts owed to the state by the municipality.

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 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
FY 2019									
Levy/Full Value	2	7	11	5	4	8	3	6	1
Per Capita Income 2015	1	7	6	10	11	4	3	5	2
Personal Income/Full Value	1	10	22	8	3	4	15	6	2
Full Value Per Capita	1	7	9	8	6	3	4	5	2
Qualifying Rankings	4	3	1	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. Payments are made in July each year.

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. As of the November Revenue Conference, all but Cranston have received revenues from this program. 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.

The Governor recommends the enacted level of \$12.4 million for the Distressed Communities Relief program. Communities' aid distribution is based on updated qualifying tax levies.

Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. 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.

Johnston entered the program in FY 2018, for which the enacted budget provides it a transition payment. The Governor's recommended budget includes its first full payment in FY 2019. The FY 2018 budget includes a 50.0 percent transition payment out of the program for Cranston; however, Cranston has requalified for the program and will receive a transition payment for FY 2019.

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 Governor's recommendation includes \$46.1 million for FY 2019, which is \$0.9 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 totaling \$45.2 million, also representing full funding.

Motor Vehicle Excise Tax Phase-Out. The 1998 General Assembly enacted legislation to phase out the property tax on motor vehicles and trailers. The exemption is a reduction in the assessed value subject to taxation. The Vehicle Value Commission sets the assessed values of vehicles using data from the National Automobile Dealers Association. Cities and towns are paid by the state for the lost taxes due to the exemptions. In addition, local tax rates on vehicles are frozen to the FY 1998 level. Annually, the state makes four quarterly payments to the communities in the months of August, November, February and May.

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 had been funded at \$10.0 million until FY 2018. 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 2017 Assembly enacted legislation to restart the phase-out. Over time, the legislation incrementally reduces the maximum tax rate levied and percentage of National Automobile Dealer Association assessed value, while increasing the minimum exemption. The legislation also exempts cars older than 15 years from taxation, a change from the prior age exemption of 25 years.

Fiscal Year	% of Retail Value	Rate Cap	Exemption Floor	No Tax After Age
2017	100.0%	\$ -	\$ 500	25
2018	95.0%	60	1,000	15
2019	90.0%	50	2,000	15
2020	85.0%	35	3,000	15
2021	80.0%	35	4,000	15
2022	75.0%	30	5,000	15
2023	70.0%	20	6,000	15
2024	No Tax Levied			

The Governor’s budget funds the program at \$34.5 million for FY 2018 and \$54.7 million for FY 2019. The recommendation represents \$1.5 million less for FY 2018 and \$18.7 million more for FY 2019 based on updated estimates of the cost. The FY 2019 total is \$6.3 million less than prior estimates. For FY 2019, the changes include increasing the minimum exemption from \$1,000 to \$2,000, lowering the assessed value from 95.0 percent to 90.0 percent, and lowering the tax rate cap from \$60 to \$50, per \$1,000. As of FY 2018, cars older than 15 years are no longer taxed.

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 was the third and final year. Consistent with current law, the Governor did not include funding for the program for FY 2019 and the out-year forecast does not assume continued funding.

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 2016, Johnston did not meet the funding requirements for eligibility and its FY 2016 payment was reappropriated to FY 2017. The final FY 2017 Budget included the reappropriated FY 2016 Johnston aid but 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.

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.

The Governor recommends the enacted amount of \$9.4 million for state support of public libraries. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funds represent 22.3 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 impose a three-year moratorium on the acceptance of applications for library construction aid projects through July 1, 2014. In 2017, a reimbursement was approved for the Barrington Public Library; reimbursement is set to begin in FY 2019. The Governor recommended \$2.2 million for FY 2019, \$14,843 more than the enacted amount.

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 reimbursement is made upon receipt of bills for completion of the revaluation.

The Governor recommends \$0.9 million for FY 2018 and \$1.6 million for FY 2019, reflecting anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations. The state does not reimburse non-distressed municipalities for complete revaluations, only for updates. Expenditures fluctuate annually and distributions for the last five fiscal years are shown in the following table.

Fiscal Year	Expenditures
2017	\$ 446,302
2016	1,300,849
2015	681,508
2014	436,537
2013	889,640

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 onward are not reimbursed by the state.

Oversight Reimbursement. Rhode Island General Law, Sections 45-9-10 and 45-9-10.1 require that the state reimburse 50.0 percent of the cost of an official to act as a financial advisor to municipalities no longer subject to state Fiscal Stability Act oversight. For FY 2018, the Governor recommends \$118,799, for full year reimbursements to East Providence and Woonsocket, and a partial year reimbursement for Central Falls, anticipated to exit oversight in April 2018. This is \$10,240 less than enacted. For FY 2019, the Governor recommends \$67,596 for full year reimbursements to Woonsocket, and a partial year of reimbursement to East Providence, anticipated to exit oversight in October 2018.

Pass-Through Revenues

Public Service Corporation Tax. The FY 2019 budget assumes the state will collect \$13.2 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. A final figure will be calculated in spring 2018 when updated data is available. The Assembly concurred with Governor Carcieri's 2009 proposal to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rates. Annual tax collections had dropped from \$16.6 million in FY 2004 to \$10.2 million in FY 2010.

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

By March 1 of each year, companies are required to declare the value of their tangible personal property to the Division of Taxation, which 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. The Governor's budget includes a proposal to allow the Department of Revenue to withhold a portion of a municipality's funding to offset an amount owed to the state by the municipality within 90 days of billing.

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. The Governor's budget includes a proposal to allow the tax administrator to withhold a portion of these resources to offset an amount owed to the state by the municipality. Distributions for the last five fiscal years are shown in the following table.

Fiscal Year	Total Collections
2017	\$ 26,337,072
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. The Governor's budget includes a proposal to allow the tax administrator to withhold a portion of these resources to offset an amount owed to the state by the municipality within 90 days of billing. Distributions for the last five fiscal years are shown in the following table.

Fiscal Year	Total Collections
2017	\$ 4,417,712
2016	4,057,883
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</i>	<i>FY 2018 Enacted</i>	<i>FY 2018 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 239,765	\$ 653,355	\$ 659,347	\$ 5,992
Bristol	1,067,255	1,437,620	1,454,013	16,393
Burrillville	354,413	792,150	857,044	64,894
Central Falls	353,188	658,924	675,427	16,503
Charlestown	45,865	153,869	166,072	12,203
Coventry	255,942	946,836	947,921	1,085
Cranston	7,716,386	10,060,422	10,092,140	31,718
Cumberland	258,309	837,112	943,920	106,808
East Greenwich	520,854	734,771	745,513	10,742
East Providence	1,588,937	1,913,055	759,967	(1,153,088)
Exeter	94,316	339,178	368,648	29,470
Foster	74,795	312,994	339,582	26,588
Glocester	106,027	429,132	399,418	(29,714)
Hopkinton	73,478	288,401	312,823	24,422
Jamestown	23,062	72,145	72,189	44
Johnston	437,352	2,325,115	2,394,142	69,027
Lincoln	209,041	620,593	648,266	27,673
Little Compton	13,934	44,361	46,640	2,279
Middletown	78,315	218,789	229,034	10,245
Narragansett	63,843	199,464	203,128	3,664
Newport	1,441,630	1,664,177	1,668,559	4,382
New Shoreham	7,023	28,561	31,058	2,497
North Kingstown	197,865	614,912	637,651	22,739
North Providence	1,431,086	2,850,249	2,622,390	(227,859)
North Smithfield	184,877	610,666	634,700	24,034
Pawtucket	2,909,735	5,326,395	5,167,237	(159,158)
Portsmouth	96,974	301,276	302,409	1,133
Providence	37,386,401	44,898,543	45,035,963	137,420
Richmond	67,738	256,116	248,574	(7,542)
Scituate	72,660	233,537	237,174	3,637
Smithfield	980,670	1,548,572	1,572,460	23,888
South Kingstown	344,771	670,014	687,864	17,850
Tiverton	64,720	208,862	216,859	7,997
Warren	95,772	362,400	374,205	11,805
Warwick	2,737,727	4,757,842	4,784,408	26,566
Westerly	382,393	981,202	1,013,573	32,371
West Greenwich	56,815	223,181	209,706	(13,475)
West Warwick	1,134,244	1,635,457	1,702,064	66,608
Woonsocket	1,332,724	2,549,628	2,639,800	90,172
Subtotal	\$ 64,500,900	\$ 92,759,878	\$ 92,101,886	\$ (657,992)
FY 2018 MV Data Update*	-	830,186	-	(830,186)
MV Phase Out - Fire Districts	-	-	32,369	32,369
Total	\$ 64,500,900	\$ 93,590,064	\$ 92,134,255	\$ (1,455,809)

*FY 2018 Enacted MV Figures reflect value of FY 2017 levy, the FY 2018 Gov. Rev. reflects updated data

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

<i>City or Town</i>	<i>FY 2018 Enacted</i>	<i>FY 2019 Gov. Rec.</i>	<i>FY 2019 Rec. to Enacted</i>	<i>FY 2019 Rec. to FY 2018 Rev.</i>
Barrington	\$ 653,355	\$ 841,884	\$ 188,529	\$ 182,537
Bristol	1,437,620	1,844,851	407,231	390,838
Burrillville	792,150	1,209,727	417,577	352,683
Central Falls	658,924	778,330	119,406	102,903
Charlestown	153,869	243,681	89,812	77,609
Coventry	946,836	1,448,240	501,404	500,319
Cranston	10,060,422	12,662,699	2,602,277	2,570,559
Cumberland	837,112	1,369,021	531,909	425,101
East Greenwich	734,771	1,040,604	305,833	295,091
East Providence	1,913,055	1,898,113	(14,942)	1,138,146
Exeter	339,178	534,739	195,561	166,091
Foster	312,994	468,246	155,252	128,664
Glocester	429,132	582,819	153,687	183,401
Hopkinton	288,401	439,028	150,627	126,205
Jamestown	72,145	99,177	27,032	26,988
Johnston	2,325,115	3,637,649	1,312,534	1,243,507
Lincoln	620,593	842,552	221,959	194,286
Little Compton	44,361	62,951	18,590	16,311
Middletown	218,789	296,803	78,014	67,769
Narragansett	199,464	277,376	77,912	74,248
Newport	1,664,177	1,793,359	129,182	124,800
New Shoreham	28,561	43,379	14,818	12,321
North Kingstown	614,912	821,119	206,207	183,468
North Providence	2,850,249	3,565,889	715,640	943,499
North Smithfield	610,666	970,239	359,573	335,539
Pawtucket	5,326,395	7,100,592	1,774,197	1,933,355
Portsmouth	301,276	376,198	74,922	73,789
Providence	44,898,543	50,625,447	5,726,904	5,589,484
Richmond	256,116	360,344	104,228	111,770
Scituate	233,537	325,391	91,854	88,217
Smithfield	1,548,572	1,835,094	286,522	262,634
South Kingstown	670,014	829,698	159,684	141,834
Tiverton	208,862	294,968	86,106	78,109
Warren	362,400	534,788	172,388	160,583
Warwick	4,757,842	5,554,815	796,973	770,407
Westerly	981,202	1,420,419	439,217	406,846
West Greenwich	223,181	311,443	88,262	101,737
West Warwick	1,635,457	2,145,263	509,806	443,199
Woonsocket	2,549,628	3,666,480	1,116,852	1,026,680
Subtotal	\$ 92,759,878	\$ 113,153,415	\$ 20,393,537	\$ 21,051,529
FY 2018 MV Data Update*	830,186	-	(830,186)	-
MV Phase Out - Fire Districts	-	69,496	-	37,127
Total	\$ 93,590,064	\$ 113,222,911	\$ 19,632,847	\$ 21,088,656

*FY 2018 Enacted MV Figures reflect value of FY 2017 levy, the FY 2019 Gov. Rec. reflects updated data

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2017</i>	<i>FY 2018 Enacted</i>	<i>FY 2018 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	223,894	225,398	225,398	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	1,341,001	1,341,001	1,341,001	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	817,097	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	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	-
North Smithfield	-	-	-	-
Pawtucket	1,523,936	1,539,903	1,539,903	-
Portsmouth	-	-	-	-
Providence	5,604,286	5,797,634	5,797,634	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	891,916	924,370	924,370	-
Woonsocket	949,336	924,681	924,681	-
Total	\$ 12,384,458	\$ 12,384,458	\$ 12,384,458	\$ -

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2018 Enacted</i>	<i>FY 2019 Gov. Rec.</i>	<i>FY 2019 Rec. to Enacted</i>	<i>FY 2019 Rec. to FY 2018 Rev.</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	225,398	217,757	(7,641)	(7,641)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	1,341,001	1,233,378	(107,623)	(107,623)
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	601,333	1,065,944	464,611	464,611
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	1,030,137	1,000,937	(29,200)	(29,200)
North Smithfield	-	-	-	-
Pawtucket	1,539,903	1,507,940	(31,963)	(31,963)
Portsmouth	-	-	-	-
Providence	5,797,634	5,606,831	(190,803)	(190,803)
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	924,370	904,159	(20,211)	(20,211)
Woonsocket	924,681	847,512	(77,169)	(77,169)
Total	\$ 12,384,458	\$ 12,384,458	\$ -	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2017</i>	<i>FY 2018 Enacted</i>	<i>FY 2018 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 15,995	\$ 16,157	\$ 16,157	\$ -
Bristol	954,792	1,035,981	1,035,981	-
Burrillville	145,198	97,322	97,322	-
Central Falls	24,507	25,295	25,295	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,322,139	5,287,952	5,287,952	-
Cumberland	135	135	135	-
East Greenwich	434,980	459,869	459,869	-
East Providence	248,601	243,053	243,053	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,357,719	1,405,248	1,405,248	-
New Shoreham	-	-	-	-
North Kingstown	1,737	1,712	1,712	-
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	554,958	554,958	554,958	-
Portsmouth	-	-	-	-
Providence	30,137,743	33,303,459	33,303,459	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	710,097	718,669	718,669	-
South Kingstown	198,218	204,036	204,036	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,712,951	1,690,561	1,690,561	-
Westerly	159,333	161,199	161,199	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
Total	\$ 41,979,103	\$ 45,205,606	\$ 45,205,606	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2018 Enacted</i>	<i>FY 2019 Gov. Rec.</i>	<i>FY 2019 Rec. to Enacted</i>	<i>FY 2019 Rec. to FY 2018 Rev.</i>
Barrington	\$ 16,157	\$ 17,514	\$ 1,357	\$ 1,357
Bristol	1,035,981	1,335,274	299,293	299,293
Burrillville	97,322	98,273	951	951
Central Falls	25,295	895	(24,400)	(24,400)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,287,952	5,403,870	115,918	115,918
Cumberland	135	-	(135)	(135)
East Greenwich	459,869	659,856	199,987	199,987
East Providence	243,053	244,237	1,184	1,184
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,405,248	1,431,152	25,904	25,904
New Shoreham	-	-	-	-
North Kingstown	1,712	1,762	50	50
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	554,958	575,928	20,970	20,970
Portsmouth	-	-	-	-
Providence	33,303,459	33,497,659	194,200	194,200
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	718,669	763,295	44,626	44,626
South Kingstown	204,036	207,011	2,975	2,975
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,690,561	1,687,863	(2,698)	(2,698)
Westerly	161,199	164,915	3,716	3,716
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
Total	\$ 45,205,606	\$ 46,089,504	\$ 883,898	\$ 883,898

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2017</i>	<i>FY 2018 Enacted*</i>	<i>FY 2018 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 221,581	\$ 637,198	\$ 643,190	\$ 5,992
Bristol	109,436	401,639	418,032	16,393
Burrillville	207,065	694,828	759,722	64,894
Central Falls	102,184	408,231	424,734	16,503
Charlestown	44,815	153,869	166,072	12,203
Coventry	251,244	946,836	947,921	1,085
Cranston	1,042,441	3,431,469	3,463,187	31,718
Cumberland	253,650	836,977	943,785	106,808
East Greenwich	84,112	274,902	285,644	10,742
East Providence	516,914	1,670,002	516,914	(1,153,088)
Exeter	93,419	339,178	368,648	29,470
Foster	74,174	312,994	339,582	26,588
Glocester	104,711	429,132	399,418	(29,714)
Hopkinton	72,384	288,401	312,823	24,422
Jamestown	22,334	72,145	72,189	44
Johnston	437,352	1,723,782	1,792,809	69,027
Lincoln	206,198	620,593	648,266	27,673
Little Compton	13,465	44,361	46,640	2,279
Middletown	76,147	218,789	229,034	10,245
Narragansett	61,720	199,464	203,128	3,664
Newport	80,642	258,929	263,311	4,382
New Shoreham	6,910	28,561	31,058	2,497
North Kingstown	192,589	613,200	635,939	22,739
North Providence	393,779	1,820,112	1,592,253	(227,859)
North Smithfield	183,264	610,666	634,700	24,034
Pawtucket	821,285	3,231,534	3,072,376	(159,158)
Portsmouth	94,646	301,276	302,409	1,133
Providence	1,620,464	5,797,450	5,934,870	137,420
Richmond	66,710	256,116	248,574	(7,542)
Scituate	71,269	233,537	237,174	3,637
Smithfield	267,692	829,903	853,791	23,888
South Kingstown	142,445	465,978	483,828	17,850
Tiverton	62,598	208,862	216,859	7,997
Warren	94,349	362,400	374,205	11,805
Warwick	1,013,712	3,067,281	3,093,847	26,566
Westerly	220,009	820,003	852,374	32,371
West Greenwich	55,996	223,181	209,706	(13,475)
West Warwick	238,429	711,086	777,694	66,608
Woonsocket	377,867	1,624,947	1,715,119	90,172
Municipalities		-	-	
Subtotal	\$ 10,000,000	\$ 35,169,814	\$ 34,511,822	\$ (657,992)
FY 2018 MV Data Update*	-	830,186	-	(830,186)
MV Phase Out - Fire Distric	-	-	32,369	32,369
Total	\$ 10,000,000	\$ 36,000,000	\$ 34,544,191	\$ (1,455,809)

*FY 2018 Enacted MV Figures reflect value of FY 2017 levy, the FY 2018 Gov. Rev. reflects updated data

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2018 Enacted*</i>	<i>FY 2019 Gov. Rec.</i>	<i>FY 2019 Rec. to Enacted</i>	<i>FY 2019 Rec. to FY 2018 Rev.</i>
Barrington	\$ 637,198	\$ 824,370	\$ 187,172	\$ 181,180
Bristol	401,639	509,577	107,938	91,545
Burrillville	694,828	1,111,454	416,626	351,732
Central Falls	408,231	559,678	151,447	134,944
Charlestown	153,869	243,681	89,812	77,609
Coventry	946,836	1,448,240	501,404	500,319
Cranston	3,431,469	6,025,451	2,593,982	2,562,264
Cumberland	836,977	1,369,021	532,044	425,236
East Greenwich	274,902	380,748	105,846	95,104
East Providence	1,670,002	1,653,876	(16,126)	1,136,962
Exeter	339,178	534,739	195,561	166,091
Foster	312,994	468,246	155,252	128,664
Glocester	429,132	582,819	153,687	183,401
Hopkinton	288,401	439,028	150,627	126,205
Jamestown	72,145	99,177	27,032	26,988
Johnston	1,723,782	2,571,705	847,923	778,896
Lincoln	620,593	842,552	221,959	194,286
Little Compton	44,361	62,951	18,590	16,311
Middletown	218,789	296,803	78,014	67,769
Narragansett	199,464	277,376	77,912	74,248
Newport	258,929	362,207	103,278	98,896
New Shoreham	28,561	43,379	14,818	12,321
North Kingstown	613,200	819,357	206,157	183,418
North Providence	1,820,112	2,564,952	744,840	972,699
North Smithfield	610,666	970,239	359,573	335,539
Pawtucket	3,231,534	5,016,724	1,785,190	1,944,348
Portsmouth	301,276	376,198	74,922	73,789
Providence	5,797,450	11,520,957	5,723,507	5,586,087
Richmond	256,116	360,344	104,228	111,770
Scituate	233,537	325,391	91,854	88,217
Smithfield	829,903	1,071,799	241,896	218,008
South Kingstown	465,978	622,687	156,709	138,859
Tiverton	208,862	294,968	86,106	78,109
Warren	362,400	534,788	172,388	160,583
Warwick	3,067,281	3,866,952	799,671	773,105
Westerly	820,003	1,255,504	435,501	403,130
West Greenwich	223,181	311,443	88,262	101,737
West Warwick	711,086	1,241,104	530,018	463,410
Woonsocket	1,624,947	2,818,968	1,194,021	1,103,849
Municipalities	-			
Subtotal	\$ 35,169,814	\$ 54,679,453	\$ 19,509,639	\$ 20,167,631
FY 2018 MV Data Update*	830,186	-	(830,186)	-
MV Phase Out - Fire Distric	-	69,496	69,496	37,127
Total	\$ 36,000,000	\$ 54,748,948	\$ 18,748,948	\$ 20,204,757

*FY 2018 Enacted MV Figures reflect value of FY 2017 levy, the recommendation reflects updated data

Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2017*</i>	<i>FY 2018 Enacted</i>	<i>FY 2018 Gov. Rev</i>	<i>Revised Difference</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 reflects Johnston's reappropriated FY 2016 Municipal Incentive Aid. Johnston was out of compliance and its aid was distributed amongst all other communities pursuant to Rhode Island General Law, Chapter 45-13.2*

Municipal Incentive Aid

<i>City or Town</i>	<i>FY 2018 Enacted</i>	<i>FY 2019 Gov. Rec.</i>	<i>FY 2018 Rec. to Enacted</i>	<i>FY 2019 Rec. to FY 2018 Rev.</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	-	-	-	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	-	-	-	-
Portsmouth	-	-	-	-
Providence	-	-	-	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

Library Aid

<i>City or Town</i>	<i>FY 2017</i>	<i>FY 2018 Enacted</i>	<i>FY 2018 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 374,284	\$ 380,070	\$ 380,070	\$ -
Bristol	185,859	187,103	187,103	-
Burrillville	165,414	170,118	170,118	-
Central Falls	30,523	27,075	27,075	-
Charlestown	51,221	50,815	50,815	-
Coventry	244,374	238,140	238,140	-
Cranston	595,274	582,746	582,746	-
Cumberland	287,647	285,364	285,364	-
East Greenwich	134,295	132,321	132,321	-
East Providence	422,447	415,613	415,613	-
Exeter	52,087	52,931	52,931	-
Foster	34,462	34,371	34,371	-
Glocester	78,763	77,938	77,938	-
Hopkinton	36,298	35,323	35,323	-
Jamestown	115,055	126,828	126,828	-
Johnston	122,211	124,168	124,168	-
Lincoln	210,541	203,414	203,414	-
Little Compton	36,397	35,067	35,067	-
Middletown	147,598	145,593	145,593	-
Narragansett	153,079	191,652	191,652	-
Newport	417,539	411,403	411,403	-
New Shoreham	88,318	74,303	74,303	-
North Kingstown	293,678	282,085	282,085	-
North Providence	192,234	202,114	202,114	-
North Smithfield	78,789	78,305	78,305	-
Pawtucket	384,468	409,155	409,155	-
Portsmouth	116,931	113,853	113,853	-
Providence*	2,047,753	2,028,860	2,028,860	-
Richmond	27,268	26,001	26,001	-
Scituate	104,517	104,815	104,815	-
Smithfield	298,995	294,639	294,639	-
South Kingstown	225,653	218,810	218,810	-
Tiverton	116,085	123,043	123,043	-
Warren	57,784	56,598	56,598	-
Warwick	739,844	739,962	739,962	-
Westerly	318,145	318,791	318,791	-
West Greenwich	32,312	33,299	33,299	-
West Warwick	162,630	162,506	162,506	-
Woonsocket	181,300	186,880	186,880	-
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 2018 Enacted</i>	<i>FY 2019 Gov. Rec.</i>	<i>FY 2019 Rec. to Enacted</i>	<i>FY 2019 Rec. to FY 2018 Rev.</i>
Barrington	\$ 380,070	\$ 377,408	\$ (2,662)	\$ (2,662)
Bristol	187,103	192,571	5,468	5,468
Burrillville	170,118	173,440	3,322	3,322
Central Falls	27,075	26,487	(588)	(588)
Charlestown	50,815	51,117	302	302
Coventry	238,140	232,971	(5,169)	(5,169)
Cranston	582,746	599,627	16,881	16,881
Cumberland	285,364	279,091	(6,273)	(6,273)
East Greenwich	132,321	131,335	(986)	(986)
East Providence	415,613	418,643	3,030	3,030
Exeter	52,931	49,367	(3,564)	(3,564)
Foster	34,371	33,624	(747)	(747)
Glocester	77,938	78,446	508	508
Hopkinton	35,323	34,850	(473)	(473)
Jamestown	126,828	123,716	(3,112)	(3,112)
Johnston	124,168	120,586	(3,582)	(3,582)
Lincoln	203,414	202,908	(506)	(506)
Little Compton	35,067	34,306	(761)	(761)
Middletown	145,593	145,601	8	8
Narragansett	191,652	187,492	(4,160)	(4,160)
Newport	411,403	412,478	1,075	1,075
New Shoreham	74,303	84,344	10,041	10,041
North Kingstown	282,085	278,709	(3,376)	(3,376)
North Providence	202,114	197,946	(4,168)	(4,168)
North Smithfield	78,305	77,887	(418)	(418)
Pawtucket	409,155	390,645	(18,510)	(18,510)
Portsmouth	113,853	114,736	883	883
Providence*	2,028,860	2,045,707	16,847	16,847
Richmond	26,001	24,913	(1,088)	(1,088)
Scituate	104,815	104,590	(225)	(225)
Smithfield	294,639	295,708	1,069	1,069
South Kingstown	218,810	213,881	(4,929)	(4,929)
Tiverton	123,043	122,624	(419)	(419)
Warren	56,598	56,679	81	81
Warwick	739,962	737,667	(2,295)	(2,295)
Westerly	318,791	315,893	(2,898)	(2,898)
West Greenwich	33,299	36,772	3,473	3,473
West Warwick	162,506	160,224	(2,282)	(2,282)
Woonsocket	186,880	197,081	10,201	10,201
Total	\$ 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</i>	<i>FY 2018 Enacted</i>	<i>FY 2018 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 209,719	\$ 203,389	\$ 203,389	\$ -
Bristol	289,577	279,397	279,397	-
Burrillville	207,376	202,015	202,015	-
Central Falls	249,834	242,093	242,093	-
Charlestown	100,263	97,097	97,097	-
Coventry	450,490	437,024	437,024	-
Cranston	1,038,680	1,008,961	1,008,961	-
Cumberland	436,817	426,317	426,317	-
East Greenwich	168,882	163,835	163,835	-
East Providence	607,219	590,502	590,502	-
Exeter	85,909	83,592	83,592	-
Foster	59,761	58,356	58,356	-
Glocester	126,732	123,645	123,645	-
Hopkinton	104,846	101,482	101,482	-
Jamestown	70,086	68,263	68,263	-
Johnston	373,181	363,489	363,489	-
Lincoln	274,218	267,304	267,304	-
Little Compton	44,943	43,776	43,776	-
Middletown	207,028	200,603	200,603	-
Narragansett	203,230	196,380	196,380	-
Newport	316,689	305,570	305,570	-
New Shoreham	11,497	11,319	11,319	-
North Kingstown	339,927	328,695	328,695	-
North Providence	414,648	403,417	403,417	-
North Smithfield	155,854	151,904	151,904	-
Pawtucket	918,089	891,950	891,950	-
Portsmouth	223,391	216,894	216,894	-
Providence	2,298,821	2,232,279	2,232,279	-
Richmond	98,461	95,248	95,248	-
Scituate	134,071	130,554	130,554	-
Smithfield	276,509	268,766	268,766	-
South Kingstown	393,252	382,004	382,004	-
Tiverton	203,475	197,617	197,617	-
Warren	135,886	131,578	131,578	-
Warwick	1,056,511	1,022,628	1,022,628	-
Westerly	292,589	283,383	283,383	-
West Greenwich	78,764	76,421	76,421	-
West Warwick	372,833	360,940	360,940	-
Woonsocket	529,588	514,881	514,881	-
Total	\$ 13,559,646	\$ 13,163,564	\$ 13,163,564	\$ -

