

---

## **Section V**

### **FY 2019 Revised Budget**



## FY 2019 Revised Budget Table of Contents

|                     | <b>Page</b> |
|---------------------|-------------|
| <b>Summary.....</b> | 527         |

### **Agency and Department Changes to the Enacted Budget**

#### **General Government Agencies**

|  |     |
|--|-----|
| Department of Administration .....             | 531 |
| Department of Business Regulation.....         | 543 |
| Executive Office of Commerce .....             | 549 |
| Department of Labor and Training .....         | 553 |
| Department of Revenue .....                    | 561 |
| Legislature .....                              | 567 |
| Office of the Lieutenant Governor.....         | 569 |
| Office of the Secretary of State.....          | 571 |
| Office of the General Treasurer .....          | 575 |
| Rhode Island Board of Elections .....          | 579 |
| Rhode Island Ethics Commission .....           | 583 |
| Office of the Governor.....                    | 585 |
| Rhode Island Commission for Human Rights ..... | 587 |
| Public Utilities Commission .....              | 589 |

#### **Human Services Agencies**

|  |     |
|--|-----|
| Executive Office of Health and Human Services .....                            | 591 |
| Department of Children, Youth and Families .....                               | 613 |
| Department of Health.....  | 623 |
| Department of Human Services .....   | 629 |
| Dept. of Behavioral Healthcare, Developmental Disabilities and Hospitals ..... | 643 |
| Office of the Child Advocate.....  | 655 |
| Commission on the Deaf and Hard of Hearing.....                                | 657 |
| Governor's Commission on Disabilities.....                                     | 659 |
| Office of the Mental Health Advocate.....                                      | 661 |

#### **Education Agencies**

|  |     |
|--|-----|
| Department of Elementary and Secondary Education ..... | 663 |
| Public