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2018 Enacted</i>	<i>FY 2019 Gov. Rec.*</i>	<i>FY 2019 Rec. to Enacted</i>	<i>FY 2019 Rec. to FY 2018 Rev.</i>
Barrington	\$ 203,389	\$ 203,389	\$ -	\$ -
Bristol	279,397	279,397	-	-
Burrillville	202,015	202,015	-	-
Central Falls	242,093	242,093	-	-
Charlestown	97,097	97,097	-	-
Coventry	437,024	437,024	-	-
Cranston	1,008,961	1,008,961	-	-
Cumberland	426,317	426,317	-	-
East Greenwich	163,835	163,835	-	-
East Providence	590,502	590,502	-	-
Exeter	83,592	83,592	-	-
Foster	58,356	58,356	-	-
Glocester	123,645	123,645	-	-
Hopkinton	101,482	101,482	-	-
Jamestown	68,263	68,263	-	-
Johnston	363,489	363,489	-	-
Lincoln	267,304	267,304	-	-
Little Compton	43,776	43,776	-	-
Middletown	200,603	200,603	-	-
Narragansett	196,380	196,380	-	-
Newport	305,570	305,570	-	-
New Shoreham	11,319	11,319	-	-
North Kingstown	328,695	328,695	-	-
North Providence	403,417	403,417	-	-
North Smithfield	151,904	151,904	-	-
Pawtucket	891,950	891,950	-	-
Portsmouth	216,894	216,894	-	-
Providence	2,232,279	2,232,279	-	-
Richmond	95,248	95,248	-	-
Scituate	130,554	130,554	-	-
Smithfield	268,766	268,766	-	-
South Kingstown	382,004	382,004	-	-
Tiverton	197,617	197,617	-	-
Warren	131,578	131,578	-	-
Warwick	1,022,628	1,022,628	-	-
Westerly	283,383	283,383	-	-
West Greenwich	76,421	76,421	-	-
West Warwick	360,940	360,940	-	-
Woonsocket	514,881	514,881	-	-
Total	\$ 13,163,564	\$ 13,163,564	\$ -	\$ -

**FY 2018 based on prior data; FY 2019 Enacted will reflect actual data.*

Meals and Beverage Tax

<i>City or Town</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Barrington	\$ 150,289	\$ 160,982	\$ 172,575	\$ 178,288
Bristol	349,976	393,164	445,779	490,293
Burrillville	188,267	197,923	190,021	195,692
Central Falls	108,588	118,346	121,924	123,031
Charlestown	129,269	146,233	158,031	173,879
Coventry	369,572	392,485	389,819	437,307
Cranston	1,565,772	1,711,751	1,792,828	1,818,951
Cumberland	398,311	449,395	473,622	481,440
East Greenwich	542,163	603,838	677,598	809,903
East Providence	850,141	900,412	960,092	1,005,535
Exeter	82,729	91,328	100,330	105,533
Foster	15,555	15,854	17,936	17,661
Glocester	72,882	71,838	75,375	74,338
Hopkinton	48,816	48,178	52,205	45,689
Jamestown	82,430	93,444	92,434	94,108
Johnston	477,395	543,799	584,763	624,339
Lincoln	752,037	807,125	784,459	791,292
Little Compton	36,886	44,318	57,268	68,507
Middletown	650,819	650,757	725,596	730,305
Narragansett	523,958	583,414	664,935	627,427
Newport	1,850,957	2,069,020	2,266,128	2,235,459
New Shoreham	287,318	316,803	361,187	358,555
North Kingstown	473,098	507,483	556,133	532,105
North Providence	314,626	326,139	348,364	352,137
North Smithfield	229,300	242,418	314,344	304,746
Pawtucket	707,825	755,669	812,269	865,294
Portsmouth	175,345	179,150	229,833	238,740
Providence	4,744,243	4,927,997	5,260,911	5,463,457
Richmond	121,428	137,772	141,584	142,210
Scituate	63,926	68,385	64,084	54,994
Smithfield	649,927	678,253	786,891	755,766
South Kingstown	705,854	762,720	834,015	859,118
Tiverton	199,203	211,399	225,960	224,686
Warren	249,162	270,327	356,392	297,499
Warwick	2,502,697	2,657,702	2,712,574	2,890,427
Westerly	747,540	796,790	873,436	883,820
West Greenwich	124,809	136,840	137,441	126,823
West Warwick	321,518	337,902	347,921	345,927
Woonsocket	470,248	494,486	516,678	511,790
Total	\$ 22,334,876	\$ 23,901,840	\$ 25,683,737	\$ 26,337,072

Local Hotel Tax

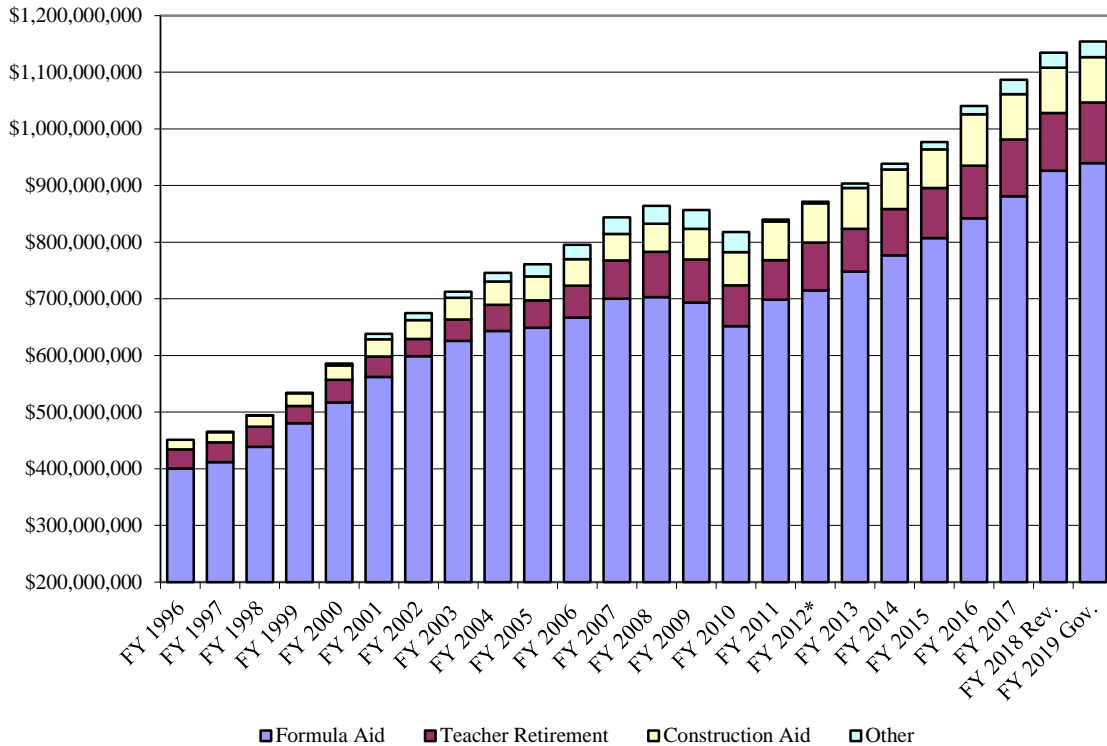
<i>City or Town</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>
Barrington	\$ -	\$ -	\$ 269	\$ 1,774
Bristol	15,804	16,409	18,894	25,315
Burrillville	-	-	-	-
Central Falls	-	-	30	288
Charlestown	8,825	8,228	17,619	47,760
Coventry	34,086	40,343	44,161	43,530
Cranston	3,885	4,217	7,251	9,218
Cumberland	-	-	-	709
East Greenwich	370	249	384	292
East Providence	18,373	20,329	21,968	19,600
Exeter	-	-	7	43
Foster	104	93	70	117
Glocester	1,148	900	1,024	1,188
Hopkinton	-	-	347	4,494
Jamestown	3,870	4,743	7,420	15,793
Johnston	3,165	4,169	3,913	3,683
Lincoln	43,671	46,909	47,758	48,089
Little Compton	1,835	164	2,003	14,890
Middletown	289,889	331,476	370,993	396,390
Narragansett	34,462	36,258	68,467	167,486
Newport	815,986	862,954	1,065,006	1,079,403
New Shoreham	126,106	123,771	225,100	299,889
North Kingstown	32,951	36,732	36,972	50,847
North Providence	-	-	3	1
North Smithfield	1,284	1,444	1,498	1,303
Pawtucket	22,076	23,287	18,564	1,777
Portsmouth	4,913	8,333	8,476	17,950
Providence	825,596	901,828	1,002,140	1,037,348
Richmond	1,462	1,735	1,833	1,951
Scituate	2,059	2,824	2,972	3,279
Smithfield	62,429	65,311	76,793	68,053
South Kingstown	58,652	62,422	78,293	86,591
Tiverton	-	-	306	1,076
Warren	-	-	247	1,361
Warwick	432,937	474,245	524,392	529,108
Westerly	188,057	218,992	269,593	300,400
West Greenwich	40,274	41,057	47,165	52,424
West Warwick	41,880	50,205	59,550	63,401
Woonsocket	21,953	23,914	26,403	20,892
Total	\$ 3,138,100	\$ 3,413,541	\$ 4,057,884	\$ 4,417,712

Education Aid

Summary

The Governor recommends \$1,153.8 million for FY 2019 total aid for local school districts. This is \$19.5 million more than enacted for FY 2018. Funding for FY 2019 includes \$939.5 million in direct distributions to local school districts, \$26.2 million in categorical funding, \$1.0 million in other aid for distribution by the Department, \$107.1 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, adjusted for the impact of 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 2019 represents the eighth year of the transition period, only districts that are receiving less state aid have the remaining loss phased in.

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 2017 Assembly established a permanent category of aid for English Language Learners.

Education Aid by Component

The Governor recommends \$1,153.8 million for FY 2019 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 \$19.5 million more than enacted for FY 2018.

Education Aid	FY 2018 Enacted	FY 2018 Revised	Change to Enacted	FY 2019 Governor	Change to Enacted	Change to Revised
Operating Aid						
Local Districts	\$ 775,063,799	\$ 775,063,799	\$ -	\$ 781,478,792	\$ 6,414,993	\$ 6,414,993
Central Falls	39,878,367	39,878,367	-	40,397,886	519,519	519,519
Met School*	9,342,007	9,342,007	-	9,342,007	-	-
Davies Career & Technical*	13,358,058	13,275,359	(82,699)	13,329,558	(28,500)	54,199
Charter Schools	82,748,544	82,748,544	-	89,873,681	7,125,137	7,125,137
UCAP	1,494,741	1,494,741	-	1,542,997	48,256	48,256
Group Homes Funding	4,108,209	4,193,209	85,000	3,575,746	(532,463)	(617,463)
Subtotal	\$ 925,993,725	\$ 925,996,026	\$ 2,301	\$ 939,540,667	\$ 13,546,942	\$ 13,544,641
Categorical Funding						
High Cost Special Education	\$ 4,500,000	\$ 4,500,000	\$ -	\$ 4,500,000	\$ -	\$ -
Career and Technical	4,500,000	4,500,000	-	4,500,000	-	-
Early Childhood**	6,240,000	6,240,000	-	7,360,000	1,120,000	1,120,000
Non-Public Transportation	3,038,684	3,038,684	-	3,038,684	-	-
Regional District Transportation	3,772,676	3,772,676	-	3,772,676	-	-
English Language Learners	2,494,939	2,494,939	-	2,494,939	-	-
School of Choice Density Aid	910,500	910,500	-	498,000	(412,500)	(412,500)
Subtotal	\$ 25,456,799	\$ 25,456,799	\$ -	\$ 26,164,299	\$ 707,500	\$ 707,500
Set-Aside Funds						
Textbook Loans	\$ 240,000	\$ 88,960	\$ (151,040)	\$ 240,000	\$ -	\$ 151,040
School Breakfast	270,000	270,000	-	270,000	-	-
Recovery High School	500,000	500,000	-	500,000	-	-
Subtotal	\$ 1,010,000	\$ 858,960	\$ (151,040)	\$ 1,010,000	\$ -	\$ 151,040
Total	\$ 952,460,524	\$ 952,311,785	\$ (148,739)	\$ 966,714,966	\$ 14,254,442	\$ 14,403,181
Other Aid						
Teacher Retirement	\$ 101,833,986	\$ 101,973,928	\$ 139,942	\$ 107,118,409	\$ 5,284,423	\$ 5,144,481
Construction Aid	70,907,110	69,079,556	(1,827,554)	69,448,781	(1,458,329)	369,225
School Building Authority Fund	9,092,890	10,920,444	1,827,554	10,551,219	1,458,329	(369,225)
Statewide Total	\$ 1,134,294,510	\$ 1,134,285,713	\$ (8,797)	\$ 1,153,833,375	\$ 19,538,865	\$ 19,547,662

*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.

** FY 2019 Governor's recommendation includes \$1.1 million from permanent school funds.

The table on the previous page compares the FY 2019 recommended funding for the major components of education aid to the FY 2018 enacted budget and the Governor's FY 2018 revised recommendation. It is followed by an explanation of each of the items in the table.

The funding formula calculation for FY 2019 uses March 15, 2017 student enrollment data adjusted for FY 2019 projected charter school enrollments, a per pupil core instruction amount of \$9,422 and state share ratio variables updated with June 30, 2017 data. It was designed such that districts that were receiving more state funding will 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 2019 is the eighth year of the transition period, gaining districts receive the full amount of aid produced by the formula each year and only districts that are receiving less state aid will have that remaining loss phased in. The Department of Elementary and Secondary Education will provide updated March 2018 student enrollment data at the beginning of April. Districts are billed quarterly for students attending charter and state schools.

Operating Aid

Local Districts. The Governor recommends \$781.5 million for formula aid to locally operated school districts. This is \$6.4 million more than enacted.

Central Falls Operations. The Governor recommends \$40.4 million for formula aid for the Central Falls School District. This is \$0.5 million or 1.3 percent more than FY 2018 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 fifth year of stabilization funding and the budget includes \$8.4 million. The formula produces a \$1.2 million reduction, reflecting declining Central Falls enrollment primarily due to the growth in the number of students attending charter schools.

Metropolitan Career and Technical School. The Governor recommends \$9.3 million for formula aid for the Metropolitan Career and Technical School. This is consistent with the FY 2018 enacted level. The 2016 Assembly enacted a 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 Governor recommends \$1.3 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 eight 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 2019.

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 Governor recommends \$13.3 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$28,500 less than the FY 2018 enacted level reflecting adjustments made to 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 2019.

The 2016 Assembly enacted a 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 Governor's recommendation includes \$4.0 million in additional funding to Davies, \$0.8 million more than enacted. This offsets a similar reduction reflecting year eight 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 Governor recommends \$89.9 million for formula aid to charter schools. This is \$7.1 million more than the FY 2018 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 2019.

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 Governor recommends \$1.5 million for the sixth year of funding for the Urban Collaborative Accelerated Program (UCAP) for FY 2019. 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 2019.

Group Homes. The Governor recommends \$3.6 million for group home aid, based on 365 beds. The distribution uses a method proposed by the Department and adopted by the 2014 Assembly that changed the way group home beds affect total funding allowed under Rhode Island General Law, Section 16-7-22(1)(ii), which requires that the number of group home beds be deducted from enrollment data for the purpose of determining average daily membership. Instead of showing the impact of group home beds on funding formula aid, the budget shows the impact in group home aid. The decrease in funding is phased-in over the remaining years of the transition period. As FY 2019 is the eighth year of the transition period, only districts that are receiving less state aid will have that remaining loss phased in; the gaining districts receive total aid as produced by the formula each year.

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, an official community of residence, generally based on the parents' residence, was determined for each child living in a group home. The district of official residence was responsible to pay the district in which the child is placed for the cost of the child's education. This system produced disputes among communities concerning financial responsibility.

The 2007 Assembly enacted legislation to ensure that increases in beds prior to December 31 of each year are paid as part of the supplemental budget for that year. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2018 would not be reflected until FY 2019. The 2016 Assembly increased the per bed amount from \$22,000 to \$26,000 for the group home beds associated with Bradley Hospital's residential CRAFT program. It also increased the per bed amount from \$15,000 to \$17,000 for all other group home beds. In FY 2019, the 18 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, the out-year estimates submitted with the Governor's FY 2019 budget assume these costs will remain constant. For FY 2019, density aid is provided for districts affected by large numbers of their students attending charter and state schools; this is the final year of a three-year program.

High Cost Special Education. The funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Governor recommends \$4.5 million for FY 2019, consistent with the FY 2017 and FY 2018 enacted budgets. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, the out-year estimates submitted with the Governor's FY 2019 budget assume these costs will remain constant. This was first funded in FY 2013 at \$500,000.

Career and Technical Programs. The funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the

higher than average costs associated with facilities, equipment, maintenance, repair and supplies necessary for maintaining the quality of highly specialized programs. The Department developed criteria for the purpose of allocating funds and prorates the funds available for distribution among those eligible school districts, if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. The Governor recommends \$4.5 million for FY 2019, consistent with the FY 2017 and FY 2018 enacted budgets. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, the out-year estimates submitted with the Governor's FY 2019 budget 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 Governor recommends \$7.4 million for FY 2019, which is \$1.1 million more than enacted. This includes \$6.2 million from general revenues and \$1.1 million from permanent school funds. These funds are currently distributed through a request for proposals 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 federal funding is \$5.6 million. The additional funding in FY 2019 will provide funds to maintain the current level of 60 pre-kindergarten classes. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, the out-year estimates submitted with the Governor's FY 2019 budget 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 School Transportation. The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state assumes the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system. Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Governor recommends \$3.0 million for FY 2019, 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, the out-year estimates submitted with the Governor's FY 2019 budget assume these costs will remain constant. FY 2012 funding for this component of the original transportation fund was \$0.8 million.

Regional School District Transportation. The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state shares in the costs associated with transporting students within regional school districts. The state and regional school district shares equally the student transportation costs net any federal sources of revenue for these expenditures. Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Governor recommends \$3.8 million for FY 2019, 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, the out-year estimates submitted with the Governor's FY 2019 budget assume these costs will remain constant. FY 2012 funding for this component of the original transportation fund was \$0.5 million.

English Language Learners. The Governor's budget includes \$2.5 million to support English language learners that are in the most intensive programs, consistent with the enacted budget. The funding is used on evidence-based programs proven to increase outcomes and are monitored by the Department of Elementary and Secondary Education. The calculation is 10.0 percent of the Core Instruction Amount, applied to students in the most intensive English learner programs. Funding for this category was first provided in FY 2017 for one year only; it was made permanent a year later.

School of Choice Density Aid. The Governor’s budget includes \$0.5 million for the final year of a three-year program. 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. For FY 2018, seven districts received \$100 per student. For FY 2019, eight districts will receive \$50 per student. This recommendation emerged from the 2016 Governor’s funding formula work group.

Set-Aside Funds

Textbook Loans. The Governor recommends 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. The recommendation is \$80,459 more than the spent in FY 2017. For FY 2018, the Governor’s revised budget includes \$88,960, or \$151,040 less than enacted, based on anticipated expenditures.

School Breakfast. The Governor recommends \$270,000 for FY 2019 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 changes the local tuition payment from the local per pupil expenditures to the core instruction amount. The 2017 Assembly removed the limitation to FY 2017 only. For FY 2019, the Governor recommends \$0.5 million, consistent with the enacted budget.

Other Aid

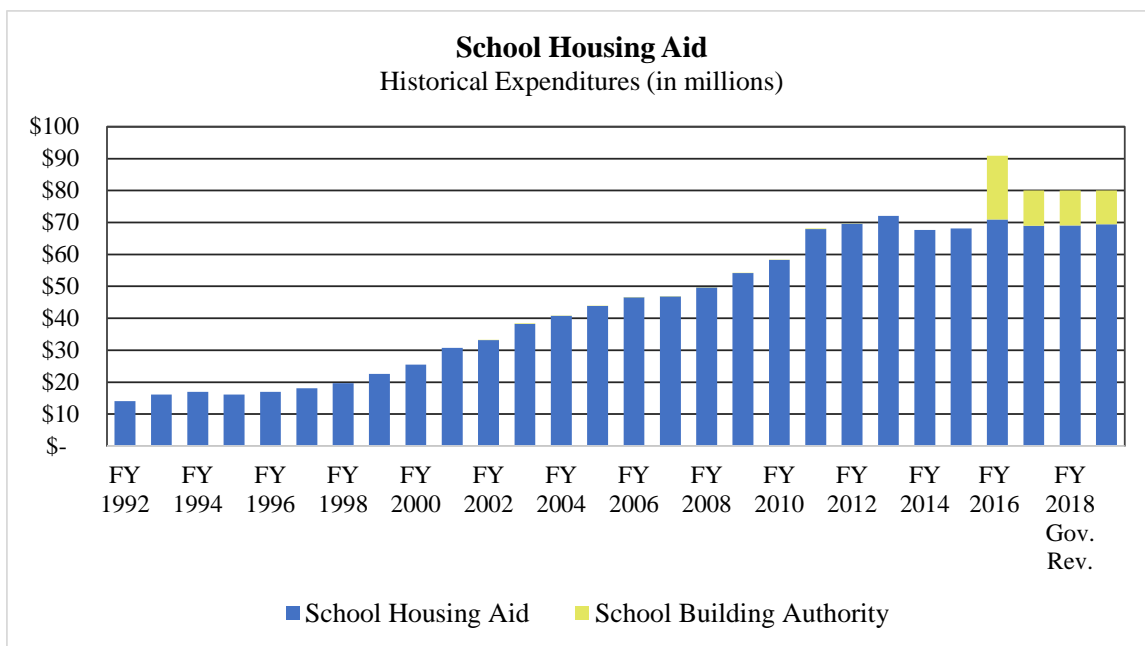
Teacher Retirement. The Governor recommends \$107.1 million to fund the state’s 40.0 percent share of the employer contribution for teacher retirement, an increase of \$5.3 million or 4.8 percent more than the FY 2018 enacted budget. Prior to changes enacted in 2011, teachers had contributed 9.5 percent 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 Construction Aid. The Governor recommends \$80.0 million for construction aid to local districts. This includes \$69.4 million for the traditional school housing aid program, which reimburses school districts for a share of completed projects, and \$10.6 million for the School Building Authority Capital Fund, which provides loans for smaller projects that do not require both the full rehabilitation of a school and voter approval.

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. It was eventually maintained at 35.0 percent.

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. During the moratorium, the Council on Elementary and Secondary Education approved \$162.0 million of health and safety projects.

The following table shows school housing aid appropriations from FY 1992 through the FY 2019 recommendation. Funding for the program more than doubled over 10 years through FY 2001. It doubled again in the next 10 year period though FY 2011 with an average growth rate of 8.3 percent. Over the past 10 years, from FY 2008 though FY 2017, the Council on Elementary and Secondary Education approved \$832.0 million of projects through the traditional school housing aid program; projects for FY 2018 will be approved on May 8. Additionally, it has approved 129 projects totaling \$51.9 million through the School Building Authority Capital Fund over its three year existence.



For FY 2019, the Governor proposes legislation to temporarily expand incentives used to enhance the school housing aid ratio in order to encourage new school construction and renovation projects. Districts would be eligible for share ratio increases of up to 20 percent for projects that address health and safety deficiencies, specific high-demand subject areas, replacing facilities, and consolidating facilities. Charter schools would be eligible to receive these new incentives and would receive an increase in their minimum share ratio from 30.0 percent to 35.0 percent. A district’s local share cannot decrease by more than half of its regular share regardless of the incentives earned. Each incentive requires spending of 25.0 percent of project costs or \$250,000 on related items. The incentives require that projects begin by either December 30, 2022 or 2023.

The proposal also includes the addition of two new members to the School Building Authority Board, the ability to finance energy and environmental projects through the Rhode Island Infrastructure Bank, and

additional requirements and oversight throughout the projects. The additional requirements and oversight are intended to control project costs, ensure building systems operate correctly, and ensure that projects are executed properly from design through construction. Owners Program Managers and commissioning agents would be assigned to projects exceeding \$1.5 million, and state certification of prime contractors would be required for projects exceeding \$10.0 million.

The budget includes \$250.0 million of new general obligation bonds to be submitted to the voters on the November 2018 ballot for public school construction and repairs over the next five years, with an authorization limit of \$100.0 million in any one year. The proposal does not explain how the funding will be used and if any will be used for either the traditional program or capital fund. Annual debt service on the bonds would be \$20.7 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$401.4 million.

It should be noted that the out-year estimates included with the Governor's recommended budget include debt service payments made for the bonds, but do not include additional costs through the standard state appropriation. As the state's share would temporarily increase through the proposed legislation, additional funding would be needed to reimburse these projects, beyond the \$80.0 million assumed annually in the Governor's projections. Estimates presented by the Office of the General Treasurer show that state reimbursements would increase to \$100 million by FY 2022 and \$140 million by FY 2027 under the proposed incentive plan.

Calculation and Distribution Tables

The ten tables on the following pages include the calculation and distribution of the Governor's FY 2019 recommended education aid to districts, charter and state schools. Tables 1A and 1B show the total recommended funding and Tables 2 through 8 illustrate different components of the funding formula. Table 9 has education aid to districts for FY 2013 through FY 2017 for comparison purposes.

Table 1A: Total Recommended Education Aid for Districts for FY 2019

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2019

Table 2: Calculation of New Funding Formula for FY 2019

Table 3: Group Home Aid

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2019 Estimated Charter and State School Enrollment by Sending District

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

Table 8: Recommended Categorical Aid for FY 2019

Table 9: Education Aid for FY 2013 - FY 2017

Table 1A: Total Recommended Education Aid for Districts for FY 2019

A. Column **A** is the amount that districts will receive in the eighth 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. Beginning in FY 2018, only districts receiving less state aid are subject to the phase in. This calculation is shown in Table 2.

B. Column **B** is the amount of group home aid districts will receive in FY 2019. Changes from FY 2018 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 the final year 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 beginning in FY 2018. The Governor's recommendation is shown in Column **C**. Specific programs are shown in Table 8.

D. Column **D** shows the Governor's total FY 2019 recommended aid.

E. Column **E** is the FY 2018 enacted aid.

F. Column **F** is the difference between the Governor's FY 2019 recommendation shown in Column **D** and the FY 2018 enacted budget in Column **E**.

Table 1A: Total Recommended Education Aid for Districts for FY 2019

<i>District</i>	<i>A</i> <i>FY 2019</i> <i>Recommended</i> <i>Formula Aid</i> <i>(Table 2)</i>	<i>B</i> <i>Group Home</i> <i>Aid</i> <i>(Table 3)</i>	<i>C</i> <i>Categoricals</i> <i>(Table 8)</i>	<i>D</i> <i>FY 2019 Total</i> <i>Recommended Aid</i>	<i>E</i> <i>FY 2018 Total</i> <i>Enacted Aid</i>	<i>F</i> <i>Total</i> <i>FY 2019</i> <i>Change to</i> <i>Enacted</i>
Barrington	\$ 5,287,105	\$ -	\$ 190,333	\$ 5,477,438	\$ 5,347,807	\$ 129,631
Burrillville	12,609,551	81,848	75,102	12,766,501	13,185,862	(419,361)
Charlestown	1,620,632	-	3,630	1,624,262	1,667,742	(43,480)
Coventry	22,348,193	87,528	59,474	22,495,195	23,202,975	(707,780)
Cranston	60,479,353	39,375	1,260,675	61,779,403	59,005,591	2,773,811
Cumberland	20,144,873	-	162,673	20,307,546	19,188,663	1,118,883
East Greenwich	2,951,511	-	216,961	3,168,472	2,739,941	428,531
East Providence	34,689,453	523,497	225,869	35,438,819	35,519,125	(80,306)
Foster	1,087,244	-	63,096	1,150,340	1,207,049	(56,709)
Glocester	2,310,862	-	28,913	2,339,775	2,407,384	(67,609)
Hopkinton	5,246,990	-	206	5,247,196	5,273,139	(25,943)
Jamestown	447,829	-	58,059	505,888	473,751	32,137
Johnston	17,719,731	-	410,868	18,130,599	18,638,808	(508,209)
Lincoln	11,636,573	107,866	184,895	11,929,334	12,510,493	(581,159)
Little Compton	357,135	-	34	357,169	397,113	(39,944)
Middletown	7,760,671	183,909	76,838	8,021,418	8,262,827	(241,410)
Narragansett	2,330,131	-	33,212	2,363,343	2,139,471	223,871
Newport	12,037,115	149,465	47,429	12,234,009	11,589,919	644,090
New Shoreham	153,821	-	358	154,179	142,068	12,111
North Kingstown	10,153,445	-	82,813	10,236,258	10,749,543	(513,286)
North Providence	22,047,442	150,389	422,301	22,620,132	22,019,145	600,987
North Smithfield	5,915,051	104,209	74,008	6,093,268	6,025,062	68,206
Pawtucket	88,731,729	245,140	588,275	89,565,144	89,154,022	411,122
Portsmouth	3,649,585	465,947	74,976	4,190,508	4,476,100	(285,592)
Providence	247,433,286	568,961	2,814,105	250,816,352	248,790,857	2,025,495
Richmond	4,657,134	-	178	4,657,312	4,676,150	(18,838)
Scituate	3,261,959	-	131,003	3,392,962	3,612,503	(219,542)
Smithfield	7,534,654	205,184	112,052	7,851,890	6,341,204	1,510,687
South Kingstown	5,869,174	115,989	336,627	6,321,790	6,955,455	(633,664)
Tiverton	6,759,687	-	111,707	6,871,394	6,531,284	340,110
Warwick	37,400,570	286,252	365,830	38,052,652	39,146,338	(1,093,686)
Westerly	8,599,369	-	200,048	8,799,417	8,851,953	(52,535)
West Warwick	25,203,697	-	75,884	25,279,581	24,376,898	902,683
Woonsocket	60,541,585	45,243	303,342	60,890,170	59,646,576	1,243,594
Bristol-Warren	13,221,979	101,418	1,388,630	14,712,027	15,727,351	(1,015,325)
Chariho	76,641	-	1,820,664	1,897,305	2,010,375	(113,070)
Exeter-West Greenwich	4,706,290	113,526	1,092,268	5,912,084	6,190,095	(278,011)
Foster-Glocester	4,496,793	-	550,686	5,047,479	5,030,941	16,538
Central Falls*	40,397,886	-	406,366	40,804,252	40,320,646	483,606
Total	\$ 821,876,728	\$ 3,575,746	\$ 14,050,388	\$ 839,502,862	\$ 833,532,227	\$ 5,970,635
<i>Adjusted Chariho</i>	11,601,397	-	1,824,678	13,426,075	13,806,896	(201,330)

*This includes a \$6.8 million stabilization fund payment to Central Falls in FY 2018 and \$8.8 million in FY 2019.

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2019

- A.** Column **A** is the FY 2018 enacted formula aid.
- B.** Column **B** includes mid-year revisions to FY 2018 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 2019. It uses March 2017 enrollment data adjusted for October 2016 charter school enrollment and projected charter school enrollment for FY 2019.
- D.** Column **D** is the difference between FY 2019 base funding and FY 2018 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 2019 is the eighth 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 have that remaining loss phased in.
- F.** Column **F** is the FY 2019 recommended formula aid. It is the transition calculation in Column **E** added or subtracted from the FY 2018 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 eighth 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 2019. It includes the formula aid shown in Column **F** as well as the distributions from categorical funding shown in columns **H** and **I**.

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2019

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
<i>School</i>	<i>FY 2018 Enacted Formula Aid*</i>	<i>FY 2018 Revised Formula Aid*</i>	<i>FY 2019 Base Formula Funding</i>	<i>Change to Enacted</i>	<i>Transition = D or 1/3rd*</i>
Academy for Career Exploration (Textron)	\$ 2,291,526	\$ 2,291,526	\$ 2,164,068	\$ (127,458)	\$ (42,486)
Achievement First	9,209,052	9,209,052	12,319,930	3,110,878	3,110,878
Beacon	2,761,557	2,761,557	2,910,823	149,266	149,266
Blackstone	3,713,520	3,713,520	3,778,160	64,640	64,640
Compass	454,750	454,750	350,312	(104,438)	(34,813)
Greene School	1,259,306	1,259,306	1,270,754	11,448	11,448
Highlander	5,489,465	5,489,465	5,809,363	319,898	319,898
Hope Academy	1,415,780	1,415,780	1,813,121	397,341	397,341
International	3,166,641	3,166,641	3,301,617	134,976	134,976
Kingston Hill	574,403	574,403	499,807	(74,596)	(24,865)
Learning Community	6,323,147	6,323,147	6,481,890	158,743	158,743
New England Laborers	1,142,634	1,142,634	1,161,548	18,914	18,914
Nowell	1,594,720	1,594,720	1,562,235	(32,485)	(32,485)
Nurses Institute	2,589,415	2,589,415	2,644,295	54,880	54,880
Paul Cuffee	8,401,014	8,401,014	8,598,891	197,877	197,877
RI Mayoral Academies Blackstone Prep.	15,265,732	15,265,732	16,758,648	1,492,916	1,492,916
RISE Mayoral Academy	1,351,280	1,351,280	1,887,883	536,603	536,603
Segue Institute	2,716,009	2,716,009	2,758,154	42,145	42,145
Southside Elementary	1,034,710	1,034,710	1,324,672	289,962	289,962
Times2 Academy	7,545,913	7,545,913	7,723,427	177,514	177,514
Trinity	2,187,948	2,187,948	2,239,482	51,534	51,534
Village Green	2,260,023	2,260,023	2,310,271	50,248	50,248
<i>Charter Schools Subtotal</i>	\$ 82,748,544	\$ 82,748,544	\$ 89,669,353	\$ 6,920,806	\$ 7,125,136
Davies Career and Tech	13,358,058	13,358,058	7,759,627	(2,432,963)	(810,988)
Met School	9,342,007	9,342,007	6,841,276	(1,740,935)	(580,312)
Urban Collaborative	1,494,741	1,494,741	1,576,234	81,493	48,256
Total	\$ 106,943,350	\$ 106,943,350	\$ 105,846,490	\$ 2,828,401	\$ 5,782,092

* 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 Recommended Education Aid for Charter and State Schools for FY 2019

<i>School</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>
	<i>FY 2019</i>	<i>Change to</i>	<i>English</i>	<i>High Cost</i>	<i>FY 2019</i>
	<i>Recommended</i>	<i>Base</i>	<i>Language</i>	<i>Special Ed</i>	<i>Recommended</i>
	<i>Formula Aid**</i>	<i>Calculation</i>	<i>Learners</i>	<i>Categorical</i>	<i>Aid</i>
			<i>Categorical</i>	<i>Categorical</i>	
Academy for Career Exploration (Textron)	\$ 2,249,040	\$ 84,972	\$ 10,712	\$ -	\$ 2,259,752
Achievement First	12,319,930	-	28,294	-	12,348,224
Beacon	2,910,823	-	426	-	2,911,249
Blackstone	3,778,160	-	5,987	-	3,784,147
Compass	419,937	69,625	-	-	419,937
Greene School	1,270,754	-	2,021	-	1,272,775
Highlander	5,809,363	-	20,760	-	5,830,123
Hope Academy	1,813,121	-	1,587	-	1,814,708
International	3,301,617	-	22,170	-	3,323,787
Kingston Hill	549,538	49,731	209	-	549,747
Learning Community	6,481,890	-	23,919	-	6,505,809
New England Laborers	1,161,548	-	1,892	-	1,163,440
Nowell	1,562,235	-	7,554	-	1,569,789
Nurses Institute	2,644,295	-	8,753	-	2,653,048
Paul Cuffee	8,598,891	-	28,963	-	8,627,854
RI Mayoral Academies Blackstone Prep.	16,758,648	-	24,653	-	16,783,301
RISE Mayoral Academy	1,887,883	-	-	-	1,887,883
Segue Institute	2,758,154	-	6,811	-	2,764,965
Southside Elementary	1,324,672	-	1,190	-	1,325,862
Times2 Academy	7,723,427	-	13,887	-	7,737,314
Trinity	2,239,482	-	7,142	-	2,246,624
Village Green	2,310,271	-	8,758	-	2,319,029
Charter Schools Subtotal	\$ 89,873,679	\$ 204,328	\$ 225,688	\$ -	\$ 90,099,368
Davies Career and Tech	13,329,558	5,569,931	8,696	-	13,338,254
Met School	9,342,007	2,500,731	11,931	-	9,353,938
Urban Collaborative	1,542,997	(33,237)	7,596	-	1,550,593
Total	\$ 114,088,241	\$ 8,241,753	\$ 253,911	\$ -	\$ 114,342,153

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

Table 2: Calculation of Funding Formula for FY 2019

- A.** The FY 2019 student counts are shown in Column **A** based on the resident average daily membership as of June 30, 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 \$9,422. 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 2018 enacted formula aid in Table 5.
- J.** Column **J** is the eighth 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 2019 is the eighth 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 have that remaining loss phased in and for those districts it is the amount that will be subtracted from the FY 2019 base aid amount. This year’s version calculates aid for regional school districts by member community; this is the third 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 eighth 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 eighth year of funding under the formula shown in Column **K** and the total state foundation aid shown in Column **H**.

Table 2: Calculation of New Funding Formula for FY 2019

<i>District</i>	<i>A</i> <i>FY 2019</i> <i>PK-12</i> <i>RADM</i>	<i>B</i> <i>FY 2019</i> <i>Poverty</i> <i>Status</i>	<i>C</i> <i>%</i> <i>Poverty</i> <i>Status</i>	<i>D</i> <i>Core Instruction</i> <i>Funding</i>	<i>E</i> <i>Student Success</i> <i>Factor</i> <i>Funding</i>	<i>F</i> <i>Total</i> <i>Foundation</i>
Barrington	3,355	169	5.6%	\$ 31,610,810	\$ 636,927	\$ 32,247,737
Burrillville	2,310	745	34.4%	21,764,820	2,807,756	24,572,576
Charlestown	861	188	24.7%	8,112,342	708,534	8,820,876
Coventry	4,619	1,362	31.7%	43,520,218	5,133,106	48,653,324
Cranston	10,163	4,172	43.5%	95,755,786	15,723,434	111,479,220
Cumberland	4,463	943	23.7%	42,050,386	3,553,978	45,604,364
East Greenwich	2,477	170	9.0%	23,338,294	640,696	23,978,990
East Providence	5,212	2,675	52.3%	49,107,464	10,081,540	59,189,004
Foster	266	57	21.8%	2,506,252	214,822	2,721,074
Glocester	545	80	14.9%	5,134,990	301,504	5,436,494
Hopkinton	1,116	255	24.6%	10,514,952	961,044	11,475,996
Jamestown	629	59	10.3%	5,926,438	222,359	6,148,797
Johnston	3,217	1,428	45.7%	30,310,574	5,381,846	35,692,420
Lincoln	2,941	769	27.5%	27,710,102	2,898,207	30,608,309
Little Compton	373	49	10.6%	3,514,406	184,671	3,699,077
Middletown	2,207	720	35.1%	20,794,354	2,713,536	23,507,890
Narragansett	1,287	294	24.9%	12,126,114	1,108,027	13,234,141
Newport	2,122	1,357	67.8%	19,993,484	5,114,262	25,107,746
New Shoreham	116	22	18.5%	1,092,952	82,914	1,175,866
North Kingstown	3,863	847	25.4%	36,397,186	3,192,174	39,589,360
North Providence	3,447	1,535	45.8%	32,477,634	5,785,108	38,262,742
North Smithfield	1,687	298	21.3%	15,894,914	1,123,102	17,018,016
Pawtucket	8,755	6,679	77.0%	82,489,610	25,171,815	107,661,425
Portsmouth	2,338	372	17.7%	22,028,636	1,401,994	23,430,630
Providence	22,475	19,275	87.4%	211,759,450	72,643,620	284,403,070
Richmond	1,178	195	18.8%	11,099,116	734,916	11,834,032
Scituate	1,341	240	14.6%	12,634,902	904,512	13,539,414
Smithfield	2,382	360	16.8%	22,443,204	1,356,768	23,799,972
South Kingstown	3,136	572	20.0%	29,547,392	2,155,754	31,703,146
Tiverton	1,848	523	30.7%	17,411,856	1,971,082	19,382,938
Warwick	9,057	3,162	36.3%	85,335,054	11,916,946	97,252,000
Westerly	2,837	1,007	39.0%	26,730,214	3,795,182	30,525,396
West Warwick	3,440	1,827	54.9%	32,411,680	6,885,598	39,297,278
Woonsocket	5,726	4,363	80.7%	53,950,372	16,443,274	70,393,646
Bristol-Warren	3,199	1,089	see	30,140,978	4,104,223	34,245,201
Chariho	-	-	table	-	-	-
Exeter-West Greenwich	1,639	241	below	15,442,658	908,281	16,350,939
Foster-Glocester	1,093	209	17.3%	10,298,246	787,679	11,085,925
Central Falls*	2,489	2,207	89.0%	23,451,358	8,317,742	31,769,100
Total	130,209	60,515		\$ 1,226,829,198	\$ 228,068,932	\$ 1,454,898,130
<i>Bristol</i>	<i>1,965</i>	<i>571</i>	<i>31.0%</i>	<i>18,514,230</i>	<i>2,151,985</i>	<i>20,666,215</i>
<i>Warren</i>	<i>1,234</i>	<i>518</i>	<i>43.2%</i>	<i>11,626,748</i>	<i>1,952,238</i>	<i>13,578,986</i>
<i>Exeter</i>	<i>773</i>	<i>135</i>	<i>19.0%</i>	<i>7,283,206</i>	<i>508,788</i>	<i>7,791,994</i>
<i>West Greenwich</i>	<i>866</i>	<i>106</i>	<i>14.2%</i>	<i>8,159,452</i>	<i>399,493</i>	<i>8,558,945</i>
<i>Adjusted Chariho</i>	<i>3,155</i>	<i>638</i>		<i>29,726,410</i>	<i>2,404,494</i>	<i>32,130,904</i>

Table 2: Calculation of New Funding Formula for FY 2019

<i>District</i>	<i>G</i> <i>State Share</i> <i>Ratio</i> <i>(Table 4)</i>	<i>H</i> <i>FY2019 Base</i> <i>Funding</i>	<i>I</i> <i>FY2018</i> <i>Enacted</i> <i>Formula Aid*</i>	<i>J</i> <i>Adjusted Year</i> <i>Eight Difference</i> <i>(Table 5)</i>	<i>K</i> <i>FY2019</i> <i>Recommended</i> <i>Formula Aid*</i>	<i>L</i> <i>Difference</i> <i>from Base</i> <i>Funding</i>
Barrington	16.4%	\$ 5,287,105	\$ 5,157,779	\$ 129,326	\$ 5,287,105	\$ -
Burrillville	51.3%	12,609,551	13,040,423	(430,872)	12,609,551	-
Charlestown	17.5%	1,540,613	1,660,642	(40,010)	1,620,632	80,018
Coventry	45.9%	22,348,193	23,060,907	(712,714)	22,348,193	-
Cranston	54.3%	60,479,352	57,303,969	3,175,383	60,479,352	-
Cumberland	44.2%	20,144,873	18,967,499	1,177,374	20,144,873	-
East Greenwich	12.3%	2,951,511	2,535,361	416,150	2,951,511	-
East Providence	58.6%	34,689,453	34,854,923	(165,470)	34,689,453	-
Foster	35.9%	975,967	1,142,883	(55,639)	1,087,244	111,278
Glocester	39.6%	2,153,432	2,389,577	(78,715)	2,310,862	157,430
Hopkinton	45.3%	5,194,692	5,273,139	(26,149)	5,246,990	52,298
Jamestown	7.3%	447,829	452,432	(4,603)	447,829	-
Johnston	49.6%	17,719,732	18,225,966	(506,233)	17,719,732	-
Lincoln	38.0%	11,636,573	12,332,011	(695,438)	11,636,573	-
Little Compton	7.5%	277,258	397,073	(39,938)	357,135	79,877
Middletown	32.1%	7,557,741	7,862,135	(101,465)	7,760,671	202,930
Narragansett	17.6%	2,330,130	2,102,116	228,013	2,330,130	-
Newport	47.9%	12,037,115	11,378,178	658,937	12,037,115	-
New Shoreham	13.1%	153,821	122,100	31,721	153,821	-
North Kingstown	22.9%	9,050,131	10,705,101	(551,657)	10,153,445	1,103,313
North Providence	57.6%	22,047,442	21,512,305	535,137	22,047,442	-
North Smithfield	34.8%	5,915,052	5,842,519	72,534	5,915,052	-
Pawtucket	82.4%	88,731,729	88,188,641	543,088	88,731,729	-
Portsmouth	14.1%	3,305,006	3,821,874	(172,289)	3,649,585	344,578
Providence	87.0%	247,433,286	245,114,202	2,319,084	247,433,286	-
Richmond	39.0%	4,619,102	4,676,150	(19,016)	4,657,134	38,032
Scituate	19.9%	2,689,474	3,548,201	(286,242)	3,261,959	572,484
Smithfield	31.7%	7,534,655	6,009,184	1,525,472	7,534,655	-
South Kingstown	14.7%	4,649,945	6,478,789	(609,615)	5,869,174	1,219,230
Tiverton	34.9%	6,759,687	6,456,229	303,458	6,759,687	-
Warwick	38.5%	37,400,570	38,216,746	(816,176)	37,400,570	-
Westerly	27.6%	8,418,039	8,690,035	(90,665)	8,599,369	181,331
West Warwick	64.1%	25,203,697	24,295,114	908,583	25,203,697	-
Woonsocket	86.0%	60,541,585	59,367,500	1,174,085	60,541,585	-
Bristol-Warren	see	11,276,667	14,194,634	(972,657)	13,221,978	1,945,310
Chariho	table	-	114,962	(38,321)	76,641	76,641
Exeter-West Greenwich	below	4,220,363	4,949,253	(242,963)	4,706,290	485,927
Foster-Glocester	38.3%	4,243,883	4,623,248	(126,455)	4,496,793	252,910
Central Falls*	93.3%	29,655,438	39,878,367	(1,155,945)	40,397,886	10,742,448
Total		\$804,230,691	\$ 814,942,166	\$ 5,259,098	\$ 821,876,727	\$ 17,646,036
<i>Bristol</i>	24.1%	4,982,744	6,311,363	(442,873)	5,868,490	885,746
<i>Warren</i>	46.4%	6,293,922	7,883,271	(529,783)	7,353,488	1,059,566
<i>Exeter</i>	25.8%	2,012,719	2,189,537	(58,939)	2,130,597	117,878
<i>West Greenwich</i>	25.8%	2,207,644	2,759,716	(184,024)	2,575,692	368,048
<i>Adjusted Chariho</i>		11,354,407	11,724,892	(123,495)	11,601,397	246,990

*This includes a \$6.8 million stabilization fund payment to Central Falls in FY 2018 and \$8.4 million in FY 2019.

Table 3: Calculation of Group Home Aid for FY 2019

- A.** Column *A* is the FY 2018 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 December 31, 2017 report from the Department of Children, Youth and Families that identified 365 beds eligible for aid.
- C.** Column *C* shows the Governor's FY 2019 recommendation that assumes a bed count of 365.
- D.** Column *D* is the difference between the FY 2018 enacted aid shown in column *A* and the Governor's FY 2019 recommendation in column *C*.
- E.** Column *E* is the difference between the FY 2018 revised current law entitlement shown in column *B* and the Governor's FY 2019 recommendation in column *C*.

Table 3: Group Home Aid

<i>District</i>	<i>A</i> <i>FY 2018</i> <i>Enacted</i>	<i>B</i> <i>FY 2018</i> <i>Revised</i>	<i>C</i> <i>FY 2019</i> <i>Governor</i>	<i>D</i> <i>Change to</i> <i>Enacted</i>	<i>E</i> <i>Change to</i> <i>Revised</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	80,233	80,233	81,848	1,615	1,615
Charlestown	-	-	-	-	-
Coventry	85,982	85,982	87,528	1,546	1,546
Cranston	40,942	40,942	39,375	(1,567)	(1,567)
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	475,998	560,998	523,497	47,499	(37,501)
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	105,292	105,292	107,866	2,574	2,574
Little Compton	-	-	-	-	-
Middletown	322,549	322,549	183,909	(138,640)	(138,640)
Narragansett	-	-	-	-	-
Newport	154,312	154,312	149,465	(4,847)	(4,847)
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	153,801	153,801	150,389	(3,412)	(3,412)
North Smithfield	106,653	106,653	104,209	(2,444)	(2,444)
Pawtucket	294,434	294,434	245,140	(49,294)	(49,294)
Portsmouth	590,830	590,830	465,947	(124,883)	(124,883)
Providence	601,950	601,950	568,961	(32,989)	(32,989)
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	218,712	218,712	205,184	(13,528)	(13,528)
South Kingstown	249,723	249,723	115,989	(133,734)	(133,734)
Tiverton	-	-	-	-	-
Warwick	354,602	354,602	286,252	(68,350)	(68,350)
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	47,695	47,695	45,243	(2,452)	(2,452)
Bristol-Warren	108,583	108,583	101,418	(7,165)	(7,165)
Charlho	-	-	-	-	-
Exeter-West Greenwich	115,918	115,918	113,526	(2,392)	(2,392)
Foster-Glocester	-	-	-	-	-
Central Falls	-	-	-	-	-
Total	\$ 4,108,209	\$ 4,193,209	\$ 3,575,746	\$ (532,463)	\$ (617,463)

Table 4: Calculation of State Share Ratio

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

A. The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2014, is used for FY 2019 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, 2014, 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 2019 student counts are shown in Column *C* based on the resident average daily membership as of June 30, 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.

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, 2017. 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 2018. It uses property valuations as of December 31, 2013 and student counts as of June 30, 2016.

H. Column *H* shows the difference between the share ratio for FY 2019 and that for FY 2018.

Table 4: Calculation of State Share Ratio

	A	B	C	D
<i>District</i>	<i>Assessed Value 12/31/14</i>	<i>Adjusted EWAV 12/31/14</i>	<i>June 2017 Student Count*</i>	<i>Adjusted EWAV</i>
Barrington	\$ 2,971,381,455	\$ 4,487,237,834	3,348	22.5%
Bristol	2,812,240,766	2,915,559,519	1,965	14.2%
Burrillville	1,505,646,492	1,471,360,213	2,358	63.9%
Charlestown	2,339,712,992	2,326,622,454	925	0.0%
Coventry	3,318,479,638	3,510,226,563	4,692	56.7%
Cranston	7,101,128,371	6,668,056,104	10,462	63.2%
Cumberland	3,616,224,397	3,657,270,609	5,016	57.8%
East Greenwich	2,403,927,578	3,670,279,841	2,494	14.9%
East Providence	4,208,568,816	3,284,640,620	5,322	64.3%
Exeter	824,541,401	952,339,925	800	31.2%
Foster	233,660,443	249,248,556	266	45.8%
Glocester	431,671,244	437,293,305	549	54.0%
Hopkinton	870,111,178	802,116,343	1,135	59.1%
Jamestown	2,204,679,913	2,844,483,582	636	0.0%
Johnston	2,696,642,926	2,652,643,716	3,287	53.3%
Lincoln	2,660,746,634	2,929,460,983	3,149	46.2%
Little Compton	1,915,178,581	2,616,982,341	375	0.0%
Middletown	2,865,043,655	2,732,372,900	2,223	28.9%
Narragansett	4,667,872,091	6,176,323,256	1,307	0.0%
Newport	5,278,926,218	5,456,503,985	2,127	0.0%
New Shoreham	1,696,672,869	1,830,781,180	115	0.0%
North Kingstown	4,157,262,586	5,494,759,226	3,971	20.0%
North Providence	2,478,427,168	2,051,015,734	3,633	67.4%
North Smithfield	1,528,077,702	1,679,601,789	1,744	44.3%
Pawtucket	3,906,176,293	2,293,127,581	10,568	87.5%
Portsmouth	3,207,282,472	3,687,207,027	2,348	9.2%
Providence	10,468,240,529	6,377,752,884	27,461	86.6%
Richmond	856,283,943	986,844,832	1,186	51.9%
Scituate	1,480,469,963	1,746,497,304	1,329	24.0%
Smithfield	2,601,386,811	2,439,232,905	2,411	41.5%
South Kingstown	4,383,461,230	5,305,668,464	3,247	5.5%
Tiverton	1,985,424,031	1,965,802,753	1,850	38.6%
Warren	1,185,631,291	1,087,290,595	1,241	49.3%
Warwick	9,081,688,132	9,434,655,760	9,174	40.5%
West Greenwich	850,428,018	996,357,003	867	33.6%
West Warwick	2,085,458,670	1,670,525,637	3,477	72.2%
Westerly	6,033,453,062	5,145,694,165	2,900	0.0%
Woonsocket	1,805,110,928	954,009,438	6,150	91.0%
Foster/Glocester	903,708,193	932,517,595	1,107	51.3%
Central Falls	473,848,488	174,512,648	4,086	97.5%
Total	\$116,094,877,168	\$ 116,094,877,168	141,301	

*Includes charter and state school students

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY2017 %</i> <i>Students in</i> <i>Poverty</i>	<i>F</i> <i>FY2019 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY2018 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to</i> <i>Share Ratio</i>
Barrington	5.6%	16.4%	15.9%	0.5%
Bristol	31.0%	24.1%	28.2%	-4.1%
Burrillville	34.4%	51.3%	54.3%	-3.0%
Charlestown	24.7%	17.5%	18.4%	-0.9%
Coventry	31.7%	46.0%	48.7%	-2.8%
Cranston	43.5%	54.3%	52.7%	1.6%
Cumberland	23.7%	44.2%	42.4%	1.8%
East Greenwich	9.0%	12.3%	9.7%	2.6%
East Providence	52.3%	58.6%	60.5%	-1.8%
Exeter	19.0%	25.8%	24.7%	1.1%
Foster	21.8%	35.9%	40.8%	-4.9%
Glocester	14.9%	39.6%	38.8%	0.8%
Hopkinton	24.6%	45.3%	44.2%	1.1%
Jamestown	10.3%	7.3%	7.6%	-0.3%
Johnston	45.7%	49.6%	52.5%	-2.9%
Lincoln	27.5%	38.0%	41.3%	-3.3%
Little Compton	10.6%	7.5%	9.7%	-2.2%
Middletown	35.1%	32.1%	30.8%	1.2%
Narragansett	24.9%	17.6%	16.1%	1.6%
Newport	67.8%	47.9%	46.6%	1.3%
New Shoreham	18.5%	13.1%	10.7%	2.4%
North Kingstown	25.4%	22.9%	26.7%	-3.9%
North Providence	45.8%	57.6%	57.6%	0.0%
North Smithfield	21.3%	34.8%	32.9%	1.9%
Pawtucket	77.0%	82.4%	83.7%	-1.3%
Portsmouth	17.7%	14.1%	14.2%	-0.1%
Providence	87.4%	87.0%	87.4%	-0.4%
Richmond	18.8%	39.0%	36.3%	2.7%
Scituate	14.6%	19.9%	23.2%	-3.4%
Smithfield	16.8%	31.7%	26.0%	5.7%
South Kingstown	20.0%	14.7%	16.0%	-1.3%
Tiverton	30.7%	34.9%	34.3%	0.6%
Warren	43.2%	46.4%	52.4%	-6.0%
Warwick	36.3%	38.5%	40.4%	-1.9%
West Greenwich	14.2%	25.8%	26.8%	-1.1%
West Warwick	54.9%	64.1%	63.6%	0.6%
Westerly	39.0%	27.6%	28.9%	-1.3%
Woonsocket	80.7%	86.0%	86.0%	0.0%
Foster/Glocester	17.3%	38.3%	39.5%	-1.3%
Central Falls	89.0%	93.3%	94.1%	-0.8%
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 fares compared to funding distributions under the current system. This year's version calculates aid for regional school districts by member community; this is the third year that it is calculated this way to comply with a 2015 Superior Court decision. It requires establishing the total gain or loss to each district.

A. Column **A** is the amount of formula aid that districts received in the seventh year of the formula's implementation, FY 2018.

B. Column **B** is the FY 2019 total base funding calculation.

C. Column **C** is the difference between FY 2019 base funding shown in Column **B** and the amount of formula aid received in FY 2018 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 2019 is the eighth year of the transition period, Column **D** is the same as Column **C**. Beginning in FY 2018, only districts receiving less state aid 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>FY2018 Enacted</i> <i>Base Formula</i> <i>Funding</i>	<i>B</i> <i>FY2019 Base</i> <i>Calculation</i>	<i>C</i> <i>Difference</i>	<i>D</i> <i>Transition =</i> <i>C or 1/3rd</i>
Barrington	\$ 5,157,779	\$ 5,287,105	\$ 129,326	\$ 129,326
Burrillville	13,040,423	12,609,551	(430,872)	(430,872)
Charlestown	1,660,642	1,540,613	(120,029)	(40,010)
Coventry	23,060,907	22,348,193	(712,714)	(712,714)
Cranston	57,303,969	60,479,352	3,175,384	3,175,384
Cumberland	18,967,499	20,144,873	1,177,374	1,177,374
East Greenwich	2,535,361	2,951,511	416,150	416,150
East Providence	34,854,923	34,689,453	(165,470)	(165,470)
Foster	1,142,883	975,967	(166,916)	(55,639)
Glocester	2,389,577	2,153,432	(236,145)	(78,715)
Hopkinton	5,273,139	5,194,692	(78,447)	(26,149)
Jamestown	452,432	447,829	(4,603)	(4,603)
Johnston	18,225,966	17,719,732	(506,234)	(506,234)
Lincoln	12,332,011	11,636,573	(695,438)	(695,438)
Little Compton	397,073	277,258	(119,815)	(39,938)
Middletown	7,862,135	7,557,741	(304,394)	(101,465)
Narragansett	2,102,116	2,330,130	228,014	228,014
Newport	11,378,178	12,037,115	658,937	658,937
New Shoreham	122,100	153,821	31,721	31,721
North Kingstown	10,705,101	9,050,131	(1,654,970)	(551,657)
North Providence	21,512,305	22,047,442	535,137	535,137
North Smithfield	5,842,519	5,915,052	72,533	72,533
Pawtucket	88,188,641	88,731,729	543,088	543,088
Portsmouth	3,821,874	3,305,006	(516,868)	(172,289)
Providence	245,114,202	247,433,286	2,319,084	2,319,084
Richmond	4,676,150	4,619,102	(57,048)	(19,016)
Scituate	3,548,201	2,689,474	(858,726)	(286,242)
Smithfield	6,009,184	7,534,655	1,525,471	1,525,471
South Kingstown	6,478,789	4,649,945	(1,828,844)	(609,615)
Tiverton	6,456,229	6,759,687	303,458	303,458
Warwick	38,216,746	37,400,570	(816,176)	(816,176)
Westerly	8,690,035	8,418,039	(271,996)	(90,665)
West Warwick	24,295,114	25,203,697	908,583	908,583
Woonsocket	59,367,500	60,541,585	1,174,085	1,174,085
Bristol-Warren	14,194,634	11,276,667	(2,917,968)	(972,656)
Chariho	114,962	-	(114,962)	(38,321)
Exeter-West Greenwich	4,949,253	4,220,363	(728,890)	(242,963)
Foster-Glocester	4,623,248	4,243,883	(379,366)	(126,455)
Central Falls	33,123,272	29,655,438	(3,467,834)	(1,155,945)
Total	\$ 808,187,070	\$ 804,230,691	\$ (3,956,380)	\$ 5,259,098
<i>Bristol</i>	<i>6,311,363</i>	<i>4,982,744</i>	<i>(1,328,620)</i>	<i>(442,873)</i>
<i>Warren</i>	<i>7,883,271</i>	<i>6,293,922</i>	<i>(1,589,348)</i>	<i>(529,783)</i>
<i>Exeter</i>	<i>2,189,537</i>	<i>2,012,719</i>	<i>(176,818)</i>	<i>(58,939)</i>
<i>West Greenwich</i>	<i>2,759,716</i>	<i>2,207,644</i>	<i>(552,073)</i>	<i>(184,024)</i>
<i>Adjusted Chariho</i>	<i>11,724,892</i>	<i>11,354,407</i>	<i>(370,486)</i>	<i>(123,495)</i>

Table 6: FY 2019 Estimated Charter and 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	-	88	6	-	-	11
Cumberland	-	-	37	-	-	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	-	50	8	1	-	-
North Smithfield	-	-	22	-	-	-
Pawtucket	-	-	10	167	-	13
Portsmouth	-	-	1	-	-	-
Providence	198	1,020	21	43	2	34
Richmond	-	-	-	-	-	2
Scituate	-	-	7	-	-	1
Smithfield	-	-	5	-	-	-
South Kingstown	-	-	-	-	36	11
Tiverton	-	-	-	-	-	-
Warwick	-	24	16	-	1	17
Westerly	-	-	-	-	28	14
West Warwick	-	2	6	-	-	11
Woonsocket	-	-	181	-	-	-
Bristol-Warren	-	-	1	-	-	-
Exeter-West Greenwich	-	-	-	-	17	2
Foster-Glocester	-	-	-	-	-	2
Central Falls	-	-	7	139	-	20
Total	198	1,184	373	350	168	210
<i>Adjusted Chariho</i>	-	-	-	-	34	14

Table 6: FY 2019 Estimated Charter and 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	80	-	26	1	4
Cumberland	-	-	7	-	-
East Greenwich	-	-	-	-	-
East Providence	18	-	32	3	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	21	-	1	1	-
Lincoln	6	-	4	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	1	-
Narragansett	-	-	1	6	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	60	-
North Providence	7	11	14	-	-
North Smithfield	-	-	-	-	1
Pawtucket	47	-	140	3	123
Portsmouth	-	-	-	-	-
Providence	391	168	97	1	115
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	-	40	-	331
Total	592	180	372	190	576
<i>Adjusted Chariho</i>	-	-	-	31	-

Table 6: FY 2019 Estimated Charter and 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	-	486
East Greenwich	-	-	-	-	-
East Providence	-	5	9	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	15	1	1	-	-
Lincoln	-	1	3	-	203
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	-	705
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	-	539
Total	162	155	265	813	1,941
<i>Adjusted Chariho</i>	-	-	-	-	-

Table 6: FY 2019 Estimated Charter and 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	30	-	-	-	-
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	29	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	1	-	120	727	204
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	160	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	236	-	-	-
Total	220	236	120	727	204
<i>Adjusted Chariho</i>	-	-	-	-	-

Table 6: FY 2019 Estimated Charter and 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 Percentage of Total Enrollment</i>
Barrington	2	-	5	-	11	0.3%
Burrillville	-	-	3	-	56	2.4%
Charlestown	-	-	4	-	71	7.6%
Coventry	1	-	5	-	68	1.5%
Cranston	13	2	30	3	364	3.5%
Cumberland	2	7	6	-	549	11.0%
East Greenwich	-	-	5	-	9	0.4%
East Providence	13	2	35	-	121	2.3%
Foster	-	-	-	-	-	0.0%
Glocester	-	-	-	-	-	0.0%
Hopkinton	-	-	2	-	12	1.1%
Jamestown	-	-	6	-	8	1.3%
Johnston	-	2	8	-	59	1.8%
Lincoln	1	40	1	-	268	8.4%
Little Compton	-	-	2	-	2	0.5%
Middletown	-	-	11	-	13	0.6%
Narragansett	-	-	5	-	20	1.5%
Newport	-	-	26	-	26	1.2%
New Shoreham	-	-	-	-	-	0.0%
North Kingstown	2	-	21	-	136	3.4%
North Providence	2	62	13	-	181	5.0%
North Smithfield	2	-	4	-	59	3.4%
Pawtucket	23	498	47	-	1,816	17.2%
Portsmouth	-	-	8	-	10	0.4%
Providence	147	41	366	128	4,910	17.9%
Richmond	1	-	4	-	7	0.6%
Scituate	-	-	2	-	13	1.0%
Smithfield	-	10	4	-	23	1.0%
South Kingstown	2	-	15	-	99	3.1%
Tiverton	-	-	17	-	17	0.9%
Warwick	2	1	26	-	129	1.4%
Westerly	-	-	-	-	52	1.8%
West Warwick	4	-	11	-	48	1.4%
Woonsocket	1	5	52	-	433	7.0%
Bristol-Warren	-	-	16	-	24	0.7%
Exeter-West Greenwich	-	-	-	-	30	1.8%
Foster-Glocester	-	-	3	-	6	0.5%
Central Falls	7	147	36	9	1,567	38.6%
Total	225	817	799	140	11,217	7.9%
<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 and 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	-	-	104,435	-	-	-
Charlestown	-	-	-	-	59,900	3,291
Coventry	-	-	8,656	-	4,328	212,065
Cranston	-	558,186	32,714	-	-	60,317
Cumberland	-	-	177,301	-	-	11,654
East Greenwich	-	-	-	-	3,479	1,160
East Providence	-	-	22,088	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	44,355
Jamestown	-	-	-	-	1,647	-
Johnston	-	-	43,034	-	-	4,678
Lincoln	-	-	33,671	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	9,954	3,318
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	5,169	-	81,847	20,246
North Providence	-	327,916	49,947	7,601	-	-
North Smithfield	-	-	78,597	-	-	-
Pawtucket	-	-	99,397	1,663,341	-	128,905
Portsmouth	-	-	1,861	-	-	-
Providence	2,164,068	11,315,452	221,325	483,636	16,394	344,284
Richmond	-	-	-	-	-	7,355
Scituate	-	-	13,101	-	-	1,872
Smithfield	-	-	16,107	-	-	-
South Kingstown	-	-	-	-	50,855	15,754
Tiverton	-	-	-	-	-	-
Warwick	-	101,457	63,773	-	3,623	65,947
Westerly	-	-	-	-	76,910	38,455
West Warwick	-	16,920	43,509	-	-	68,889
Woonsocket	-	-	1,810,283	-	-	-
Bristol-Warren	-	-	3,180	-	-	-
Exeter-West Greenwich	-	-	-	-	41,374	5,841
Foster-Glocester	-	-	-	-	-	7,214
Central Falls	-	-	82,674	1,623,582	-	225,155
Total	\$ 2,164,068	\$ 12,319,930	\$ 2,910,823	\$ 3,778,160	\$ 350,312	\$ 1,270,754

Table 7: Transitioned Formula Funding to Charter and State Schools 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	\$ -	\$ -	\$ 4,634	\$ -	\$ -
Burrillville	4,835	-	-	-	-
Charlestown	-	-	-	56,280	-
Coventry	-	-	-	53,665	-
Cranston	519,338	-	155,392	5,112	22,491
Cumberland	-	-	30,799	-	-
East Greenwich	-	-	-	-	-
East Providence	139,155	-	189,958	16,566	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	109,456	-	4,678	4,678	-
Lincoln	30,089	-	15,761	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	3,029	-
Narragansett	-	-	2,322	11,944	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	138,709	-
North Providence	48,862	68,406	84,693	-	-
North Smithfield	-	-	-	-	3,275
Pawtucket	467,475	-	1,366,704	26,402	1,244,012
Portsmouth	-	-	-	-	-
Providence	4,303,544	1,741,091	929,566	8,197	1,231,223
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	2,983	5,966	-
South Kingstown	-	-	-	52,237	-
Tiverton	-	-	-	-	-
Warwick	22,465	3,623	3,623	28,988	7,247
Westerly	-	-	-	29,101	-
West Warwick	6,043	-	12,086	30,214	-
Woonsocket	38,896	-	34,034	-	-
Bristol-Warren	8,386	-	-	-	-
Exeter-West Greenwich	-	-	-	28,718	-
Foster-Glocester	-	-	-	-	-
Central Falls	110,819	-	464,383	-	3,973,642
Total	\$ 5,809,363	\$ 1,813,121	\$ 3,301,617	\$ 499,807	\$ 6,481,890

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

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>
Barrington	\$ -	\$ 2,163	\$ -	\$ -	\$ -
Burrillville	4,835	-	6,769	-	-
Charlestown	-	-	-	-	-
Coventry	12,118	-	-	-	-
Cranston	565,342	7,156	94,053	-	-
Cumberland	4,162	-	5,827	-	2,344,034
East Greenwich	-	-	-	-	-
East Providence	-	34,237	65,160	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	81,390	6,549	6,549	-	-
Lincoln	-	3,582	10,746	-	834,612
Little Compton	-	-	-	-	-
Middletown	-	-	3,029	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	4,308	3,015	2,154	-	-
North Providence	7,601	31,489	43,433	-	-
North Smithfield	-	-	3,275	-	5,429
Pawtucket	29,508	205,006	172,391	-	7,095,991
Portsmouth	-	1,861	-	-	-
Providence	254,114	745,948	1,949,300	8,598,891	42,626
Richmond	-	-	-	-	-
Scituate	3,743	1,872	-	-	-
Smithfield	-	-	-	-	2,983
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	57,975	13,769	27,538	-	7,247
Westerly	-	-	-	-	-
West Warwick	39,883	-	8,460	-	-
Woonsocket	22,689	176,653	77,792	-	-
Bristol-Warren	-	-	22,047	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	5,050	-	-
Central Falls	73,879	328,938	140,722	-	6,425,726
Total	\$1,161,548	\$ 1,562,235	\$ 2,644,295	\$ 8,598,891	16,758,648

Table 7: Transitioned Formula Funding to Charter and State Schools 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	146,982	-	-	-	-
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	112,000	-	-	-	-
Pawtucket	-	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	11,476	-	1,324,672	7,723,427	2,239,482
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	1,617,424	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	2,758,154	-	-	-
Total	\$ 1,887,883	\$ 2,758,154	\$ 1,324,672	\$ 7,723,427	\$ 2,239,482

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

<i>Sending District</i>	<i>Village Green</i>	<i>Davies Career and Tech Center</i>	<i>Metropolitan Career and Tech Center</i>	<i>Urban Collaborative</i>	<i>Total</i>
Barrington	\$ 3,090	\$ -	\$ 8,342	\$ -	\$ 18,229
Burrillville	-	-	20,307	-	288,163
Charlestown	-	-	6,582	-	126,053
Coventry	4,328	-	23,370	-	318,530
Cranston	90,986	12,268	198,330	19,424	2,341,109
Cumberland	8,324	32,464	28,302	-	2,642,867
East Greenwich	-	-	6,726	-	11,365
East Providence	93,875	13,253	246,283	-	820,575
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	10,236	-	54,591
Jamestown	-	-	4,941	-	6,588
Johnston	-	9,355	43,034	-	313,401
Lincoln	5,015	170,504	3,582	-	1,107,562
Little Compton	-	-	1,977	-	1,977
Middletown	-	-	39,379	-	45,437
Narragansett	-	-	8,958	-	36,496
Newport	-	-	142,740	-	142,740
New Shoreham	-	-	-	-	-
North Kingstown	6,031	-	52,985	-	314,464
North Providence	15,201	403,923	90,123	-	1,179,195
North Smithfield	9,170	-	17,029	-	228,775
Pawtucket	243,832	4,864,225	458,157	-	18,065,346
Portsmouth	-	-	11,695	-	15,417
Providence	1,680,431	437,732	4,042,872	1,445,991	53,255,742
Richmond	5,149	-	14,711	-	27,215
Scituate	-	-	5,240	-	25,828
Smithfield	-	36,987	14,318	-	79,344
South Kingstown	3,317	-	21,835	-	143,998
Tiverton	-	-	65,060	-	65,060
Warwick	10,146	3,623	108,704	-	529,748
Westerly	-	-	-	-	144,466
West Warwick	33,840	-	88,226	-	348,070
Woonsocket	11,345	56,723	554,268	-	4,400,107
Bristol-Warren	-	-	56,538	-	90,151
Exeter-West Greenwich	-	-	-	-	75,933
Foster-Glocester	-	-	13,706	-	25,970
Central Falls	86,192	1,718,569	432,721	110,819	18,555,975
Total	\$ 2,310,271	\$ 7,759,627	\$ 6,841,276	\$ 1,576,234	\$ 105,846,489

Table 8: Recommended Categorical Aid for FY 2019

<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	\$ 93,435	\$ 897	\$ -	\$ 96,001	\$ -	\$ 190,333
Burrillville	34,735	702	-	39,665	-	75,102
Charlestown	-	80	3,550	-	-	3,630
Coventry	49,063	1,676	-	8,735	-	59,474
Cranston	401,376	79,418	-	779,881	-	1,260,675
Cumberland	28,110	13,094	27,450	94,019	-	162,673
East Greenwich	140,965	730	-	75,266	-	216,961
East Providence	191,312	32,875	-	1,682	-	225,869
Foster	44,451	-	-	18,645	-	63,096
Glocester	22,310	-	-	6,603	-	28,913
Hopkinton	-	206	-	-	-	206
Jamestown	57,927	132	-	-	-	58,059
Johnston	135,240	22,867	-	252,761	-	410,868
Lincoln	169,588	1,907	13,400	-	-	184,895
Little Compton	-	34	-	-	-	34
Middletown	73,466	3,372	-	-	-	76,838
Narragansett	33,212	-	-	-	-	33,212
Newport	25,784	21,645	-	-	-	47,429
New Shoreham	-	358	-	-	-	358
North Kingstown	80,311	2,502	-	-	-	82,813
North Providence	228,945	17,606	9,050	166,700	-	422,301
North Smithfield	57,667	1,110	-	15,231	-	74,008
Pawtucket	131,486	221,379	90,800	144,610	-	588,275
Portsmouth	74,526	450	-	-	-	74,976
Providence	788,599	1,483,081	252,950	289,475	-	2,814,105
Richmond	-	178	-	-	-	178
Scituate	96,755	-	-	34,248	-	131,003
Smithfield	35,816	1,011	-	75,225	-	112,052
South Kingstown	197,034	1,070	-	138,523	-	336,627
Tiverton	110,435	1,272	-	-	-	111,707
Warwick	348,357	12,452	-	5,021	-	365,830
Westerly	198,036	2,012	-	-	-	200,048
West Warwick	21,705	12,284	-	41,895	-	75,884
Woonsocket	136,365	130,607	21,650	14,720	-	303,342
Bristol-Warren	83,032	5,430	-	283,179	1,016,989	1,388,630
Chariho	76,971	-	-	304,092	1,439,601	1,820,664
Exeter-West Greenwich	143,574	945	-	89,706	858,043	1,092,268
Foster-Glocester	92,296	347	-	-	458,043	550,686
Central Falls	97,116	167,299	79,150	62,801	-	406,366
Subtotal	\$ 4,500,000	\$ 2,241,028	\$ 498,000	\$ 3,038,684	\$ 3,772,676	\$ 14,050,388
Charters & State Schools	-	253,911	-	-	-	253,911
Total	\$ 4,500,000	\$ 2,494,939	\$ 498,000	\$ 3,038,684	\$ 3,772,676	\$ 14,304,299

Table 9: Education Aid for FY 2013 – FY 2017

<i>District</i>	<i>FY2013</i>	<i>FY2014</i>	<i>FY2015</i>	<i>FY2016</i>	<i>FY2017</i>
Barrington	\$ 3,350,904	\$ 3,971,797	\$ 4,701,418	\$ 5,157,096	\$ 5,551,766
Burrillville	12,965,501	13,063,243	13,173,610	13,301,214	13,111,036
Charlestown	1,694,669	1,706,995	1,708,666	1,706,421	1,683,295
Coventry	19,707,074	20,348,442	21,039,824	21,919,203	23,602,823
Cranston	39,188,868	43,347,609	47,040,378	51,129,521	56,028,985
Cumberland	13,834,760	14,705,457	15,756,436	16,689,944	17,980,588
East Greenwich	1,955,236	2,323,568	2,469,555	2,911,567	2,810,467
East Providence	26,993,305	28,082,665	29,373,000	31,094,815	33,101,436
Foster	1,214,327	1,204,783	1,193,192	1,206,855	1,199,424
Glocester	2,792,685	2,705,444	2,640,483	2,546,606	2,546,748
Hopkinton	5,615,973	5,515,535	5,576,348	5,470,735	5,386,069
Jamestown	363,461	361,936	406,834	456,252	473,875
Johnston	11,083,498	11,997,593	13,192,809	14,241,390	16,142,240
Lincoln	8,156,329	8,990,606	9,855,862	10,434,249	11,192,952
Little Compton	338,666	365,270	401,928	398,464	413,267
Middletown	9,288,241	9,109,276	8,905,309	8,723,282	8,621,818
Narragansett	1,663,260	1,805,079	1,993,920	2,154,808	2,150,151
Newport	10,661,062	10,656,332	10,623,202	10,597,219	10,938,355
New Shoreham	72,292	81,762	91,103	103,748	131,168
North Kingstown	10,758,204	10,796,604	10,725,467	10,693,934	10,897,112
North Providence	14,139,108	15,094,386	16,607,860	18,350,725	20,168,707
North Smithfield	5,133,980	5,400,054	5,587,845	5,824,568	6,177,521
Pawtucket	68,246,641	71,459,692	74,842,935	78,877,331	83,927,607
Portsmouth	5,380,832	5,128,661	4,882,427	4,797,771	4,787,381
Providence	197,968,379	206,273,348	215,122,639	223,060,894	235,212,373
Richmond	5,474,556	5,335,436	5,205,437	5,063,630	4,840,982
Scituate	3,514,829	3,720,471	3,960,437	3,974,844	3,794,601
Smithfield	4,982,755	4,985,793	5,115,212	5,348,196	5,961,894
South Kingstown	8,511,975	8,154,486	7,977,157	7,757,160	7,485,517
Tiverton	5,677,809	5,775,390	5,828,165	6,068,532	6,284,270
Warwick	34,449,461	35,164,250	36,064,777	36,764,894	38,252,322
Westerly	6,572,162	7,164,219	7,704,193	8,418,818	8,904,660
West Warwick	19,775,027	20,309,057	21,027,603	21,881,242	23,082,050
Woonsocket	46,744,955	48,170,444	50,690,278	53,233,700	56,340,793
Bristol-Warren	17,832,369	17,089,869	16,749,945	16,207,317	16,003,657
Exeter-West Greenwich	6,705,948	6,639,220	6,637,627	6,230,076	6,384,057
Chariho	898,449	1,127,409	1,316,445	1,322,688	1,810,108
Foster-Glocester	5,289,023	5,213,358	5,204,461	5,113,855	5,130,308
Central Falls	39,744,688	38,451,858	39,085,004	39,597,253	39,687,299
<i>District Subtotal</i>	\$ 678,741,261	\$ 701,797,397	\$ 730,479,794	\$ 758,830,818	\$ 798,199,682
Charter Schools	46,734,741	55,057,928	59,055,781	67,474,258	75,055,934
State Schools	25,029,795	24,173,800	23,299,251	22,300,780	23,047,390
Total	\$ 750,505,797	\$ 781,029,125	\$ 812,834,826	\$ 848,605,856	\$ 896,303,006

Revenues Changes

The Governor recommends \$28.0 million and \$266.8 million more general revenues than estimated at the November 2017 Revenue Estimating Conference for FY 2018 and FY 2019, respectively.

Recommended General Revenues Changes	FY 2018	FY 2019
Taxes		
Division of Taxation Restructuring	\$ -	\$ 9,906,030
Job Training Tax Credit Repeal	-	450,000
Medicaid Spending Proposals	-	(3,232,689)
Sales and Use Tax on Security Services	-	9,715,473
Sales and Use Tax on Software as a Service	-	4,819,500
Medical Marijuana Program Expansion	-	1,528,668
Motor Vehicle Fee Transfer	10,300,000	-
Real ID Duplicate License Fee	-	2,124,450
Duplicate/Update License Fees	-	1,009,150
Cigarette Tax	-	3,873,414
Other Tobacco Products	-	2,271,480
Total Taxes	\$ 10,300,000	\$ 32,465,476
Departmental Revenues		
Reinstitute Hospital Licensing Fee at 5.856 Percent	\$ -	\$ 181,954,861
Division of Taxation Restructuring	-	3,593,970
Medical Marijuana Program Expansion	-	873,525
Mutual Funds Fees	-	4,550,000
Insurance Claims Adjusters' Fee	-	3,000,000
Inspection Violations	-	2,550,000
License Plate Issuance Delay	-	(1,813,170)
Business Regulation Examination Collections	-	284,310
Child Care Violations	-	5,500
Hair Design Shop Licenses	-	(60,000)
Certified Food Safety License Extension	-	(60,000)
Retail Frozen Desert Processing	-	(80,000)
Wholesaler Food Processing License Reduction	-	(104,200)
Total Departmental Revenues	\$ -	\$ 194,694,796
Other Revenue		
Sports Betting	\$ -	\$ 23,500,000
Lottery Gaming Innovation Pilot Initiatives	-	4,100,000
Rhode Island Housing Transfer	5,000,000	5,000,000
Infrastructure Bank Transfer	5,000,000	-
Resource Recovery Corporation Transfer	3,000,000	3,000,000
Rhode Island Student Loan Authority	3,000,000	-
Rhode Island Turnpike and Bridge Authority Transfer	1,500,000	-
Twin River	2,000,000	-
Lottery Expenses	612,793	-
Medical Marijuana Program Expansion	-	2,648,275
Division of Collections	-	1,349,463
Water Quality Surcharges	1,050,339	-
Commercial Licensing and Gaming Transfer	800,000	-
Insurance Regulation Transfer	750,000	-
Fraud and Waste Initiative	(5,000,000)	-
Total Other Revenues	\$ 17,713,132	\$ 39,597,738
Total General Revenues Changes	\$ 28,013,132	\$ 266,758,010

The previous table shows the Governor’s recommended changes. The items are explained in the pages that follow.

Taxes. The Governor’s budget includes \$32.5 million more in tax revenues for FY 2019. Of this amount, \$9.9 million is from enhanced compliance and collections measures for multiple taxes, primarily personal income and sales. The Budget also assumes new revenues of \$14.5 million from expanding application of the sales tax.

- **Division of Taxation Restructuring.** The Governor’s budget assumes a total of \$9.9 million in additional personal income, business, sales and use tax revenues and \$3.6 million in associated fines and fees from restructuring the Division of Taxation. The restructuring would enhance the discovery unit through improved audit targeting, and improved collaboration among legal, audit, collections and analytics areas to maximize audit and collections resources. The plan also includes a measure for staff retention. The Governor recommends 22.0 full-time equivalent positions. Accounting for \$3.5 million in operational support and staffing costs, the net budget impact is \$10.0 million. Associated revenue changes are shown in the following table.

Department of Revenue Restructuring	FY 2019
Revenues	
Personal Income Tax	\$ 4,392,630
Business Corporation Tax	1,142,100
Sales and Use Tax	4,371,300
<i>Taxes Subtotal</i>	<i>\$ 9,906,030</i>
Fines and Penalties	3,593,970
<i>Revenues Total</i>	<i>\$ 13,500,000</i>
Expenses	
Taxation Technology Support	\$ (1,116,421)
Operations Support	(132,000)
22.0 Full-Time Equivalent Positions	(2,229,878)
<i>Expenses Total</i>	<i>\$ (3,478,299)</i>
Total Budget Impact	\$ 10,021,701

- **Job Training Tax Credit Repeal.** The Governor’s budget assumes \$0.5 million in additional revenues by ending the tax credit for certain employers’ expenses associated with offering training to their employees for tax years beginning on or after January 1, 2018. The Governor also recommends a \$450,000 appropriation from general revenues to her Real Jobs employment training program to reflect reinvestment of those resources.
- **Medicaid Spending Proposals.** The Governor’s budget contains a series of proposals to reduce Medicaid expenditures delivered through managed care plans and nursing facilities. Those entities are taxed on gross revenues therefore a reduction in tax revenues would also occur. The Budget assumes that these proposals will reduce revenue from managed care organizations through the 2.0 percent provider tax by \$2.9 million. The estimated loss from the 5.5 percent provider tax on nursing facilities is \$0.3 million.
- **Sales and Use Tax on Security Services.** The Governor’s budget assumes \$9.7 million in revenues associated with proposed expansion of the state sales and use tax to security services, including investigation, guard and armored car services, effective July 1, 2018.
- **Sales and Use Tax on Software as a Service.** The Governor’s budget assumes \$4.8 million in revenues associated with expansion of the state sales and use tax to online third-party hosted subscription services, effective July 1, 2018. This would apply to streaming services like Apple Music, Netflix, Salesforce.com, or Office 365 which allow a user to access content through software, rather than downloading or receiving a physical copy of the software.

- **Medical Marijuana Program Expansion.** The Governor’s budget assumes \$5.1 million in new revenues from several measures that expand the state’s medical marijuana program. These include establishing 12 new compassion centers, authorizing temporary medical marijuana eligibility to include acute pain, allowing Massachusetts and Connecticut medical marijuana cardholders to purchase at Rhode Island compassion centers, and establishing a license for medical marijuana manufacturing and research and development. The additional revenues include \$1.5 million in sales taxes and \$0.9 million from the 4.0 percent surcharge from the expansion of compassion centers, allowing purchases from cross-border cardholders and allowance for acute pain. Other fees from the expansion of the centers and patient eligibility, as well as establishing a new manufacturing license, are estimated to increase deposits into the restricted receipt account from which regulatory expenses are paid. The increased deposits are expected to exceed expenditures by \$2.6 million which would be part of the annual transfer to state general revenues of excess receipts collected by the Departments of Business Regulation and Health.

Medical Marijuana Expansion Revenues	FY 2019
New Sales and Use Taxes	
Compassion Center Expansion	\$ 1,099,946
Acute Pain Expansion	180,565
Expansion to MA and CT Purchasers	248,157
<i>Taxes Subtotal</i>	<i>\$ 1,528,668</i>
Departmental Receipts	
Compassion Center Expansion	\$ 628,541
Acute Pain	103,180
Expansion to MA and CT	141,804
<i>Departmental Receipts Subtotal</i>	<i>\$ 873,525</i>
Other Revenues	
Manufacturing and R&D License Fees	\$ 1,210,262
Compassion Center License Fees	1,312,096
Acute Pain Cardholder Fees	125,917
<i>Other Revenues Subtotal</i>	<i>\$ 2,648,275</i>
Total Revenues	\$ 5,050,468

- **Motor Vehicle Fee Transfer.** The Budget proposes altering the transfer of transportation related fees collected by the Division of Motor Vehicles to the Highway Maintenance Account from 80.0 percent to 60.0 percent for FY 2018, increasing state general revenues by \$10.3 million.
- **Real ID Duplicate License Fees.** The Governor’s budget assumes \$2.1 million in revenues associated with issuing duplicate credentials compliant of federal Real ID requirements and exempting this fee from being transferred to the transportation fund. Her budget dedicates a similar amount of funding to support 32.0 new positions expected to be needed for the increased volume of work associated with the Real ID implementation.
- **Duplicate/Update License Fees.** The Governor’s budget assumes \$1.0 million in revenues from increasing the cost, from \$5 to \$25, for any duplicate license issued for routine information updates such as name or address and exempting this fee from being transferred to the transportation fund.
- **Cigarette Tax.** The Governor’s budget assumes \$3.9 million in revenues from her proposal to increase the cigarette excise tax by \$0.25 per pack, to \$4.50 per 20-pack, effective August 1, 2018. The Office of Revenue Analysis estimates a final retail price per pack of \$10.56, \$0.16 cents less than in Massachusetts, and \$0.34 less than Connecticut, both of which have higher minimum markup provisions. The Budget assumes tobacco tax collections of \$3.8 million, including \$3.2 million from the excise tax increase and

\$0.7 million from the floor tax applied to inventory held as of August 1, 2018, and an associated loss of \$22,458 from sales tax collections.

- **Other Tobacco Products.** The Governor's budget assumes \$2.3 million in revenues associated with three proposals regarding the other tobacco products tax. The first is \$0.7 million from extending the 80 percent of wholesale tax to electronic nicotine delivery systems. The second is \$1.0 million from requiring other tobacco products dealers to purchase from a state-licensed supplier. The third would generate \$0.6 million from raising the cap on the per cigar tax from \$0.50 to \$0.80.

Departmental Revenues. The Governor recommends additional revenues of \$194.7 million from departmental receipts for FY 2019. Of this amount, \$182.0 million results from the extension of the hospital licensing fee.

- **Reinstitute Hospital Licensing Fee at 5.856 Percent.** The hospital licensing fee appears annually in the Appropriations Act and is not included in consensus revenue estimates, because the Revenue Estimating Conference can only estimate revenues under current law. The Governor recommends extending the licensing fee for FY 2019 at the current rate of 5.856 percent for all hospitals except South County and Westerly, which will be assessed a fee of 3.686 percent. It assumes \$175.2 million from community hospital payments and \$6.8 million from state payments for Eleanor Slater Hospital.

- **Division of Taxation Restructuring.** As noted above, the Governor's budget assumes \$3.6 million in departmental receipts from associated fines and fees from restructuring the Division of Taxation to enhance collections.

- **Medical Marijuana Program Expansion.** As noted above, the Governor's budget assumes \$0.9 million in departmental receipts from compassion center surcharges from expanding the medical marijuana program.

- **Mutual Funds Fees.** The Governor's budget assumes \$4.6 million in new revenues associated with increasing the upper limit fee cap on closed-end funds from \$1,000 to \$1,500 and increasing open-end mutual fund fees from \$1,000 to \$1,500. Currently, Massachusetts charges fees of 0.05 percent of the total offer between \$300 and \$1,500 for closed-end funds, and \$2,500 for its initial registration and \$1,250 for subsequent renewals for open-end funds. Connecticut charges a maximum of \$500 for both types of funds.

- **Insurance Claims Adjusters' Fee.** The Governor's budget assumes \$3.0 million in new revenues from increasing the insurance claims adjusters' fee from \$150 to \$250; the fee is biennial. Rhode Island is only one of eight states to assess the fee; most insurance adjusters are from out-of-state.

- **Inspection Violations.** The Budget assumes \$2.6 million from fines that would be paid for reinstatement of registrations suspended based on expired inspections. The Division of Motor Vehicles now has the technology to know when inspections expire without update. The supporting documents refer to the revenues as a place holder pending a decision by the Assembly on the amount of the fee. However, the budget assumes the full amount of the original revenue estimate that used the \$250 reinstatement fee.

- **License Plate Issuance Delay.** The Budget excludes the \$1.8 million in revenues expected to be collected with the mandatory reissuance of license plates in FY 2019 based on a proposed one year delay from January 1, 2019 to January 1, 2020. The reissuance has been delayed five times previously.

- **Business Regulation Examination Collections.** The Governor's budget assumes \$0.3 million in new revenue collections from the filling of 2.0 new Bank Examiners and 1.0 Insurance Examiner within the Department of Business Regulation. Examiners in Banking Regulation and Insurance Regulation bill the regulated entities for the actual hours spent on each company examination and/or financial analysis at an hourly

rate once the examination or analysis is completed. The hourly rate charged is determined by a formula which represents 150 percent of salaries and benefits, and is deposited as general revenues.

- ***Child Care Violation Fines.*** The Governor increases revenues by \$5,500 from proposed legislation to levy a new administrative fine for child care licensing violations issued by the Department of Children, Youth and Families.
- ***Hair Design Shop Licenses.*** The Governor recommends eliminating the \$50 per chair or license fee for barbers and hairdressers. The recommended budget lowers expected revenues by \$60,000 to reflect this change.
- ***Certified Food Safety License Extension.*** The Governor recommends changing the term of food safety certification licensure from three to five years. The recommended budget lowers expected revenues by \$60,000 to reflect this change.
- ***Retail Frozen Dessert Processing.*** The Governor recommends exempting businesses already registered as a food service establishment with operations at a single location from paying the additional \$160 business licensing fee for retail frozen desserts processing. The recommended budget lowers expected revenues by \$80,000 to reflect this change.
- ***Wholesale Food Processing License Reduction.*** The Governor recommends reducing the wholesale food processing licensing fee from \$500 to \$300. The recommended budget lowers expected revenues by \$104,200 to reflect this change.

Other Revenues

- ***Sports Betting.*** The Governor's budget assumes \$23.5 million from the legalization of sports betting, restricted to the state's casinos beginning October 1, 2018, in anticipation of a pending United States Supreme Court decision.
- ***Lottery Gaming Innovation Pilot Initiatives.*** The Governor's budget assumes \$4.1 million from new gaming initiatives such as stadium gaming, effective July 1, 2018.
- ***Rhode Island Housing Transfer.*** The Governor proposes that Rhode Island Housing transfer \$6.0 million, \$5.0 million more than enacted, to state general revenues by June 30, 2018, and transfer another \$5.0 million by June 30, 2019. The total increased transfer is \$10.0 million over two years.
- ***Infrastructure Bank Transfer.*** The enacted budget includes a \$3.5 million transfer to state general revenues by June 30, 2018. The Governor proposes to increase this amount to \$8.5 million.
- ***Resource Recovery Corporation.*** The Governor proposes that the Rhode Island Resource Recovery Corporation transfer \$3.0 million to state general revenues by June 30, 2018 and another \$3.0 million by June 30, 2019.
- ***Rhode Island Student Loan Authority.*** The Governor proposes that the Rhode Island Student Loan Authority transfer \$3.0 million to state general revenues by June 30, 2018.
- ***Rhode Island Turnpike and Bridge Authority Transfer.*** The Governor proposes that the Rhode Island Turnpike and Bridge Authority transfer \$1.5 million to state general revenues by June 30, 2018.
- ***Twin River.*** The Governor's FY 2018 revised budget includes \$2.0 million that Twin River is expected to transfer to the Lottery based on a recent agreement reached.

- ***Rhode Island Lottery.*** The Governor’s FY 2018 revised budget assumes that a reduction in Lottery expenses will increase the transfer to the state by \$0.6 million in FY 2018.
- ***Medical Marijuana Program Expansion.*** As noted above, the Governor’s budget assumes \$2.6 million from other revenues associated with expanding the medical marijuana program.
- ***Division of Collections.*** The Governor’s budget assumes a total of \$1.3 million in additional fines and fees will be collected by establishing a Division of Collections within the Department of Revenue. The Governor recommends 7.0 full-time equivalent positions. Accounting for \$0.6 million in staffing and contracted services costs, the net budget impact is \$0.8 million.
- ***Water Quality Surcharges.*** The Governor’s revised budget assumes a transfer of \$1.1 million to state general revenues from residual water quality protection surcharges that had been collected by the Water Resources Board Corporate. The Board Corporate has been dissolved and its functions were absorbed by the Clean Water Finance Agency, now the Rhode Island Infrastructure Bank.
- ***Commercial Licensing and Gaming Transfer.*** The Governor’s revised budget proposes to transfer \$800,000 from unused balances from the Commercial Licensing, Gaming and Athletics restricted receipt account to the General Fund in FY 2018.
- ***Insurance Regulation Transfer.*** The Governor’s revised budget proposes to transfer \$750,000 from unused balances from the Division of Insurance Regulation restricted receipt account to the General Fund in FY 2018.
- ***Fraud and Waste Initiative.*** The FY 2018 enacted budget assumes \$5.0 million in revenues associated with a statewide fraud initiative. There is also \$3.5 million in expenditure savings related to the same work assuming the results will be treated as an expenditure credit to the state. The Governor’s revised budget reclassifies the \$5.0 million in revenues as an expenditure credit as well. The total savings is still assumed to be \$8.5 million.

State Government Personnel and Staffing

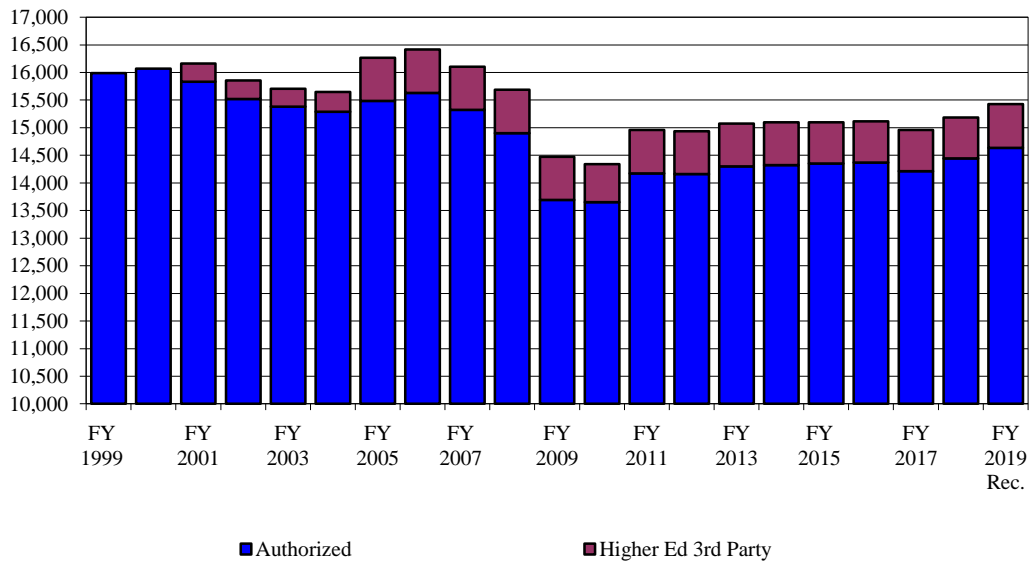
Summary

The Governor recommends \$2,040.4 million for personnel expenditures and 15,426.5 full-time equivalent positions, including 788.8 higher education positions dedicated for research or supported by other third-party funds. The expenditures include salaries and benefits, as well as contracted services. The recommendation is \$60.8 million and 266.3 positions more than the FY 2018 enacted budget including \$50.5 million more for salaries and benefits and \$10.3 million more for contracted services.

There are a number of changes in budget presentation that affect comparisons to the enacted budget. The most significant is the conversion of nearly \$50 million of salaries and benefits expenses to operating costs through the use of newly proposed internal service funds for certain centralized services. These costs will now appear in user agencies, rather than the Department of Administration.

The Governor recommends staffing of 15,426.5 full-time equivalent positions for FY 2019, 266.3 positions more than the authorized level. Her revised recommendation includes an additional 26.0 positions for FY 2018. The staffing authorization increase includes dozens of new positions at the Department of Revenue for several initiatives, nearly one hundred new higher education positions a well new troopers, correctional officers, highway and bridge maintenance and higher education staff.

Full-Time Equivalent Positions

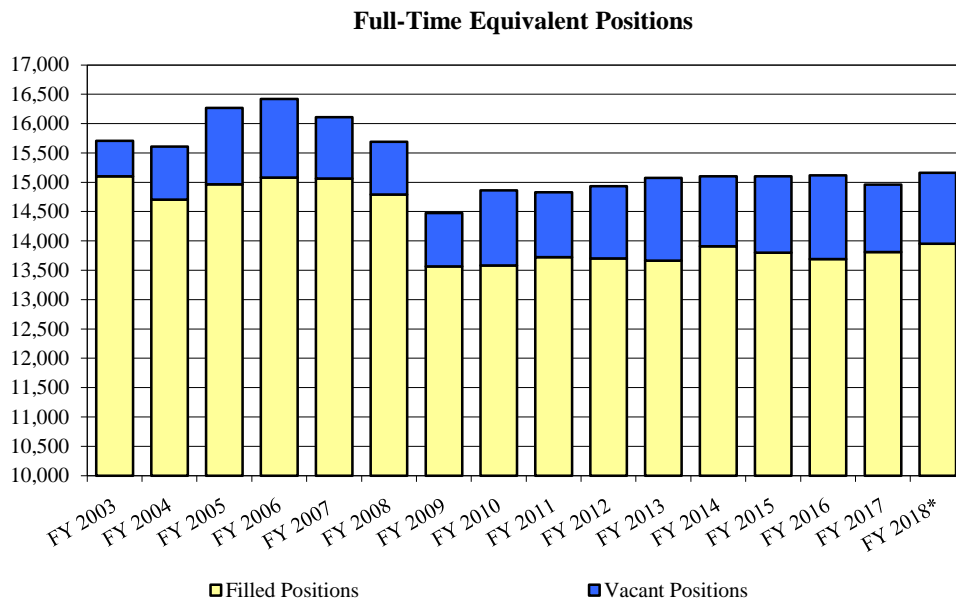


The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or 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 2003 through FY 2018. 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.



*Filled as of January 20, 2018

- 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 included 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 included 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 only 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. That year, 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.

	Regular	3rd Party	Total
FY 2017 Average	13,190.3	619.3	13,809.6
FY 2018 Enacted	14,420.4	739.8	15,160.2
<i>FY 2018 Rev.</i>	<i>14,446.4</i>	<i>739.8</i>	<i>15,186.2</i>
Diff. from Enacted	26.0	-	26.0
<i>Governor FY 2019</i>	<i>14,637.7</i>	<i>788.8</i>	<i>15,426.5</i>
Diff. from Enacted	217.3	49.0	266.3
Filled - January 20	13,265.3	687.4	13,952.7
Diff. from Enacted	(1,155.1)	(52.4)	(1,207.5)
Diff. from Gov.	(1,372.4)	(101.4)	(1,473.8)

The Governor recommends staffing of 15,426.5 full-time equivalent positions for FY 2019, 266.3 positions more than the authorized level of 15,160.2 positions. This includes authorization for more than 300 new positions offset by her recommendation to eliminate numerous unidentified positions in several departments, notably the Departments of Administration, Public Safety and Transportation. Her revised recommendation includes an additional 26.0 positions for FY 2018.

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 \$1,750.5 million for salaries and benefits and \$289.9 million for contracted services. These expenditures represent an increase of \$60.8 million or 3.0 percent from the FY 2018 enacted budget.

Contracted services increase by \$10.3 million, or 3.6 percent. This includes expenditures of \$8.1 million from Rhode Island Capital Plan funds budgeted as contracted services, in lieu of capital expenses. This is a departure from prior practice. Adjusted for this, the recommendation is \$2.2 million or 0.8 percent more than enacted.

The recommendation includes \$1,750.5 million for salaries and benefits, an increase of \$50.5 million, or 3.0 percent. This reflects no statewide wage increase, and the conversion of nearly \$50 million of salaries and benefits expenses to operating costs through the use of newly created internal service funds for certain centralized services. One of the most significant changes is the state’s \$16.5 million contribution to the pension fund for troopers hired before 1987. When this expense represented direct pension payments, it was categorized as “assistance, grants and benefits.” Now that it represents payment into a trust fund like other employee and pension costs, it is categorized as personnel. There are also significant increases in the Departments of Revenue, Transportation and Higher Education for newly recommended positions. Though the overall staffing authorization did not increase in the Department of Human Services, there is a notable increase for salaries and benefits for positions supporting the Unified Health Infrastructure Project. These positions were authorized in the enacted budget and will be funded through existing resources made available through concessions with the contractor.

General revenue expenses for salaries and benefits increase by 2.7 percent and contracted services increase 3.0 percent to primarily reflect expenditures for the new taxation system.

FY 2019 Recommended	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 567,323,693	\$ 185,431,667	\$ 45,675,213	\$ 331,404,583	\$ 1,129,835,156
Benefits	339,226,885	113,791,856	28,535,220	139,156,366	620,710,327
Total Salaries and Benefits	\$ 906,550,578	\$ 299,223,523	\$ 74,210,433	\$ 470,560,949	\$ 1,750,545,483
Contracted Services	60,448,885	148,186,042	47,233,720	34,022,946	289,891,593
Total Personnel	\$ 966,999,463	\$ 447,409,565	\$ 121,444,153	\$ 504,583,895	\$ 2,040,437,076

As noted earlier, these expenditures exclude internal service funds; however, the staffing levels do include them, which skews the actual cost per position. 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. The Administration issued the first report and has yet to issue the second report, which was due January 15.

The FY 2018 revised as well as the FY 2019 recommended budgets reflect the establishment of internal service funds. A total of \$81.5 million in FY 2018 and \$83.6 million in FY 2019 were converted from direct appropriation to internal service funds.

Recommended	FY 2018 Rev.	FY 2019 Gov.
Human Resources	\$ 12,012,230	\$ 12,127,873
Division of Capital Asset Management	37,286,593	39,212,184
Information Technology	32,179,344	32,281,052
Total	\$ 81,478,167	\$ 83,621,109

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 positions related to a health system transformation project, as well as faculty; the Governor's FY 2019 recommended budget proposes adding 92.5 more positions.

It should be noted that the Governor's program supplement budget publication unintentionally shows all previously authorized non-classified positions in higher education as unclassified positions, resulting from an error in transitioning to a new budget system.

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 February 15, 2018, there were 2,851 employees with statutory status, including 128 employees who were eligible through the veteran provision.

As part of his FY 2012 budget, Governor Chafee recommended \$300,000 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 2018 totals \$1.0 million for the study and implementation costs.

The study was completed in the summer of 2017. The following excerpts summarize the major findings from four comparisons.

Salary structure: Overall, the state's salary structure is different than the market in the following ways:

- Range minimum: 7.6 percent higher than the market average minimum
- Range midpoint: 2.5 percent lower than the market average midpoint
- Maximum: 11.8 percent lower than the market average maximum

Health care insurance:

- On average, Rhode Island is 9.7 percent higher than the market median for employer contribution to health care plans

Retirement plan:

- On average, Rhode Island is 1.34 percentage points higher than the market for maximum employer contribution to the primary retirement plan

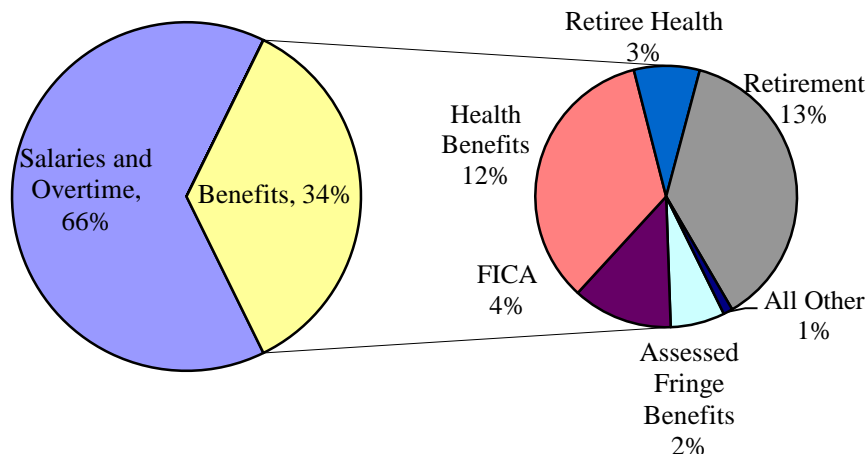
Paid Leave:

- Rhode Island is comparable with the market for paid holidays, personal days, and bereavement days offered per year
- Rhode Island is comparable with the market for annual accrual vacation days and sick leaves
- Rhode Island is above the market for carry-over vacation days by 331 percent, and above market for carry-over sick leave by 711 percent

The budget does not appear to include any recommendations specific to these findings.

Salaries and benefits make up 85.8 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 2019 Recommended 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*

For most positions, 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.

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. The FY 2018 budget did not include funds for any changes to those contracts upon their June 30, 2017 expiration. The FY 2019 recommended budget includes no wage increases; however, the Governor recommends a total of \$0.5 million from general revenues in both FY 2018 and FY 2019 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 an arbitration award was reached in August 2015. The award 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 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 Officers 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 received 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.

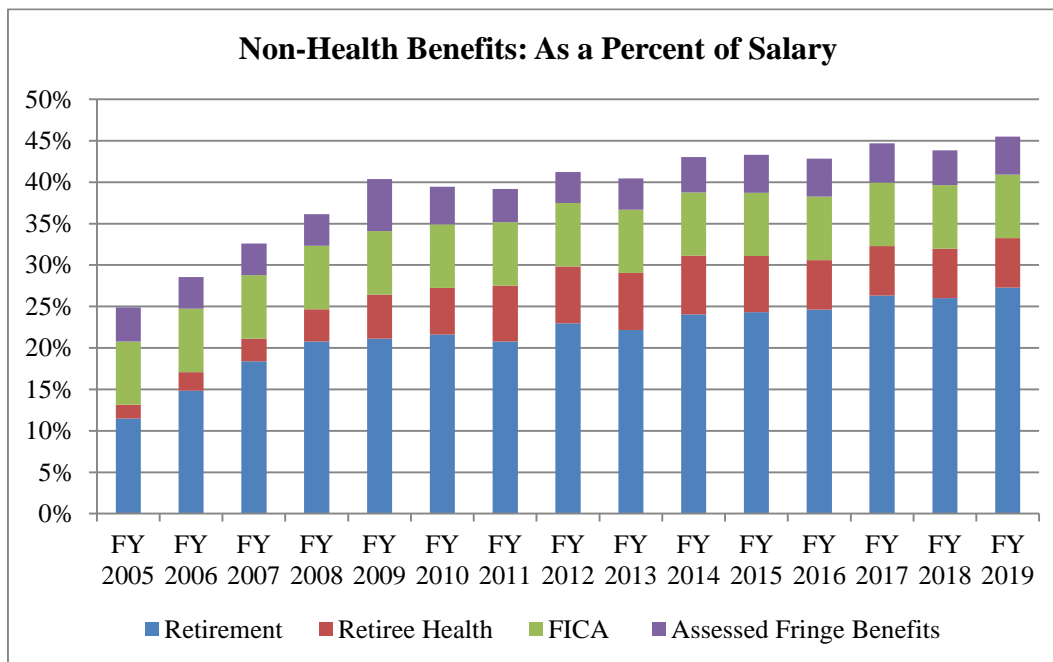
Cost-of-Living Adjustments		
Fiscal Year	Increase	Notable Adjustments
2005	1.5%	
2006	2.5%	
2007	4.0%	
2008	3.0%	6 furlough days
2009	-	
2010	2.5%	8 furlough days
2011	3.0%	6 month delay, 4 furlough days
2012	3.0%	
2013	-	
2014	2.0%	April 6, 2014
2015	2.0%	October 5, 2014
2016	2.0%	October 4, 2015
2017	-	Contract expired June 30, 2017

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, Transportation and Human Services.

Overtime - FY 2019 Recommended	
Corrections	35.0%
BHDDH	16.8%
Public Safety	10.7%
Transportation	9.1%
Human Services	8.5%
Higher Education	8.4%
Children, Youth and Families	6.0%
All Others	5.4%
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 benefits. 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 2005 through FY 2019. 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.

The retirement rates are determined actuarially and under Rhode Island General Laws, they are certified annually by the State of Rhode Island Retirement Board. The Board’s current policy is that the contribution rates determined by an actuarial valuation takes effect two years after the valuation date. The Retirement System conducts an experience study every three years to evaluate the appropriateness of assumptions. The actuaries use the system’s own experience where relevant and credible data is available. It uses population or general economic data such as inflation for other assumptions. The assumption changes are incorporated in future annual valuations that determine the rate required to support the defined benefit portion of the pension system. The System’s actuaries conducted an experience study during the spring of 2017. As a result of that as well as an asset liability review conducted by the State Investment Commission, the Board approved new assumptions including decreasing the investment return assumption from 7.5 percent to 7.0 percent as well as some other assumptions around inflation, wage growth and mortality. These changes will be included in the actuarial valuation that is effective for FY 2020.

The rates for FY 2019 have been revised upward by 2.1 percent or 0.53 percentage points based upon the retirement incentive program the administration undertook in the fall of 2017. The details of this program are discussed later in the report. The rates for FY 2019 as well as the previous six years are shown in the table below.

Employer Contribution Rates - Regular Employees							
FY	2013	2014	2015	2016	2017	2018	2019
Rates	21.18%	23.05%	23.33%	23.64%	25.34%	24.87%	26.28%

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 2018, the salary limit is \$128,400. 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 and surpluses of \$1.2 million in FY 2016 and \$6.2 million in FY 2017, largely due to a repayment for overpayments made by the state.

The FY 2018 enacted budget was based on an assessment of 4.20 percent for most employees. Based on the projected number of individuals that have opted-in to the voluntary retirement incentive, which is described in greater detail later in this report, the Governor's FY 2019 budget increases the assessment to 4.60 percent. Based on the impact to the Retirement System and the assessed fringe benefit fund, being used to pay the voluntary retirement incentive, the Governor's budget includes an additional \$3.9 million from general revenues in associated benefit rate increases.

The current rate for certain public safety personnel is 2.44 percent because these employees receive injured on duty benefits. The rate for higher education faculty is 3.48 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 in 2005. At that time, some employees paid a percentage of salary, depending on salary range, and some employees paid 5.0 percent of the cost of the health plans. Currently, an employee's contribution is a percent of plan cost, depending 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 2018 for both individual and family plans.

2018 Calendar Plan Year Per Employee	Below \$49,670		\$49,670 - \$95,481		Over \$95,481	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits	\$ 8,856	\$ 24,748	\$ 8,856	\$ 24,748	\$ 8,856	\$ 24,748
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State	\$ 7,085	\$ 21,036	\$ 7,085	\$ 19,798	\$ 6,642	\$ 18,561
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,771	\$ 3,712	\$ 1,771	\$ 4,950	\$ 2,214	\$ 6,187

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 cost per benefit type.

Weighted Average	FY 2018 Enacted	FY 2018 Rev. Planning	FY 2018 Revised	Change to Enacted	FY 2019 Planning	FY 2019 Gov. Rec.	Change to Enacted
Medical	\$ 18,770	\$ 18,770	\$ 18,618	\$ (152)	\$ 19,708	\$ 19,396	\$ 626
Dental	929	780	771	(158)	804	784	(145)
Vision	126	126	126	-	126	126	-
Total	\$ 19,825	\$ 19,676	\$ 19,515	\$ (310)	\$ 20,638	\$ 20,306	\$ 481

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 established deductibles of \$250/\$500 for individuals/families effective January 1, 2015.

As shown in the previous table, the FY 2018 enacted budget assumes a planning value of \$19,825 and agencies used a planning value of \$20,638 for FY 2019 based on instruction provided by the Budget Office in August 2017. Though the rates are higher than the FY 2018 enacted budget, costs are less than what agencies had assumed in their requests. The Governor's revised budget includes medical benefit savings of \$5.4 million, including \$2.5 million from general revenues, from updating the medical benefit rates and savings from lower claims experience. The FY 2019 recommendation includes \$3.0 million in savings, including \$1.5 million from general revenues.

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 were included beginning July 1, 2016.

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 2019 is displayed in the following table.

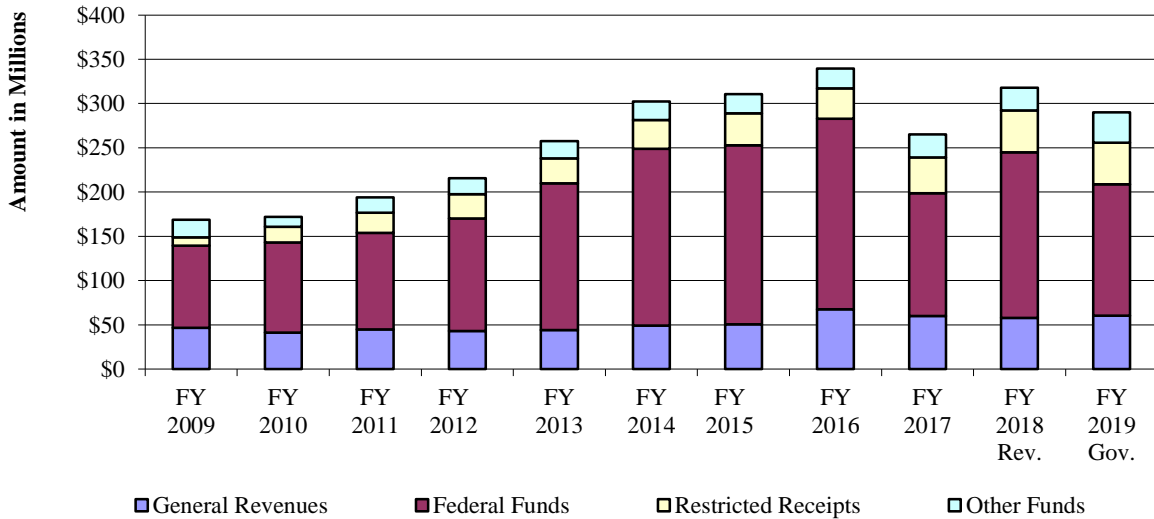
Cost of a Position - FY 2019 Recommended				
	Expense	% of Salary	Expense	% of Salary
Salary	\$ 50,000		\$ 100,000	
FICA	3,825	7.65%	7,650	7.65%
Assessed Fringe	2,300	4.60%	4,600	4.60%
Retiree Health	2,990	5.98%	5,980	5.98%
Retirement*	13,640	27.28%	27,280	27.28%
Subtotal	\$ 22,755	45.51%	\$ 45,510	45.51%
Health Benefits	20,638	Family Plan	20,306	Family Plan
Total Co-share	(4,128)	20.00%	(5,077)	20.00%
Subtotal Benefits	\$ 39,265	78.53%	\$ 60,740	60.7%
Total Cost	\$ 89,265		\$ 160,740	

**Rate includes 1.0 percent for defined contribution plan*

Contracted Services. Contracted services make up the remaining 14.2 percent of personnel costs. The enacted budget includes \$289.9 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, 51.1 percent of the expenses are supported by federal grants and 20.9 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 2009 to FY 2019



The chart above shows the costs of contracted services from FY 2009 through FY 2019. 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’s budget. 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 included \$324.9 million for contracted services and actual expenditures were \$265.2 million. This is \$59.7 million less than appropriated, of which \$53.1 million was from federal funds. This reflects the agreement the state had 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. The Governor recommends \$318.0 million for FY 2018 and \$289.9 million for FY 2019. This is \$38.4 million more in the current year and \$10.3 million more in FY 2019.

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 as well as any significant revisions and current compliance.

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. Despite the change, the current administration is also not in compliance with this requirement.

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 since it was adopted by the 2014 Assembly. The staff from the Budget Office indicated that it has been in discussions with Council 94 to format the template for reporting.

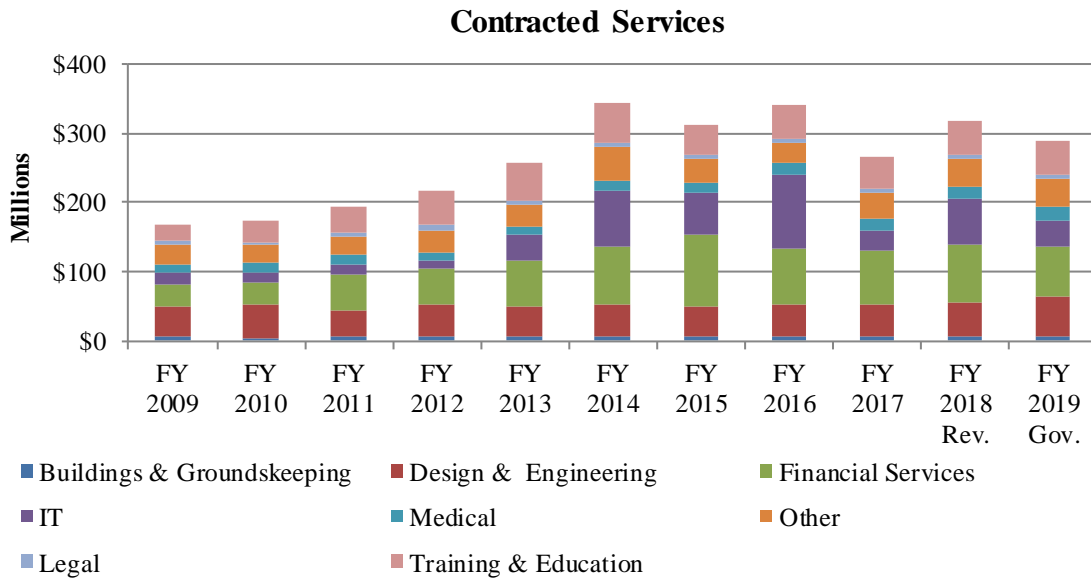
RIGL 42-149-1. This statute adopted in Public Law 2007, Chapter 525 requires all state departments to submit quarterly reports of all non-state employee expenditures for legal services, financial services, temporary work and other non-state employee personnel costs. The report must contain: efforts made 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 2019. 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 2019 Proposed Personnel Initiatives

- Voluntary Retirement Incentive.** The Administration implemented a voluntary retirement incentive under its own authority as part of an effort to achieve the \$25.0 million of undistributed savings in the FY 2018 enacted budget. State employees eligible to retire on or before December 31, 2017 are eligible for the incentive, which is two times the employee’s longevity capped at \$40,000. The Administration indicated that there were 941 eligible state employees and it assumed savings of \$6.5 million based on the assumption that 45 percent of eligible employees would retire by January 31 for five months of savings. Payouts would be made from the assessed fringe benefit fund, which is generated from all fund sources. The savings also assumed that only 60 percent of those vacated positions are filled for one month in FY 2018 and at 70 percent of the incumbent’s cost in the first year.

The incentive program is being implemented in stages based on the amount of longevity to allow the Retirement System time to process the applications. The most senior employees have until February 15 and the least senior have until April 15. The Governor’s revised budget includes savings of \$4.6 million from vacancies, but no comprehensive information has been provided on how much savings is assumed to offset added costs. Much of the vacancy savings assumed in FY 2018 does not appear to repeat in FY 2019.

- ***Injured on Duty Reform.*** The Governor includes legislation to amend the injured on duty laws to allow an independent medical examiner to certify that a person has reached the medical improvement triggering the 60-day clock to apply for accidental disability. Under current law it must be the treating physician that makes the certification. The legislation also amends the accidental disability law to require use of application and processing rules for injured on duty benefits for state employees that qualify for them, rather than a separate accidental disability procedure. The Budget assumes savings of \$0.6 million from general revenues, \$0.3 million each for the Military Staff and the Department of Public Safety, from these changes.
- ***Workers' Compensation Outsourcing.*** Rhode Island General Law, 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 enacted budget includes undistributed savings of \$1.3 million from this proposal. The revised budget restores \$1.0 million of the assumed savings; however, no further information is provided in terms of how the remaining savings will be achieved and the FY 2019 recommended budget assumes the enacted amount of savings.
- ***Rhode Island Capital Fund Assessment.*** The Governor proposes legislation to empower the state Budget Officer to implement an indirect cost recovery charge of up to 10.0 percent of Rhode Island Capital Plan funded project expenditures for funding "direct project management costs of state employees." The Governor's budget includes general revenue savings of \$3.7 million from this proposal; however, it appears that the savings are taken as reductions to operating costs instead of salaries and benefits.

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 January 2018, Congress again delayed the start of the tax to 2022.

The retiree health rate in the last actuarial valuation included 0.29 percent to account for the costs of the “Cadillac” tax. The rate has not yet been adjusted 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 2018 and FY 2019 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 2017 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 2018 Enacted</i>	2,365.9	3,715.6	4,664.7	3,210.0	429.0	775.0	15,160.2
New Positions	112.0	30.6	94.5	67.0	1.0	45.0	350.1
Transfers	38.0	(2.0)	-	(36.0)	-	-	-
Program Reduction	(11.0)	(4.0)	-	(2.8)	(1.0)	-	(18.8)
Unidentified Program Changes	(14.0)	-	-	(26.0)	-	(25.0)	(65.0)
<i>Total Change to Enacted</i>	125.0	24.6	94.5	2.2	-	20.0	266.3
FY 2019 Recommended	2,490.9	3,740.2	4,759.2	3,212.2	429.0	795.0	15,426.5

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2018 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 55.1 percent of all positions.

The Budget includes 2,490.9 full-time equivalent positions for general government agencies, 16.1 percent of the distributed positions. This is 125.0 positions more than the authorized level to primarily reflect new positions in the Department of Revenue and positions transferred from the Department of Public Safety.

The Budget provides 3,740.2 full-time equivalent positions for human services, or 24.2 percent of all distributed positions. This is 24.6 positions more than enacted, primarily reflecting positions in the Executive Office of Health and Human Services and the Department of Health.

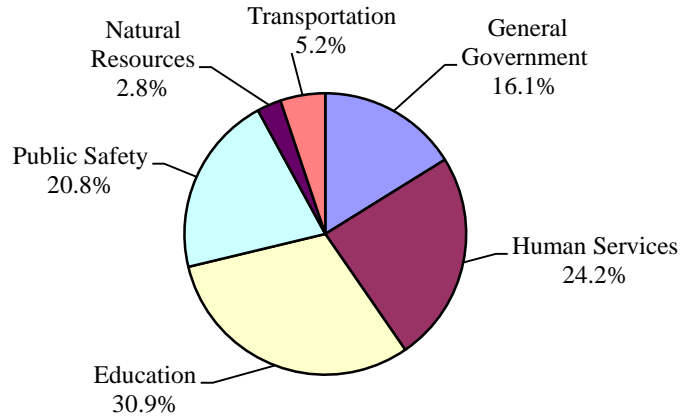
The Budget includes 4,759.2 full-time equivalent positions for education, 30.9 percent of all distributed positions. This is 94.5 positions more than the FY 2018 enacted budget.

There are 3,212.2 full-time equivalent positions for public safety agencies, 20.8 percent of all distributed positions. This is 2.2 positions more than the FY 2018 authorized level.

The Governor recommends the authorized level of 429.0 full-time equivalent positions for natural resources agencies.

The Budget includes 795.0 full-time equivalent positions for transportation, 20.0 more than enacted.

Staffing by Function



Program Changes to FY 2018 Enacted Staffing Levels

Administration. The Governor recommends the enacted level of positions for FY 2018, even with the transfer of 3.0 positions for the Water Resources Board to the Public Utilities Commission.

She includes staffing of 667.7 full-time equivalent positions for FY 2019, 29.0 less than the authorized level. This includes the transfers of 29.0 positions: 23.0 positions for the Contractors' Registration and Licensing Board, State Building Code Commission, and the Fire Code Board of Appeal and Review to the Department of Business Regulation, and 3.0 positions for the Water Resources Board to the Public Utilities Commission. The recommendation includes several new positions in Purchasing and the Office of Management and Budget, which are offset by elimination of unidentified positions.

Business Regulation. The Governor recommends FY 2018 revised staffing of 106.0 positions, 5.0 more than authorized including a position for the Medical Marijuana Licensing program. For FY 2019, she recommends transferring 59.0 positions to the Department to establish a new Division of Building, Design and Fire Professionals, including 23.0 from the Division of Construction Permitting, Approvals and Licensing at the Department of Administration, and 36.0 from the State Fire Marshal at the Department of Public Safety. She also transfers 2.0 licensing aide positions from the Department of Health to the Division of Commercial Licensing, Gaming and Athletics, and adds 3.0 licensing aides to the Medical Marijuana Licensing consistent with the proposed expansion of compassion centers and consolidation of the oversight of caregivers and authorized purchasers at the Department of Business Regulation.

Labor and Training. The Governor recommends the FY 2018 enacted level of 428.7 full-time equivalent positions in both years. For FY 2019, the recommendation includes 9.0 new positions to enhance the workplace fraud unit, offset by the elimination of 9.0 unidentified, unfunded and vacant positions.

Revenue. The Governor recommends 529.5 positions for FY 2018, 4.0 fewer than authorized to reflect the elimination of four vacancies: three in the Division of Municipal Finance and one in the Division of Lottery. For FY 2019, she recommends staffing of 612.5 full-time equivalent positions. This is 79.0 more than authorized, and 83.0 more than the revised recommendation. To the revised budget, she adds 32.0 positions at the Registry of Motor Vehicles to implement federal Real ID requirements, 23.0 positions for the new Twin River Tiverton Casino, 22.0 positions for enhanced revenue collections, 7.0 positions for a new Division of Collections, offset by an unspecified 1.0 position reduction.

Public Utilities Commission. The Governor recommends 54.0 positions for FY 2018 and 57.0 for FY 2019, increases of 3.0 and 6.0, respectively, compared to the enacted budget. For FY 2018, the Governor adds 3.0 positions to reflect the transfer of the Water Resources Board from the Department of Administration to the Public Utilities Commission. For FY 2019, the Governor also adds 2.0 programming services officers and 1.0 associate public utilities administrator for operations and consumer affairs.

Executive Office of Health and Human Services. The Governor recommends 285.0 positions for FY 2018 and 295.0 positions for FY 2019, adding 10.0 new positions to work directly on the Medicaid savings initiatives included in her recommended budget.

Children, Youth and Families. The Governor recommends 612.5 positions for FY 2018 and 619.5 positions for FY 2019. This includes 7.0 new positions for the proposed new Voluntary Extension of Care program offset by the elimination of 4.0 positions from a staff reorganization.

Health. The Governor recommends an additional 13.0 new positions in FY 2018 for staffing of 506.6 positions. It is assumed that these positions will be funded with restricted receipts and federal funds that the Department received. For FY 2019, she recommends 504.6 positions, 2.0 positions fewer than the revised budget to reflect the transfer of staff supporting several boards and commissions to the Department of Business Regulation.

Office of the Child Advocate. The Governor recommends 8.6 positions for FY 2019, adding a 0.6 position to assist with oversight and review of child fatality, near fatality investigations and Children's Rights settlement.

Elementary and Secondary Education. The Governor recommends 327.1 full-time equivalent positions for FY 2019, which is 2.0 more than enacted. This includes 1.0 director of school construction services to be funded from Rhode Island Health and Educational Building Corporation funds, and 1.0 education specialist to administer to the ServeRI program.

Public Higher Education. The Governor recommends 4,307.8 full-time equivalent positions for FY 2018, which is 1.0 more than enacted for a new business manager position for the Westerly Higher Education and Jobs Skills Center. For FY 2019, she recommends staffing of 4,399.3 full-time equivalent positions, 92.5 more than enacted. This includes a total of 2.0 new business manager positions for the Westerly Higher Education Center, a reduction of 3.0 Division of Higher Education Assistance positions based on an expected transfer of guaranty agency operations to an outside agency, and an increase of 2.0 unidentified positions for the Commissioner's Office to be supported by grants or other sources.

The staffing authorization for the University increases by 68.5 full-time equivalent positions including 10.0 tenure-track faculty positions, 1.0 for a new office for innovation, 1.0 for a new office for undergraduate research and innovation, 1.0 new assistant director for veterans' affairs, 1.0 new psychologist, and 2.5 for the athletics department. The recommendation also includes 3.0 new lecturer positions, which are contracted and not employees of the University. The Governor recommends an additional 49.0 positions that would be limited to funding from third-party sources. This includes 12.0 for DataSpark, a former data analytics group that joined the University in February 2017, 12.0 related to a new five-year National Science Foundation grant, and 25.0 related to the health system transformation project with the Executive Office of Health and Human Services.

The Governor also recommends 23.0 new unidentified positions for the College to provide flexibility and capacity as part of the College's efforts to expand the use of full-time faculty and rely less on part-time adjunct faculty.

Corrections. The Governor recommends 1,435.0 positions for FY 2018 and FY 2019, which is 12.0 more than enacted. She recommends 28.0 new positions requested by the Department and removes 16.0 unidentified positions in order to keep the increase to 12.0. The 28.0 new positions include: 16.0 correctional officers, 3.0 correctional officer training instructors, 4.0 health unit clerks, 2.0 clinical social workers, 2.0 correctional officer hospital positions, and 1.0 senior public health specialist.

Judiciary. The Governor recommends 723.5 positions for FY 2019, 0.2 more than enacted. This adjustment appears to have been made in error. She subsequently requested an amendment to correct this.

Public Safety. The Governor recommends FY 2019 staffing of 599.6, 12.0 positions less than authorized. This reflects the transfer of 36.0 positions for the Fire Marshal to the Department of Business Regulation. It also includes 37.0 new positions: 30.0 new troopers, 2.0 Capitol Police screeners, 1.0 positions for the Sheriffs Division, 2.0 E-911 telecommunicators, and 1.0 public information officer. The recommendation also includes the elimination of 10 unidentified positions.

Public Defender. The Governor recommends 95.0 positions for FY 2019, which is 2.0 more than enacted. The recommendation adds new attorney positions in an effort to relieve the caseload burden in the Office. It should be noted personnel data provided with the Governor's budget inadvertently fails to classify the new positions as attorneys.

Environmental Management. The Governor recommends the authorized level of 400.0 full-time equivalent positions in both years. This reflects 1.0 new position to begin working on the Food Safety Modernization Act and the elimination of one position.

Transportation. The Governor recommends FY 2019 staffing of 795.0 full-time equivalent positions, including 45.0 new positions as requested by the Department; however, she recommends the elimination of 25 unidentified positions for a net increase of 20. The new positions include: 32.0 highway and bridge maintenance workers, 5.0 project managers, 8.0 for the Finance Division, Stormwater, and Transit units.

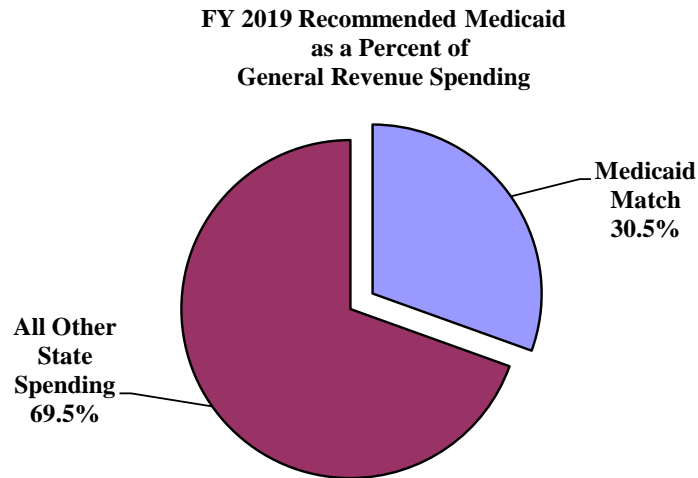
Medicaid

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 2019 as Recommended	General Revenues	All Funds	% of Medicaid
EOHHS	\$ 954,991,370	\$ 2,427,672,734	85.0%
BHDDH	172,184,571	361,852,641	12.7%
Children, Youth and Families	18,042,878	36,503,749	1.3%
Human Services	10,502,630	26,509,347	0.9%
Health	768,216	2,538,598	0.1%
Total	\$ 1,156,489,665	\$ 2,855,077,069	100%

Medicaid as a Percent of the State Budget. Programs supported by Medicaid are 30.5 percent of total spending in the FY 2019 recommended budget and 30.2 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 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 moving CEDARR services into the managed care plans and coordinated coverage for those with other third-party coverage. The status noted represents the testimony provided at the November 2017 Caseload estimating conference.

Proposal	FY 2018 Revised		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	(256,250)	(512,500)	On Target
Evaluate Structural Barriers to HCBS	-	-	Delayed
Enhanced Residency Verification	-	-	Delayed
Automate Patient Share	-	-	Delayed
Personal Choice Program Admin	-	-	Delayed
Enhanced Medicare Identification	-	-	Delayed
Coordinate Coverage with VA for veterans	-	-	Delayed
Predictive Modeling	(1,018,440)	(2,505,000)	On Target
LTC - Align Activities of Daily Living	-	-	Delayed
Other Program Efficiencies	(7,439,992)	(14,988,806)	On Target
Total	\$ (49,197,372)	\$ (110,363,311)	

**As of November 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

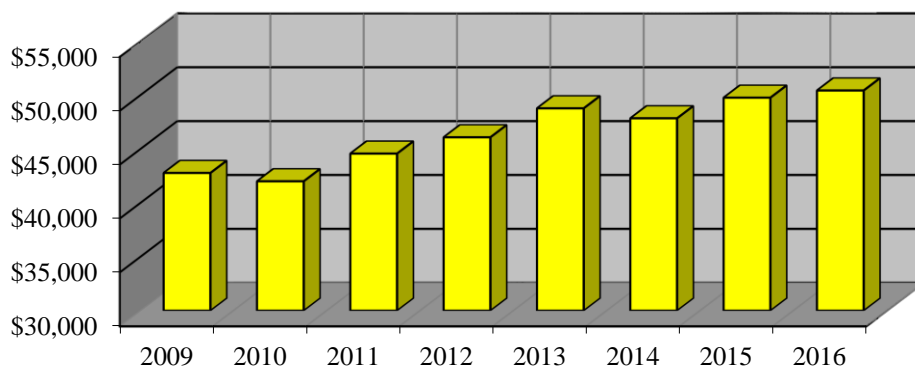
state's three-year average per capita income relative to national per capita income and represents the portion of medical services delivered under the Medicaid program that the federal government will contribute. States with a higher per capita income level are reimbursed a smaller share of their costs. By law, the Medicaid rate cannot be lower than 50 percent or higher than 83 percent. It is important to note that 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 2019 rate. Enhanced rates were authorized as fiscal relief to states affecting FY 2008 through FY 2011. 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 2019 projected rate is based on one quarter of the federal fiscal year 2018 rate and three quarters of the federal fiscal year 2019 rate resulting in a slightly different rate. The Medicaid rates are shown in the following table.

Medicaid Rates	FFY	SFY
2019	52.57%	52.29%
2018	51.45%	51.34%
2017	51.02%	50.87%
2016	50.42%	50.32%
2015	50.00%	50.03%
2014	50.11%	50.40%
2013	51.26%	51.48%
2012	52.12%	52.33%
2011	61.39%	62.26%
2010	63.93%	63.92%

The following chart shows the state's per capita income for the previous eight calendar years. The FY 2019 rate is based on 2014 through 2016 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 reduces the state share by 30 percent. For example, if a state's Medicaid rate is 52 percent, its state share is 48 percent. That gets lowered to 33.6

percent under the enhanced rate of 66.7 percent. A state’s Medicaid rate may increase or decrease depending on the adjustment to a state’s per capita income, as does the enhanced Medicaid rate.

The Affordable Care Act increased the already enhanced CHIP rate by another 23 percentage points. On January 22, 2018, the program was extended for ten years, expiring on October 1, 2026. The 23 point rate increase will be provided until FFY 2020 when it will be lowered to 11.5 extra points. The regular CHIP enhanced rate would return starting in FFY 2021. The new rates have not been published but staff has estimated what those rates would be based on the current state enhanced Medicaid rate for FFY 2019 of 66.8 percent.

CHIP Rates	FFY	SFY
2022	66.80%	66.80%
2021	66.80%	69.68%
2020	78.30%	81.18%
2019	89.80%	89.61%
2018	89.02%	88.95%
2017	88.71%	88.61%
2016	88.29%	82.47%
2015	65.00%	65.04%

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 required 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. The Tax Cuts and Jobs Act of 2018 repealed the individual mandate to purchase health insurance, but did not make any changes to the expansion program.

The Affordable Care Act also provides for premium credits and cost-sharing subsidies for individuals and families between 139 percent and 400 percent of poverty; this also remains unchanged in the Tax Cuts and Jobs Act. 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. This provision was not changed.

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

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 will become 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. On January 1, 2017, the Medicaid rate decreased to 95 percent. The rate is 94 percent for calendar year 2018, and it drops to 93 percent in 2019, and 90 percent on January 1, 2020 for all subsequent years, requiring a 10 percent state match.

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. This requirement has been extended until September 30, 2023 with the recent passage of the Healthy Kids Act that extended the Children’s Health Insurance Program. 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. The eligibility threshold for the parent was increased to 138 percent to match the threshold for the expansion program which is 133 percent of poverty after disregarding five percent of the annual income.

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 2018 enacted budget included \$478.5 million from all sources, \$452.1 million from federal funds and \$26.4 million from the state match and the November 2017 Caseload Conference estimate and the Governor’s revised recommendation decreased that to \$456.6 million with a state match of \$25.2 million. The Governor’s FY 2018 revised and FY 2019 recommendations and the program’s out-year estimates, including the value of the state match, are shown in the following table.

Medicaid Expansion - Governor's Recommendation		
FY	General Revenues	All Funds
2018	\$ 25.2	\$ 456.6
2019	\$ 28.6	\$ 437.8
2020	\$ 33.8	\$ 397.6
2021	\$ 46.2	\$ 461.8
2022	\$ 47.4	\$ 473.6
2023	\$ 48.6	\$ 485.5

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 into general 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 \$6.7 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 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 Legislature 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 \$162.6 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 replaces 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 calls 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 will 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 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. In November of 2016 the state submitted its corrective action plan to address issues raised by the federal authority.

As of January 1, 2017, the Unified Health Infrastructure Project continued to have multiple operational problems and the state has received notification from the Food and Nutrition Service of its concern with system function. At that time, the state had submitted a corrective action plan addressing issues identified by the federal authority. The state received additional federal correspondence in July of 2017 for further information to correct reporting issues.

The state submitted an update on its corrective action plan in December 2017 for another update to progress being made regarding the functionality of the new system. However, as of January 1, 2018, 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.

The state has been approved for a project plan that totals \$444.5 million through federal fiscal year 2019. This includes \$355.2 million from federal funds and \$89.3 million from general revenues for design, development and implementation that totals \$298.5 million and \$146.0 million for maintenance and operations. The planning document indicates that the backlogs will be cleared by March 30, 2018 and the system will be fully compliant by September 28, 2018.

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 Governor provides funding totaling \$72.4 million in FY 2018 and \$44.2 million in FY 2019 for direct support and expenses of the Unified Health Infrastructure Project in the Executive Office of Health and Human Services and Department of Human Services' budgets. This includes \$11.4 million in FY 2018 and \$6.8 million in FY 2019 from state sources. The FY 2019 total also assumes \$7.0 million from the contractor. The following table shows actual spending for FY 2016 and FY 2017, the FY 2018 enacted budget and the Governor's recommendations for FY 2018 and FY 2019.

Unified Health Infrastructure Project	General Revenues	Federal Funds	Restricted Receipts	Information Technology Investment	Total
FY 2016 Spent					
EOHHS	\$ 13,015,924	\$ 79,690,883	\$ -	\$ 1,723,232	\$ 94,430,039
DHS	2,883,527	4,628,457	4,628,457	-	7,511,984
Total	\$ 15,899,451	\$ 84,319,340	\$ 4,628,457	\$ 1,723,232	\$ 101,942,023
FY 2017 Spent					
EOHHS	\$ 5,353,039	\$ 33,007,048	\$ -	\$ -	\$ 38,360,087
DHS	1,546,360	6,359,539	-	-	7,905,899
Total	\$ 6,899,399	\$ 39,366,587	\$ -	\$ -	\$ 46,265,986
FY 2018 Enacted					
EOHHS	\$ 6,340,334	\$ 32,883,357	\$ -	\$ 1,224,027	\$ 40,447,718
DHS	1,191,154	2,849,659	-	-	4,040,813
Total	\$ 7,531,488	\$ 35,733,016	\$ -	\$ 1,224,027	\$ 44,488,531
Governor's FY 2018 Revised					
EOHHS	\$ 5,288,896	\$ 55,381,948	\$ -	\$ 2,549,563	\$ 63,220,407
DHS	3,624,505	5,507,185	-	-	9,131,690
Total	\$ 8,913,401	\$ 60,889,133	\$ -	\$ 2,549,563	\$ 72,352,097
Governor's FY 2019 Recommended					
EOHHS	\$ 5,050,082	\$ 23,764,587	\$ -	\$ -	\$ 28,814,669
DHS	1,781,183	6,668,058	6,952,634	-	15,401,875
Total	\$ 6,831,265	\$ 30,432,645	\$ 6,952,634	\$ -	\$ 44,216,544

The Assembly added 143 new positions to support the project which is consistent with the Governor's amendment to address staffing needs through the "Get Well Plan" which was released in the Spring of 2017.

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 a new cost not otherwise matchable programs, also called CNOMs, and the Designated State Health Programs to seek Medicaid match through a health workforce development partnership with the University of Rhode Island, Rhode Island College and the Community College of Rhode Island. The amended request retains the language to use hospital resources if federal approval is denied.

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

The state received approval on October 20, 2016 for a five-year grant that totals \$129.7 million for the Health System Transformation Project. Through this demonstration, approved by the Centers for Medicare and Medicaid Services, the state, along with accompanying changes to its managed care contracts, will develop shared savings agreements between the managed care health plans and the certified affordable entities. The shared savings incentive programs are: 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. The Executive Office spent \$7.0 million in FY 2017 in the medical assistance program for incentive payments to nursing facilities.

The second phase is to expand opportunities through the Accountable Entities and the FY 2018 revised budget includes \$9.3 million for the administrative expenses. The Executive Office has entered into the following financial arrangements: \$2.0 million for its investment in Healthcare Workforce Transformation initiative in coordination with the three state institutions of higher education, University of Rhode Island, Rhode Island College and the Community College of Rhode Island, \$1.3 million for contracted evaluation and other oversight services through Conduent, and \$0.8 million for contracted staffing for project management, financial operations, analysis, evaluation and federal compliance.

The Governor adds 25.0 positions related to health system transformation project activities in the University of Rhode Island for FY 2019. The University has recently entered into an agreement with the Executive Office of Health and Human Services to support health system transformation in Rhode Island. The Centers for Medicare and Medicaid Services has granted a waiver that will allow for costs associated with training healthcare workers as a reimbursable cost. The University will provide \$1.6 million annually to support new healthcare workforce training initiatives and will hire 10.0 research assistants to accomplish this work.

It also anticipates needing 15.0 yet unidentified positions such as Ph.D. level policy experts, masters prepared analysts and fiscal staff to work on the expanded services category of the agreement.

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.

As part of the Medicaid resolution language included in Article 14 of 2018-H 7200, the state is seeking legislative approval to extend the waiver.

Medicaid Expenses - State/National Comparison. The following table compares national and state 2012 Medicaid spending using the Medicaid and Children's Health Insurance Program Payment and Access Commission (MACPAC) MACStats Data Book (December 2015). The updated MACStats Data Book (December 2016 and 2017) includes national and state 2013 spending; however, information for Rhode Island is not listed because as footnoted: *State was excluded due to data reliability concerns regarding completeness of monthly claims and enrollment data.* The state information was also excluded from the December 2017 data book.

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. 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 of Health and Human Services' budget.

For disabled individuals, expenses for this population appear in the budgets of the Executive Office of Health and Human Services, as well as the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities, and Hospitals, and Children, Youth and Families. Costs for this population are also above the national average when comparing only full-benefits 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 of Health and Human Services 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 2013

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 2018 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	\$ 12,140	\$ 16,146	\$ 16,753	\$ 18,210	\$ 21,245	\$ 21,852	\$ 22,459	\$ 24,280	\$ 30,350
2	16,460	21,892	22,715	24,690	28,805	29,628	30,451	32,920	41,150
3	20,780	27,637	28,676	31,170	36,365	37,404	38,443	41,560	51,950
4	25,100	33,383	34,638	37,650	43,925	45,180	46,435	50,200	62,750
5	29,420	39,129	40,600	44,130	51,485	52,956	54,427	58,840	73,550
6	33,740	44,874	46,561	50,610	59,045	60,732	62,419	67,480	84,350
7	38,060	50,620	52,523	57,090	66,605	68,508	70,411	76,120	95,150
8	42,380	56,365	58,484	63,570	74,165	76,284	78,403	84,760	105,950

For families with more than 8 members, add \$4,320 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 the 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	25.9%	\$ 3,504
Expansion	64,989	23.1%	402.0	19.4%	\$ 6,186
Elderly	19,198	6.8%	559.0	27.0%	\$ 29,124
Disabled - Children	12,025	4.3%	170.0	8.2%	\$ 14,052
Disabled - Adults	32,080	11.4%	402.0	19.4%	\$ 23,496
Total	281,634	100%	\$2,070.0	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 the past three reports for FY 2014, FY 2015 or 2016. It 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 requirements to submit the annual report are contained in Rhode Island General Law 42-7.5 (4) and include reporting on: expenditures, outcomes and utilization rates by population and sub-population served (e.g. families with children, persons with disabilities, children in foster care, children receiving adoption assistance, adults ages 19 to 64, and elders); expenditures, outcomes and utilization rates by each state

department or other municipal or public entity receiving federal reimbursement under Medicaid; and expenditures, outcomes and utilization rates by type of service and/or service provider.

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	Clinical 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 adoptive assistance, and parents whose income is at or below 50 percent of the poverty level.

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

Under the MAGI conversion, states have a higher income threshold for certain populations because the disregards are adjusted using the new calculation with the intent to not make any person ineligible for benefits because of the conversion. For Rhode Island, this conversion changes the income threshold for children, increasing it from 250 percent with the disregards to 261 percent. For Rhode Island, the income threshold for parents was raised to the mandatory level of 138 percent which is not impacted by the MAGI conversion.

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

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

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. The child is also covered by Medicaid if determined to be eligible for disability through the Supplemental Security Income program.

Adoptive Assistance. The state provides RItE Care benefits to a child in adoptive assistance. The child is also covered by Medicaid if determined to be eligible for disability through the Supplemental Security Income program.

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

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

Rhody Health Partners. For adults who are disabled but not receiving Medicare, the state provides medical benefits through Rhody Health Partners. This is a managed care system with plans through either Neighborhood Health Plan of Rhode Island, UnitedHealthcare or Tufts.

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 two Intermediate Care Facilities

for the Developmentally Disabled (ICF/DD) through the Eleanor Slater Hospital System, with the Tavares Pediatric facility as the state's third 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 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 Waiver. For Medicaid funded services, managed care organizations must adhere to the requirement of the Mental Health Parity and Addiction Equity Act of 2008 which was later amended by the Affordable Care Act.

Substance Abuse Treatment Services. As an option under Medicaid, states can also choose to provide substance abuse treatment services to Medicaid eligible individuals. For Medicaid funded services, managed care organizations must adhere to the requirement of the Mental Health Parity and Addiction Equity Act of 2008 which was later amended by the Affordable Care Act.

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.

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 Analysis FY 2019*. 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 investigations 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 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.

The 2017 Assembly also expanded the reporting requirements to capture data on services provided and any sale of state owned property if revenue is used to offset advanced payments made to community based providers. The state made advanced payments to 25 privately operated agencies that provide services to adults with developmental disabilities who resided at the state-run Ladd School, through a community based system of residential care and/or day programs. Advanced payments were made for both residential service and community based day programs that supported one month of services in the new system and as of July 1, 2017 totaled \$13.3 million. Another step taken by the state to foster a community based system was to have the residential and day programs operate from buildings owned by the state.

The Department of Administration’s Office of Accounts and Control required each of the 25 agencies to sign an individual memorandum of understanding that includes the payment amount that was advanced to that agency and the terms under which the agency can retain the payment. An agency was required to return the payment if: the agency closes, is no longer licensed by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, is no longer a certified agency by the Division of Developmental Disabilities, or if an individual site within the scope of the original agreement ceases operations. For state accounting purposes, the payments are treated as a receivable so any payments that have been made were booked as a revenue that paid down the advanced payment.

The Governor requested and the Assembly concurred with legislation to allow revenues from the sale of state-owned residential property supporting group home services for adults with developmental disabilities, be used to pay down the \$13.3 million in advanced payments made by the state to private agencies.

The report 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.

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 requires 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 the three following 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 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 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 changes 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. 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:

- 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 2018 budget adopted by the 2017 General Assembly contains 38 state agencies and departments. The Governor's FY 2019 recommendation of 38 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2017 Assembly. These are noted below along with a history of prior proposals and enacted changes.

FY 2019

Water Resources Board. The Governor proposes to transfer the Water Resources Board and its staff to the Public Utilities Commission. Operating costs for the Water Resources Board would be charged to regulated water suppliers. The legislation designates the Department of Administration as the agency that will be responsible for the Big River Management area, which must be maintained for future development of groundwater wells. Additional statutory changes are required; however, the legislation calls for those changes will be submitted to the 2019 Assembly. A Memorandum of Understanding, signed on October 20, 2017, between the Department of Administration and the Public Utilities Commission is being used to allow the transfer for FY 2018.

Prior to 2011, the Water Resources Board was a stand-alone agency. The 2011 Assembly adopted legislation merging the Board into the Division of Planning to more closely align the water planning aspects of the Board with the statewide planning process.

Building, Design and Fire Professionals. The Governor proposes to consolidate professions relating to building and construction design, inspection, and enforcement of building and fire codes. The Budget reflects the transfer of several programs, funding and staffing of 59.0 full-time equivalent positions to the Department of Business Regulation. These include the State Fire Marshal from the Department of Public Safety, the Building Code Commission, Contractors' Registration and Licensing Board, and the Fire Code Safety Board of Appeal and Review from the Department of Administration.

A Memorandum of Understanding, signed on January 12, 2018, between the Department of Administration and the Department of Public Safety is being used to allow the transfer for FY 2018.

Health Professional Licensing to Business Regulation. The Governor proposes transferring the licensure of several professionals from the Department of Health to the Department of Business Regulation. These include: barbers, cosmeticians, manicurists and estheticians; electrolysis; funeral directors and embalmers; opticians; speech pathologists and audiologists; hearing aid dealers; athletic trainers; interpreters for the deaf; and music therapists. The Budget also assumes the transfer of \$0.2 million from general revenues and two positions for the administration of licensing functions from the Department of Health to the Department of Business Regulation.

Centralized Services. The 2017 Assembly authorized the establishment of internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. Prior to this change, these costs were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services will reimburse the internal service funds for the costs. The Governor's budget transfers \$48.3 million from the Department of Administration to state agencies.

Consolidation of Medical Marijuana Oversight at Business Regulation. The Governor proposes to expand the regulatory role of the Department of Business Regulation, including centralizing the registration and regulation of authorized purchasers, compassion center cardholders, primary caregivers, and issuance or renewal of registry identification cards, and eliminating the role of the Department of Health to define the equivalent amounts of medical marijuana. The program is staffed by 5.9 full-time equivalent positions in the Department of Health; the Department of Business Regulation currently has 4.0 full-time equivalent positions, but the Governor's budget is proposing to add 4.0 more positions in FY 2019 consistent with this proposal.

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 merging 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 merging 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's 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 Institutions 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 Division of Central Services within the Department of 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 Division of Central Services 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 Law, 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 operations, maintenance and repairs 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 of Motor Vehicles 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 did not eliminate any activity. The five divisions would be: Central Management, Insurance Regulation, Board of Accountancy, Banking and Securities, and Commercial Licensing and Racing and 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 the 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 the 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 2.0 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 2.0 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 2.0 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 Division of Insurance Regulation. 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 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.

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 is currently 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 will 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 will 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 will 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 to apply for and receive 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 will remove it as a Division in the Department of Human Services; however, for administrative purposes, funding for the Office of Veterans' Affairs will remain in the Department of Human Services' budget. The Assembly concurred.

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.

Explanations of Budget Articles

2018-H 7200

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2019.

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 2019.

Section 8. Employment Security Funds. This section appropriates all funds required for benefit payments to the unemployed from the Employment Security Fund for FY 2019.

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

Section 10. Appropriation of CollegeBound Saver Funds. This section appropriates the funds received by the Office of the General Treasurer from the CollegeBound Saver program for transfer to the Office of Postsecondary Commissioner to support student financial aid for FY 2019. The Governor's budget includes \$7.9 million from these sources for state grant programs.

Section 11. Full-Time Equivalent Positions. This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2019. 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 15,426.5 full-time equivalent positions, 266.3 positions more than authorized for FY 2018.

Section 12. Multi-Year Appropriations. This section makes multi-year appropriations for a number of capital projects included in the FY 2020 through FY 2023 Capital Budget that are funded from Rhode Island

Explanations of Budget Articles

Capital Plan funds. The FY 2019 and multi-year appropriations supersede appropriations made for capital projects in Section 11 of Article 1 of the FY 2018 Appropriations Act.

Section 13. Reappropriations. This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan Fund projects may be reappropriated at the recommendation of the Governor in FY 2019. 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.

The enacted and other prior budgets do not subject the reappropriations to the Governor's approval. The Budget Office indicates the language change was inadvertent.

Section 14. Rhode Island Housing and Mortgage Finance Corporation. This section requires that the Rhode Island Housing and Mortgage Finance Corporation provide from its resources an appropriate amount to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, the chair of the Housing Resources Commission and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units created.

Section 15. Resource Recovery Corporation Transfer. This section requires the transfer of \$3.0 million from the Resource Recovery Corporation to state general revenues by June 30, 2019.

Section 16. Rhode Island Housing and Mortgage Finance Corporation Transfer. This section requires the transfer of \$5.0 million from Rhode Island Housing to state general revenues by June 30, 2019.

Section 17. Effective Date. This section establishes July 1, 2018 as the effective date of the article.

Article 2. State Funds

The article extends the date for the Governor to approve reappropriations from August 15 to September 1. The article also authorizes the state budget officer to impose an indirect cost of up to 10.0 percent against project expenditures funded from Rhode Island Capital Plan funds. The funds would be used to support direct project management costs. The Budget assumes general revenue savings of \$3.7 million from this.

The article exempts three accounts from the state indirect cost recovery, all of which are new: Municipal Police Training Tuition and Fees, School Construction Services, and School for the Deaf – School Breakfast and Lunch Program. The statutory authority to create the first two are included in other articles; there is no proposed legislation to create the School for the Deaf account. The article expands the Westerly Higher Education Center's restricted receipt account to allow for revenues collected from other Higher Education Centers to be deposited in the account to allow for the Education Centers to be self-sustaining. It includes statutory authority to create a restricted receipt account for the Atomic Energy Commission's reactor fees, which are currently deposited as general revenues. The legislation requires that any remaining funds in excess of \$0.2 million shall be deposited to the state General Fund at the end of each fiscal year.

The article also establishes the Government Performance Improvement Fund to provide incentives in support of innovative initiatives. Payments are to be made only if contractual performance targets are achieved as determined by an independent evaluator and approved by the Office of Management and Budget. The legislation limits the use of funding to paying for successful contracts.

Explanations of Budget Articles

Article 3. Government Reorganization

Article 3 consolidates licensing and regulation relating to building and construction design, inspection, and enforcement of building and fire codes. It transfers several programs to the Department of Business Regulation, including the State Fire Marshal from the Department of Public Safety and the Building Code Commission, Contractors' Registration and Licensing Board, and the Fire Code Safety Board of Appeal and Review from the Department of Administration.

The article also transfers the Water Resources Board from the Division of Planning within the Department of Administration to the Public Utilities Commission. Operating costs for the Water Resources Board would be charged to regulated water suppliers, currently funded from general revenues. The Budget assumes savings of \$0.4 million in each FY 2018 and FY 2019. It designates the Department of Administration as the agency responsible for the Big River Management area, which must be maintained for future development of groundwater wells. Additional statutory changes are required; however, the article calls for those changes to be submitted to the 2019 Assembly.

The article adds a provision to the injured on duty laws that allows an independent medical examiner to certify that a person has reached the medical improvement triggering the 60-day clock to apply for accidental disability benefits. Under current law, it must be the treating physician that makes the certification. The article also provides that in addition to the Workers' Compensation Court, a final ruling of any other court of competent jurisdiction or the State Retirement Board allowing accidental disability benefits will also be allowed to terminate injured on duty benefits. The article also amends the accidental disability law to require use of application and processing rules for injured on duty benefits for state employees that qualify for them, rather than a separate accidental disability procedure.

The article changes the composition of the Tobacco Settlement Finance Corporation Board, which currently consists of five members: two are from the State Investment Commission and three are members of the general public and are appointed by the Governor. It proposes the following members: State Budget Officer, who shall also serve as the chairperson; director of the Department of Revenue or designee, General Treasurer or designee, and two members of the general public.

The article also expands the options for revenues that can be withheld from cities and towns that owe the state to include meal and beverage, tourism, and public service corporation taxes.

Article 4. Taxes and Revenue

Section 1. Lottery Games Study and Implementation. This section would authorize the study, evaluation and implementation of new revenue producing initiatives, including term-limited pilot programs, provided the initiative does not constitute an expansion of gambling subject to voter approval. The section requires unspecified periodic evaluation of initiatives to ensure the initiative is generating revenue to be transferred to the General Fund. The Governor's budget assumes \$4.1 million in revenues from these changes. This section also requires that the transfer of remaining lottery funds to the General Fund reflect the employer contributions for post-retirement obligations. This is consistent with changes the 2014 Assembly adopted regarding retirement contributions to allow compliance with new Governmental Accounting Standards Board rules regarding the recognition of unfunded liabilities beyond the annual required contribution without affecting the transfer.

Section 2. Sports Betting. This section permits sports betting at the state's existing casinos. The section cites the constitutional authority under voter approved ballot initiatives in 2012 and 2016, which included

Explanations of Budget Articles

sports betting in the definitions of activities approved by the voters. The section prohibits betting on collegiate events that take place in Rhode Island, or which involve a Rhode Island college team, regardless of the location of the event. It should be noted that federal law currently limits sports betting to four states and the feasibility of this proposal is contingent on a favorable ruling in a case pending before the Supreme Court of the United States challenging the constitutionality of the prohibition. The Governor's budget assumes \$23.5 million in revenue based on an October 2018 start.

Sections 3 and 4. Department of Revenue and Division of Collections. These sections authorize the establishment of a collections unit within the Department of Revenue, subject to appropriation. The collections unit is intended to assist other state agencies to collect debts which are owed to the state by settlement agreement, or administrative or judicial process for which payments or appeals have not been made in a timely fashion. Section 4 imposes notice requirements on both the referring agency, including notice of the right to appeal, and the collections unit, including the remittance date. It also authorizes interest charges on the debt, and an additional 12.0 percent assessment to offset collections costs which would be treated as restricted receipts. The section also extends authority to the collections unit to enter a contingency contract with a third-party collections agent. It also requires that if the annual appropriation is sufficient to cover the expenses of the unit that the amount in the restricted receipt account would be transferred to the General Fund, or credited against any future appropriation by the Assembly. The Governor's budget assumes \$1.3 million in new revenues; accounting for \$0.6 million in staffing and contracted services costs, the net budget impact is \$0.8 million.

Section 5. Sales and Use Taxes. Section 5 extends the state's sales and use tax to online third-party hosted subscription services, and investigation, guard and armored car security services, effective July 1, 2018. The Governor's budget assumes \$14.5 million in revenues from these changes.

Section 6. Other Tobacco Products. Section 6 subjects electronic cigarettes, both devices and fluid, to the other tobacco products tax rate of 80.0 percent of wholesale cost. It also requires sellers of other tobacco products to purchase product from a licensed importer or distributor and raises the per cigar tax rate cap from \$0.50 to \$0.80. The Governor's budget assumes \$2.3 million in revenues from these changes.

Sections 7 and 8. Cigarette Tax. These sections increase the cigarette tax from \$4.25 to \$4.50 per pack effective August 1, 2018 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 2017 Assembly last increased the cigarette tax from \$3.75 to \$4.25 per pack, effective August 1, 2017. The Administration estimates that the final price per pack would be \$0.16 less than Massachusetts and \$0.34 less than Connecticut. The Budget assumes \$3.9 million in revenues from the proposal.

Article 5. Capital Development Program

Article 5 places \$368.5 million of new general obligation bond authorizations on the November 2018 ballot for voter approval through three separate questions. The first question would provide \$250.0 million for public school construction and repairs. The second question is for \$70.0 million for higher education institutions including \$45.0 million for the University of Rhode Island's Narragansett Bay Campus and \$25.0 million for Rhode Island College's Horace Mann Hall.

Question three would provide \$48.5 million for green economy and clean water projects. It is divided into ten distinct components with \$5.0 million for improving the resiliency of coastal habitats, \$6.1 million for clean water and drinking water infrastructure improvements, \$5.0 million for wastewater treatment facility

Explanations of Budget Articles

improvements, \$4.4 million for dam repair or removal, \$10.0 million for capital improvements to historic state parks including Fort Adams; \$5.0 million for state bikeway development, \$4.0 million for brownfield remediation, \$5.0 million for local recreation projects, \$2.0 million for the farmland access program, and \$2.0 million for local land acquisition grants.

Annual debt service for the entire \$368.5 million, supported by general revenues, would be \$29.6 million assuming 5.0 percent interest and a 20-year term.

Article 6. Licensing

The article transfers the licensure of several professions from the Department of Health to the Department of Business Regulation, and appears to allow the Department of Business Regulation to establish fees. These include: barbers, cosmeticians, manicurist and estheticians; electrolysis; funeral directors and embalmers; opticians; speech pathologists and audiologists; hearing aid dealers; athletic trainers; interpreters for the deaf; and music therapists. It includes statutory authority to enable digital submission of application materials for retail licensing. Several sections of the article eliminate notarization and oath requirements for professionals and business owners.

It eliminates the \$25 fee that a mobile home owner would pay for filing a complaint with the Department of Business Regulation, and business licensing fees associated with hair design shops and retail frozen desserts processing. The article also reduces the wholesale food processing licensing fee from \$500 to \$300, and extends the certified food safety license from three to five years. The Budget assumes a revenue loss of \$0.3 million to reflect these changes.

Article 7. Fees

Section 1. Mutual Funds Fees. This section increases the fees for federally covered securities. Under current law, closed-end fund offerings are subject to a fee of 0.1 percent of the maximum aggregate offering price, within the range of \$300 to \$1,000, and open-end funds are subject to a fee of \$1,000; this section increases the upper limit of the closed-end fee and rate of the open-end fee \$1,500. The Budget includes an effective date of August 1, 2018, and assumes an additional \$4.6 million in revenues from this change, which appears to be based on a full year.

Currently, Massachusetts charging fees 0.05 percent of the total offer between \$300 and \$1,500 for closed-end funds, and \$2,500 for its initial registration and \$1,250 for subsequent renewals for open-end funds; Connecticut charges a maximum of \$500 for both types of funds.

Section 2. Hospital License Fee. This section extends the hospital licensing fee in FY 2019 at a rate of 5.856 percent on net patient services revenue 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. The Governor's budget includes revenue from the two-tiered fee totaling \$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.

Section 3. Claim Adjusters License Fees. This section increases the biennial claim adjusters licensing fee from \$150 to \$250. Rhode Island is one of eight states to assess the fee; most insurance adjusters are from out-of-state, and the fee is paid by the company. The Budget includes an effective date of January 1, 2019 and assumes an additional \$3.0 million in revenues from this change, which appears to assume a full year of collections.

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Sections 4 through 6. Municipal Police Training School. These sections authorize the Municipal Police Training School to charge tuition and a physical training test to each applicant. It repeals the prohibition on charging cities and towns. The amounts would be determined through rules and regulations. The Budget assumes receipts of \$0.3 million, which would be used to support operating costs of the Academy. It also deletes current and obsolete law referencing that the Municipal Police Training Academy be maintained by the state and be located at the University of Rhode Island. The Academy will move to Camp Fogarty in East Greenwich. The Budget includes a general revenue savings of \$19,475 from removing lease payments to the Community College of Rhode Island, the current location of the Academy.

Article 8. Division of Motor Vehicles

Article 8 imposes a one-year delay in the start of license plate reissuance, from January 2019 until January 2020, and raises the fee associated with routine information license updates, including name and address changes, from \$5.00 to \$25.00 consistent with the full cost of a renewal. Section 3 of the article reduces the transfer of fees collected by the Division of Motor Vehicles to the Highway Maintenance Account from 80.0 percent to 60.0 percent for FY 2018. It also permanently retains duplicate license fees as general revenues for FY 2019 when 100 percent of the remaining funds would be dedicated to transportation uses. The revised budget assumes \$10.3 million in additional general revenues from the change in the transfer percentage; the FY 2019 budget adds \$1.0 million in revenues from the fee increase. The Budget also assumes reductions to revenues and expenses consistent with the reissuance delay.

Article 9. School Construction and Education

Article 9 proposes to temporarily provide expanded incentives to the school housing state aid ratio in order to encourage local school construction projects that address health and safety deficiencies, specific high-demand subject areas, consolidate facilities, and replace poor facilities. Charter schools would be eligible to receive these new incentives and would receive an increase in their minimum share ratio from 30.0 percent to 35.0 percent. The article limits the total amount of state reimbursement by requiring that a district's local share cannot decrease by more than half of its regular share regardless of the incentives earned. Each incentive requires spending of 25.0 percent of project costs or \$250,000 on related items. The incentives require that projects begin by either December 30, 2022 or December 30, 2023. This proposal creates additional responsibilities and oversight by the School Building Authority, adds two new members to the School Building Authority Advisory Board, and allows financing for energy and environmental projects funded by the Rhode Island Infrastructure Bank to be eligible for school housing aid reimbursement. This article also introduces maintenance requirements beginning FY 2020 and minimum facility standards beginning FY 2021 in order to receive school housing aid.

The article also establishes a restricted receipt account within the Department of Elementary and Secondary Education to be financed by the Rhode Island Health and Educational Building Corporation to support any departmental expenditures incurred in the administration of the school construction program. Funding would be derived from the Corporation's sub-allotments of fees generated from the origination of municipal bonds, other financing vehicles used for school construction, and its own reserves.

Along with changes to the school housing aid program, Article 9 allows the Commissioner of Elementary and Secondary Education to promulgate rules regarding the entrance of non-deaf and non-hard-of-hearing students into the Rhode Island School for the Deaf and establishes that the education of these new students be funded pursuant to the funding formula. The state share is that of the sending district for each student

Explanations of Budget Articles

and the local contribution is the local per pupil cost of each sending district, which must be paid to the school.

Article 10. Revised Budget

Section 1. Appropriations. This section of Article 10 contains the revised appropriations for FY 2018.

Section 2. Line Item Appropriations. This section establishes that each line in Section 1 of 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 of Article 10 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 15,186.2 full-time equivalent positions, 26.0 positions more than originally enacted for FY 2018.

Section 5. Infrastructure Bank Transfer. This section requires the transfer of \$8.5 million from the Infrastructure Bank to state general revenues by June 30, 2018, which is \$5.0 million more than enacted.

Section 6. Rhode Island Housing Transfer. This section requires the transfer of \$6.0 million from Rhode Island Housing to state general revenues by June 30, 2018, which is \$5.0 million more than enacted.

Section 7. Resource Recovery Corporation Transfer. This section requires the transfer of \$3.0 million from the Resource Recovery Corporation to state general revenues by June 30, 2018.

Section 8. Rhode Island Turnpike and Bridge Authority. This section requires the transfer of \$1.5 million from the Rhode Island Turnpike and Bridge Authority to general revenues by June 30, 2018.

Section 9. Rhode Island Student Loan Authority. This section requires the transfer of \$3.0 million from the Rhode Island Student Loan Authority to general revenues by June 30, 2018.

Section 10. Business Regulation – Insurance Transfer. This section requires the transfer of \$750,000 from the Department of Business Regulation Insurance Companies Assessment for Actuary Costs restricted receipt account to state general revenues by June 30, 2018.

Section 11. Business Regulation – Commercial Licensing, Racing and Athletics Transfer. This section requires the transfer of \$800,000 from the Department of Business Regulation Commercial Licensing Racing and Athletics Reimbursement restricted receipt account to state general revenues by June 30, 2018.

Section 12. Water Resources Board Corporate Transfer. This section requires the transfer of \$1.1 million from residual water quality protection surcharges that had been collected by the Water Resources Board Corporate to state general revenues by June 30, 2018.

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Article 11. Workforce Development

Article 11 codifies the Real Jobs Rhode Island program within the Governor's Workforce Board of the Department of Labor and Training. This would establish it as the primary program by which the state creates, coordinates, and supports industry-led partnerships to help fill immediate job openings, up-skill existing employees, and address future workforce needs. The article amends the job development fund to allow a portion of the fund to support employment security and employment services so that Real Jobs has long term funding. The article changes the job development assessment to effectively allow the equivalent of the Employment Security Trust Fund's prior year investment earnings to be redirected to the job development fund. The Governor's budget appears to assume \$7.0 million in additional restricted receipts for the Governor's Workforce Board to use as a result of this change.

The article also increases the flexibility of the work immersion/non-trade apprenticeship program by allowing the Governor's Workforce Board to determine how to best reimburse employers, removing the tiered reimbursement structure, and removing the statutory cap on the allowable reimbursement period. Additionally, the program would be open to students currently enrolled in high school.

The article also repeals the job training tax credit, which provides qualifying employers with credits against their state tax obligations for expenses associated with offering training to their employees. No credits will be awarded for tax years beginning on or after January 1, 2018. The Governor's budget assumes \$0.5 million in additional revenues by ending the tax credit and she recommends an appropriation of \$450,000 from general revenues for the Real Jobs program as a result.

The article also establishes a restricted receipt account for the misclassification task force and workplace fraud unit for fines and penalties levied by the unit. Any remaining revenues after expenses for the task force and fraud unit will be paid into the state's General Fund annually.

Article 12. Economic Development

This article would add three new economic development programs to be administered by the Commerce Corporation, amend current law for three programs, and require additional annual reporting, beyond what is currently required, including assessing the efficacy and economic impact of current economic development initiatives. It repeals all of the sunset dates from the economic development initiatives enacted in 2015 and 2016 except for the Anchor Institution Tax Credit which would be allowed to lapse on December 31, 2018.

This article would establish three new programs to be administered by the Commerce Corporation: a refundable tax credit of up to \$0.1 million for manufacturers in targeted industries for investments in tangible property and employee training for manufacturing, a fund to develop an inventory of "vetted pad-ready sites" for manufacturing, industrial, or distribution facilities, and a fund for financial support of municipalities for technical assistance to streamline local zoning to foster economic development and business attraction.

This article also amends three of the programs for which the sunset is being repealed. It expands eligibility of the Rebuild Rhode Island Tax Credit program to exempt manufacturers or small business projects within one block of a Main Street Streetscape project award, or a local business district as defined by the Commerce Corporation from minimum threshold requirements, and allows projects with a financing gap of less than \$0.5 million to take the whole credit in one year. It also increases the maximum amount to be reserved for microloans under the Small Business Assistance Program. The article also establishes a lower

Explanations of Budget Articles

job creation threshold for manufacturers to participate in the Qualified Jobs tax credit program to the lesser of 10.0 percent of existing full-time jobs or 100, effectively requiring the creation of only one job in the case of small employers. The current minimum is 10 jobs for employers in targeted industries.

Article 13. Medical Assistance

Article 13 implements co-payments for non-emergency visits to emergency rooms and non-preventive physician visits for non-disabled, non-elderly Medicaid beneficiaries. It also increases authorized pharmacy co-pays in current law but not currently enforced. Article 13 also freezes hospital rates at the FY 2018 level, eliminates the inpatient upper payment limit reimbursement for community hospitals, and reduces the maximum Graduate Medical Education payment from \$4.0 million to \$1.5 million and expands it to all teaching hospitals. It institutes new eligibility determination procedures for long term care services including asset verification and asset transfer, and limits the October 1, 2018 nursing home rate increase to one percent. The article also expands the RIte Share premium assistance program to those in the Medicaid expansion and Rhody Health Partners programs to maximize use of employer sponsored insurance.

Article 10 eliminates the \$4.0 million state appropriation in support of Graduate Medical Education for FY 2018. The Governor's FY 2019 budget includes expenditure savings of \$61.7 million, of which \$27.0 million is from general revenues. The budget also adds \$1.2 million for staff implementation costs. The net general revenue impact is \$25.1 million accounting for the loss of revenue from provider taxes and implementation costs. This is in addition to the savings included in Article 14 for other Medicaid proposals.

Article 14. Medicaid Reform

Article 14 includes the resolution language for Assembly approval to make program changes included in the Governor's FY 2019 budget. The resolution limits the October 1, 2018 nursing home adjustment to one percent and freezes hospital rates at the FY 2018 level. It also makes changes to asset verifications and transfers for those applying for long term care services, and expands the RIte Share premium assistance program; the necessary statutory changes are included in Article 13.

Article 14 also identifies the budget proposals that do not require statutory change but do require notification to the Assembly. This includes implementing a multi-tiered, needs based criteria for level of care and scope of services for adults with developmental disabilities. There is also a community-based alternative to emergency departments for addiction and mental health emergencies in collaboration with the Executive Office of Health and Human Services and the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

It eliminates retroactive coverage for long term care Medicaid recipients, reduces managed care plans administrative rates and makes changes to non-emergency transportation services. Changes to long term care services include: restructuring services provided through the Integrated Care Initiative, a Community First Choice option, and adding new supports such as adaptive and home based technologies. It includes waiver authority to provide integrated medical and behavioral services to children and youth at risk such as targeted family visiting nurses, peer supports, and specialized networks of care. It allows the Executive Office of Health and Human Services to seek federal opportunities that do not adversely impact beneficiaries or increase program expenses beyond the FY 2019 appropriation. The Governor's budget includes savings of \$94.3 million, \$37.2 million from general revenues, from the proposals contained only in this article. The budget also adds \$1.1 million for staff implementation costs; the net general revenue impact is \$34.7 million accounting for the loss of revenue from provider taxes and implementation costs. This is in addition to the savings included in Article 13 for other Medicaid proposals.

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Article 15. Children and Families

Article 15 allows a youth in foster care who is between the ages of 18 and 21 to voluntarily remain in state care and be appointed a guardian or court appointed counsel. The article authorizes services and requires the development of a permanency plan to be reviewed by Family Court no less than annually. It adds the Department of Children, Youth and Families to the Governor's Workforce Board Advisory Committee for the state career pathways system. The article also allows for a visual lead inspection of foster homes and adds administrative fines for child care licensing violations. The Governor's budget adds \$5,500 from assessment of the new fines.

The article changes rates paid for subsidized child care through the state's Child Care Assistance Program to a tiered system that reflects the quality rating achieved by the provider. It changes reimbursement rates to the 2015 market rate survey to be continually updated for the next completed market rate survey, and requires the rate for providers achieving a five-star quality rating to be no less than the 75th percentile of the market rate. As drafted, the article appears to increase all rates but the Governor's budget adds only \$1.5 million from general revenues based on a plan to implement the change only for infant and toddler rates.

The article also allows access to subsidized child care for families at or below 180 percent of poverty that are enrolled at a Rhode Island institution of higher education and need child care to attend classes. The Governor's budget includes \$0.2 million from general revenues for this pilot program that begins July 1, 2018 and is based on available funding.

Article 16. 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 16 contains three authorizations totaling \$19.8 million for projects at the University of Rhode Island. These include \$11.0 million from revenue bonds for repaving, hardscape and landscape, \$6.5 million for the first phase of utility infrastructure upgrades, and \$2.3 million for the second phase of fire safety and protection work for the auxiliary enterprise buildings. Annual debt service for the three projects would be \$1.6 million assuming 20 years and 5.0 percent interest supported by general revenues, tuition, and student fees.

Article 17. Medical Marijuana

This article contains several changes to the scope and regulatory oversight of the medical marijuana program. It repeals the current compassion center cap of three and establishes a new minimum of 15 centers. It increases the one-time application fee from \$250 to \$10,000 and the annual licensing fee from \$5,000 to \$30,000. The article prohibits compassion centers from cultivating or manufacturing medical marijuana without separate licensure for each and requires cultivators to utilize a seed to sale tracking system. It establishes licensed manufacturers that are permitted to acquire medical marijuana from cultivators and compassion centers for processing into other products for sale and distribution to compassion centers or other manufacturers. It also prohibits medical marijuana emporiums, a for-profit retail, distribution and usage facility. It also authorizes the Department of Business Regulation to regulate additional future new classes of medical marijuana industries.

The article also expands patient eligibility to include acute pain, the only temporary condition under which patients can register for the program. This would be term-limited and based on a practitioner's

Explanations of Budget Articles

recommendation, not to exceed six months, and these patients may only access medical marijuana from a compassion center. The article further limits the applicability of a post-traumatic stress diagnosis to those 18 and older.

The article also reduces, by at least one third, the number of permissible plants for each eligible class, but increases the permissible amount of dried usable product. These changes take effect as of July 1, 2018 or upon expiration of requisite plant tags.

It centralizes licensing and oversight of authorized purchasers and caregivers within the Department of Business Regulation and requires the Department to issue registry identification cards to an authorized purchaser or caregiver for a hospice patient within 72 hours. Under current law, the Department of Health has five days for this issuance. The article increases the enforcement capabilities of the Department of Business Regulation including standards for fines, right to refuse application renewal for prior violations under the Act, and authority to issue cease and desist orders. It also codifies the authority of regulating medical marijuana testing laboratories, which are under the purview of the Department of Health.

The Governor's budget assumes a \$5.1 million net impact, after accounting for \$0.4 million for additional regulatory costs.

Article 18. Effective Date

Article 18 provides that the act shall take effect on July 1, 2018, except where a provision within an article specifies a retroactive or prospective effective date.

Explanations of Budget Articles

Summary Tables

General Revenues

	FY 2017 Audited	FY 2018 Enacted	FY 2018 Gov. Rev.	FY 2019 Nov. Consensus	FY 2019 Governor
Personal Income Tax	\$ 1,243,807,056	\$ 1,302,188,586	\$ 1,299,300,000	\$ 1,360,600,000	\$ 1,364,992,630
General Business Taxes					
Business Corporations	119,289,609	159,124,534	151,200,000	160,500,000	162,092,100
Public Utilities Gross	90,404,661	97,832,745	94,500,000	97,000,000	97,000,000
Financial Institutions	22,188,601	20,135,012	21,700,000	20,300,000	20,300,000
Insurance Companies	121,094,221	134,544,253	127,000,000	131,600,000	128,664,110
Bank Deposits	2,971,562	2,500,000	2,700,000	2,700,000	2,700,000
Health Care Provider	43,485,799	44,244,917	44,600,000	45,500,000	45,203,201
Sales and Use Taxes					
Sales and Use	998,196,567	1,059,446,654	1,053,000,000	1,081,100,000	1,101,512,483
Motor Vehicle	26,023,771	10,307,800	20,600,000	-	3,133,600
Motor Fuel	101,153	-	-	-	-
Cigarettes	140,263,281	143,120,881	143,100,000	139,500,000	145,667,352
Alcohol	19,740,536	20,800,000	20,300,000	20,700,000	20,700,000
Other Taxes					
Inheritance and Gift	85,428,550	23,174,677	39,400,000	29,500,000	29,500,000
Racing and Athletics	1,163,304	1,100,000	1,100,000	1,100,000	1,100,000
Realty Transfer	12,589,268	12,600,000	13,500,000	14,300,000	14,300,000
Total Taxes	\$ 2,926,747,939	\$ 3,031,120,059	\$ 3,032,000,000	\$ 3,104,400,000	\$ 3,136,865,476
Departmental Receipts	370,065,817	393,224,426	387,000,000	203,000,000	397,694,796
Other Miscellaneous	12,122,198	36,978,021	55,000,339	1,300,000	13,297,738
Lottery	362,696,628	362,500,000	367,812,793	363,600,000	391,200,000
Unclaimed Property	12,725,037	10,900,000	10,600,000	9,300,000	9,300,000
Total General Revenues	\$ 3,684,357,619	\$ 3,834,722,506	\$ 3,852,413,132	\$ 3,681,600,000	\$ 3,948,358,010

Expenditures from All Funds

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
General Government				
Administration	\$ 359,226,084	\$ 317,631,216	\$ 420,451,396	\$ 298,453,464
Business Regulation	15,606,183	16,214,659	16,092,545	24,530,291
Executive Office of Commerce	58,598,372	58,003,215	90,070,348	62,814,751
Labor and Training	429,907,376	448,471,413	448,246,760	454,104,250
Revenue	525,371,718	524,687,839	582,291,760	582,477,370
Legislature	42,252,464	47,064,142	44,495,969	44,635,033
Lieutenant Governor	1,084,217	1,047,496	1,015,541	1,039,971
Secretary of State	9,350,797	9,525,372	15,082,573	10,301,762
General Treasurer	42,764,450	43,340,030	42,392,010	42,674,171
Board of Elections	1,548,735	1,689,751	5,328,691	5,315,517
Rhode Island Ethics Commission	1,665,873	1,733,293	1,721,261	1,770,560
Governor's Office	5,397,554	5,540,199	5,436,547	5,545,728
Human Rights	1,690,102	1,737,997	1,764,605	1,808,026
Public Utilities Commission	9,136,343	9,974,412	10,603,115	10,661,405
Subtotal - General Government	\$ 1,503,600,268	\$ 1,486,661,034	\$ 1,684,993,121	\$ 1,546,132,299
Human Services				
Health and Human Services	\$ 2,541,841,896	\$ 2,594,918,120	\$ 2,706,320,088	\$ 2,477,269,162
Children, Youth and Families	209,049,728	214,081,089	225,354,932	209,152,279
Health	169,645,421	170,044,686	171,113,103	173,291,532
Human Services	614,682,222	629,570,505	621,591,304	633,824,402
BHDDH	397,090,236	427,179,214	442,649,085	400,743,927
Child Advocate	926,120	1,045,722	1,335,309	1,071,346
Deaf and Hard of Hearing	627,910	565,882	614,359	591,467
Commission on Disabilities	842,190	867,672	901,408	877,295
Mental Health Advocate	549,563	628,771	644,858	639,764
Subtotal - Human Services	\$ 3,935,255,286	\$ 4,038,901,661	\$ 4,170,524,446	\$ 3,897,461,174
Education				
Elementary and Secondary	\$ 1,402,573,543	\$ 1,412,064,822	\$ 1,440,564,115	\$ 1,433,886,695
Higher Education	1,180,099,008	1,189,079,314	1,227,611,926	1,199,276,623
Arts Council	3,072,310	3,126,037	3,602,418	3,113,746
Atomic Energy	1,304,373	1,379,671	1,308,715	1,471,110
Historical Preservation	2,490,767	2,612,478	2,398,687	2,586,290
Subtotal - Education	\$ 2,589,540,001	\$ 2,608,262,322	\$ 2,675,485,861	\$ 2,640,334,464

Expenditures from All Funds

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
Public Safety				
Attorney General	\$ 44,129,197	\$ 57,089,092	\$ 42,085,679	\$ 40,796,506
Corrections	235,700,265	248,607,210	235,177,351	246,423,505
Judicial	122,006,254	121,163,608	126,843,568	120,895,770
Military Staff	38,177,942	38,396,333	27,028,120	27,660,424
Emergency Management	18,454,652	19,182,981	27,200,282	20,390,187
Public Safety	120,977,086	121,216,956	134,413,796	123,084,682
Public Defender	12,140,826	11,926,561	12,600,190	12,401,872
Subtotal-Public Safety	\$ 591,586,222	\$ 617,582,741	\$ 605,348,986	\$ 591,652,946
Natural Resources				
Environmental Management	\$ 103,951,092	\$ 108,549,149	\$ 108,251,441	\$ 103,471,012
CRMC	4,836,869	7,254,344	6,507,268	6,256,164
Subtotal-Natural Resources	\$ 108,787,961	\$ 115,803,493	\$ 114,758,709	\$ 109,727,176
Transportation				
Transportation	\$ 514,065,072	\$ 595,043,313	\$ 570,079,766	\$ 592,433,211
Subtotal-Transportation	\$ 514,065,072	\$ 595,043,313	\$ 570,079,766	\$ 592,433,211
Total	\$ 9,242,834,810	\$ 9,462,254,564	\$ 9,821,190,889	\$ 9,377,741,270

Expenditures from General Revenues

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
General Government				
Administration	\$ 216,198,914	\$ 185,759,136	\$ 255,802,405	\$ 183,043,234
Business Regulation	10,815,093	10,958,638	11,219,165	17,166,351
Executive Office of Commerce	33,057,819	29,808,525	67,940,358	37,314,974
Labor and Training	8,094,063	8,975,670	9,347,855	9,690,749
Revenue	143,622,132	147,980,937	177,599,170	177,275,361
Legislature	40,522,507	45,419,385	42,781,753	42,914,338
Lieutenant Governor	1,084,217	1,047,496	1,015,541	1,039,971
Secretary of State	8,911,319	8,958,301	9,688,283	9,861,104
General Treasurer	2,698,692	2,876,681	2,726,957	2,967,632
Board of Elections	1,548,735	1,689,751	5,328,691	5,315,517
Rhode Island Ethics Commission	1,665,873	1,733,293	1,721,261	1,770,560
Governor's Office	5,397,554	5,540,199	5,436,547	5,545,728
Human Rights	1,258,074	1,292,590	1,395,182	1,310,456
Public Utilities Commission	-	-	-	-
Subtotal - General Government	\$ 474,874,992	\$ 452,040,602	\$ 592,003,168	\$ 495,215,975
Human Services				
Health and Human Services	\$ 964,299,956	\$ 978,479,417	\$ 1,013,375,720	\$ 935,907,193
Children, Youth and Families	145,855,862	152,586,787	164,451,671	148,637,206
Health	24,893,123	26,419,356	27,788,441	28,009,223
Human Services	91,113,618	100,592,486	102,803,879	103,702,154
BHDDH	176,448,622	191,626,281	197,334,243	179,401,491
Child Advocate	781,499	787,881	1,021,989	923,704
Deaf and Hard of Hearing	498,710	436,682	506,359	511,467
Commission on Disabilities	454,938	478,907	511,717	492,557
Mental Health Advocate	549,563	628,771	644,858	639,764
Subtotal - Human Services	\$ 1,404,895,891	\$ 1,452,036,568	\$ 1,508,438,877	\$ 1,398,224,759
Education				
Elementary and Secondary	\$ 1,161,071,396	\$ 1,161,389,084	\$ 1,188,319,391	\$ 1,179,752,845
Higher Education	220,882,593	220,768,994	231,766,103	228,029,183
Arts Council	1,945,056	1,963,360	2,532,918	1,989,693
Atomic Energy	982,157	1,021,021	990,690	1,053,231
Historical Preservation	1,121,134	1,123,154	1,071,915	1,187,291
Subtotal - Education	\$ 1,386,002,336	\$ 1,386,265,613	\$ 1,424,681,017	\$ 1,412,012,243

Expenditures from General Revenues

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
Public Safety				
Attorney General	\$ 26,194,751	\$ 26,146,061	\$ 28,449,900	\$ 27,152,722
Corrections	218,300,828	229,927,179	220,832,392	233,022,846
Judicial	98,964,477	98,820,554	104,211,568	100,183,074
Military Staff	2,634,057	3,909,160	3,315,266	3,674,200
Emergency Management	1,734,470	1,917,262	1,928,287	2,108,891
Public Safety	100,279,086	100,907,421	116,914,366	101,563,958
Public Defender	12,043,006	11,825,576	12,499,205	12,300,887
Subtotal-Public Safety	\$ 460,150,675	\$ 473,453,213	\$ 488,150,984	\$ 480,006,578
Natural Resources				
Environmental Management	\$ 39,304,184	\$ 40,435,079	\$ 40,358,506	\$ 41,222,720
CRMC	2,487,578	2,490,523	3,122,625	2,597,897
Subtotal-Natural Resources	\$ 41,791,762	\$ 42,925,602	\$ 43,481,131	\$ 43,820,617
Transportation				
Transportation	\$ -	\$ -	\$ -	\$ -
Subtotal-Transportation	\$ -	\$ -	\$ -	\$ -
Total	\$ 3,767,715,656	\$ 3,806,721,598	\$ 4,056,755,177	\$ 3,829,280,172

Expenditures from Federal Grants

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
General Government				
Administration	\$ 13,162,089	\$ 8,380,874	\$ 13,641,489	\$ 3,884,603
Business Regulation	892,213	1,049,269	442,280	892,631
Executive Office of Commerce	17,890,642	18,871,385	14,475,671	14,445,458
Labor and Training	36,930,858	51,355,725	35,108,902	40,908,051
Revenue	1,567,500	1,487,293	2,098,109	2,109,465
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	-	22,859	-	-
General Treasurer	1,090,337	1,034,011	1,065,408	1,074,874
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	432,028	445,407	369,423	497,570
Public Utilities Commission	129,225	165,593	167,893	168,378
Subtotal - General Government	\$ 72,094,892	\$ 82,812,416	\$ 67,369,175	\$ 63,981,030
Human Services				
Health and Human Services	\$ 1,558,325,403	\$ 1,590,628,323	\$ 1,672,451,275	\$ 1,520,865,981
Children, Youth and Families	59,015,159	57,710,193	57,595,830	55,940,651
Health	105,373,312	100,313,716	100,795,128	101,309,823
Human Services	515,584,197	521,799,119	511,980,856	516,362,218
BHDDH	204,267,459	223,190,524	231,781,369	212,970,014
Child Advocate	144,621	257,841	313,320	147,642
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	343,542	335,167	335,167	335,167
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 2,443,053,693	\$ 2,494,234,883	\$ 2,575,252,945	\$ 2,407,931,496
Education				
Elementary and Secondary	\$ 203,500,000	\$ 209,321,162	\$ 214,451,980	\$ 214,475,474
Higher Education	13,933,669	14,147,405	13,353,492	9,784,007
Arts Council	781,454	751,796	718,700	719,053
Atomic Energy	-	36,888	-	-
Historical Preservation	860,963	976,203	810,062	851,540
Subtotal - Education	\$ 219,076,086	\$ 225,233,454	\$ 229,334,234	\$ 225,830,074

Expenditures from Federal Grants

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
Public Safety				
Attorney General	\$ 16,988,288	\$ 30,000,563	\$ 12,704,406	\$ 12,710,334
Corrections	1,581,884	2,017,797	1,585,681	1,591,303
Judicial	3,411,144	3,155,538	2,780,037	2,787,644
Military Staff	27,746,960	26,300,221	17,579,679	18,480,072
Emergency Management	14,775,673	15,132,473	16,327,258	16,335,897
Public Safety	14,879,669	13,397,105	12,355,089	15,613,903
Public Defender	97,820	100,985	100,985	100,985
Subtotal-Public Safety	\$ 79,481,438	\$ 90,104,682	\$ 63,433,135	\$ 67,620,138
Natural Resources				
Environmental Management	\$ 33,399,312	\$ 34,487,171	\$ 31,183,513	\$ 31,763,160
CRMC	1,649,291	4,213,821	2,784,643	2,733,267
Subtotal-Natural Resources	\$ 35,048,603	\$ 38,700,992	\$ 33,968,156	\$ 34,496,427
Transportation				
Transportation	\$ 285,390,062	\$ 290,957,841	\$ 280,233,083	\$ 292,015,160
Subtotal-Transportation	\$ 285,390,062	\$ 290,957,841	\$ 280,233,083	\$ 292,015,160
Total	\$ 3,134,144,774	\$ 3,222,044,268	\$ 3,249,590,728	\$ 3,091,874,325

Expenditures from Restricted Receipts

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
General Government				
Administration	\$ 33,225,906	\$ 29,321,631	\$ 30,479,880	\$ 25,932,489
Business Regulation	3,898,877	4,206,752	4,431,100	6,404,812
Executive Office of Commerce	4,749,911	6,249,911	4,754,319	4,754,319
Labor and Training	24,323,914	30,614,296	39,392,927	39,985,082
Revenue	3,962,015	3,900,165	2,062,535	2,064,187
Legislature	1,729,957	1,644,757	1,714,216	1,720,695
Lieutenant Governor	-	-	-	-
Secretary of State	439,478	436,666	438,290	440,658
General Treasurer	38,425,179	38,785,988	37,956,340	37,976,981
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	9,007,118	9,808,819	10,435,222	10,493,027
Subtotal - General Government	\$ 119,762,355	\$ 124,968,985	\$ 131,664,829	\$ 129,772,250
Human Services				
Health and Human Services	\$ 19,216,537	\$ 25,810,380	\$ 20,493,093	\$ 20,495,988
Children, Youth and Families	3,128,707	2,584,109	2,890,209	2,674,422
Health	39,378,986	43,311,614	42,529,534	43,972,486
Human Services	3,390,929	2,415,422	2,043,091	8,996,552
BHDDH	8,509,155	5,178,956	5,068,473	5,072,422
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	129,200	129,200	108,000	80,000
Commission on Disabilities	43,710	53,598	54,524	49,571
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 73,797,224	\$ 79,483,279	\$ 73,186,924	\$ 81,341,441
Education				
Elementary and Secondary	\$ 30,420,147	\$ 33,013,761	\$ 34,959,744	\$ 35,755,376
Higher Education	2,173,990	2,666,842	2,732,252	2,886,814
Arts Council	-	10,881	5,000	5,000
Atomic Energy	-	-	-	99,000
Historical Preservation	427,700	432,151	435,632	465,870
Subtotal - Education	\$ 33,021,837	\$ 36,123,635	\$ 38,132,628	\$ 39,212,060

Expenditures from Restricted Receipts

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
Public Safety				
Attorney General	\$ 796,158	\$ 792,468	\$ 781,373	\$ 783,450
Corrections	59,368	64,411	59,278	59,356
Judicial	12,530,633	11,929,169	12,061,113	12,085,986
Military Staff	100,000	100,000	100,000	100,000
Emergency Management	450,095	449,082	450,323	450,985
Public Safety	415,924	908,473	321,412	805,627
Public Defender	-	-	-	-
Subtotal-Public Safety	\$ 14,352,178	\$ 14,243,603	\$ 13,773,499	\$ 14,285,404
Natural Resources				
Environmental Management	\$ 17,374,083	\$ 17,654,218	\$ 17,530,733	\$ 17,580,291
CRMC	250,000	250,000	250,000	250,000
Subtotal-Natural Resources	\$ 17,624,083	\$ 17,904,218	\$ 17,780,733	\$ 17,830,291
Transportation				
Transportation	\$ 3,168,128	\$ 3,086,078	\$ 3,034,313	\$ 3,034,406
Subtotal-Transportation	\$ 3,168,128	\$ 3,086,078	\$ 3,034,313	\$ 3,034,406
Total	\$ 261,725,805	\$ 275,809,798	\$ 277,572,926	\$ 285,475,852

Expenditures from Other Funds

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
General Government				
Administration	\$ 96,639,175	\$ 94,169,575	\$ 120,527,622	\$ 85,593,138
Business Regulation	-	-	-	66,497
Executive Office of Commerce	2,900,000	3,073,394	2,900,000	6,300,000
Labor and Training	360,558,541	357,525,722	364,397,076	363,520,368
Revenue	376,220,071	371,319,444	400,531,946	401,028,357
Legislature	-	-	-	-
Lieutenant Governor	-	-	-	-
Secretary of State	-	107,546	4,956,000	-
General Treasurer	550,242	643,350	643,305	654,684
Board of Elections	-	-	-	-
Rhode Island Ethics Commission	-	-	-	-
Governor's Office	-	-	-	-
Human Rights	-	-	-	-
Public Utilities Commission	-	-	-	-
Subtotal - General Government	\$ 836,868,029	\$ 826,839,031	\$ 893,955,949	\$ 857,163,044
Human Services				
Health and Human Services	\$ -	\$ -	\$ -	\$ -
Children, Youth and Families	1,050,000	1,200,000	417,222	1,900,000
Health	-	-	-	-
Human Services	4,593,478	4,763,478	4,763,478	4,763,478
BHDDH	7,865,000	7,183,453	8,465,000	3,300,000
Child Advocate	-	-	-	-
Deaf and Hard of Hearing	-	-	-	-
Commission on Disabilities	-	-	-	-
Mental Health Advocate	-	-	-	-
Subtotal - Human Services	\$ 13,508,478	\$ 13,146,931	\$ 13,645,700	\$ 9,963,478
Education				
Elementary and Secondary	\$ 7,582,000	\$ 8,340,815	\$ 2,833,000	\$ 3,903,000
Higher Education	943,108,756	951,496,073	979,760,079	958,576,619
Arts Council	345,800	400,000	345,800	400,000
Atomic Energy	322,216	321,762	318,025	318,879
Historical Preservation	80,970	80,970	81,078	81,589
Subtotal - Education	\$ 951,439,742	\$ 960,639,620	\$ 983,337,982	\$ 963,280,087

Expenditures from Other Funds

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
Public Safety				
Attorney General	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Corrections	15,758,185	16,597,823	12,700,000	11,750,000
Judicial	7,100,000	7,258,347	7,790,850	5,839,066
Military Staff	7,696,925	8,086,952	6,033,175	5,406,152
Emergency Management	1,494,414	1,684,164	8,494,414	1,494,414
Public Safety	5,402,407	6,003,957	4,822,929	5,101,194
Public Defender	-	-	-	-
Subtotal-Public Safety	\$ 37,601,931	\$ 39,781,243	\$ 39,991,368	\$ 29,740,826
Natural Resources				
Environmental Management	\$ 13,873,513	\$ 15,972,681	\$ 19,178,689	\$ 12,904,841
CRMC	450,000	300,000	350,000	675,000
Subtotal-Natural Resources	\$ 14,323,513	\$ 16,272,681	\$ 19,528,689	\$ 13,579,841
Transportation				
Transportation	\$ 225,506,882	\$ 300,999,394	\$ 286,812,370	\$ 297,383,645
Subtotal-Transportation	\$ 225,506,882	\$ 300,999,394	\$ 286,812,370	\$ 297,383,645
Total	\$ 2,079,248,575	\$ 2,157,678,900	\$ 2,237,272,058	\$ 2,171,110,921

Full-Time Equivalent Positions

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
General Government				
Administration	696.7	696.7	696.7	667.7
Business Regulation	101.0	106.0	106.0	170.0
Executive Office of Commerce	17.0	17.0	17.0	17.0
Labor and Training	428.7	428.7	428.7	428.7
Revenue	533.5	529.5	559.5	612.5
Legislature	298.5	298.5	298.5	298.5
Lieutenant Governor	8.0	8.0	8.0	8.0
Secretary of State	59.0	59.0	59.0	59.0
General Treasurer	89.0	89.0	89.0	89.0
Board of Elections	12.0	12.0	12.0	12.0
Rhode Island Ethics Commission	12.0	12.0	12.0	12.0
Governor's Office	45.0	45.0	45.0	45.0
Human Rights	14.5	14.5	14.5	14.5
Public Utilities Commission	51.0	54.0	59.0	57.0
Subtotal - General Government	2,365.9	2,369.9	2,404.9	2,490.9
Human Services				
Health and Human Services	285.0	285.0	285.0	295.0
Children, Youth and Families	616.5	612.5	616.5	619.5
Health	493.6	506.6	499.4	504.6
Human Services	981.1	981.1	1,020.1	981.1
BHDDH	1,319.4	1,319.4	1,320.7	1,319.4
Child Advocate	8.0	8.0	13.0	8.6
Deaf and Hard of Hearing	4.0	4.0	5.0	4.0
Commission on Disabilities	4.0	4.0	4.0	4.0
Mental Health Advocate	4.0	4.0	5.0	4.0
Subtotal - Human Services	3,715.6	3,724.6	3,768.7	3,740.2
Education				
Elementary and Secondary	325.1	325.1	331.1	327.1
Higher Education	4,306.8	4,307.8	4,374.3	4,399.3
Arts Council	8.6	8.6	8.6	8.6
Atomic Energy	8.6	8.6	8.6	8.6
Historical Preservation	15.6	15.6	15.6	15.6
Subtotal - Education	4,664.7	4,665.7	4,738.2	4,759.2

Full-Time Equivalent Positions

	FY 2018 Enacted	FY 2018 Revised	FY 2019 Request	FY 2019 Recommended
Public Safety				
Attorney General	235.1	235.1	247.1	235.1
Corrections	1,423.0	1,435.0	1,451.0	1,435.0
Judicial	723.3	723.3	723.3	723.5
Military Staff	92.0	92.0	92.0	92.0
Emergency Management	32.0	32.0	32.0	32.0
Public Safety	611.6	611.6	698.6	599.6
Public Defender	93.0	93.0	96.0	95.0
Subtotal-Public Safety	3,210.0	3,222.0	3,340.0	3,212.2
Natural Resources				
Environmental Management	400.0	400.0	414.0	400.0
CRMC	29.0	29.0	35.0	29.0
Subtotal-Natural Resources	429.0	429.0	449.0	429.0
Transportation				
Transportation	775.0	775.0	820.0	795.0
Subtotal-Transportation	775.0	775.0	820.0	795.0
Total Positions	15,160.2	15,186.2	15,520.8	15,426.5

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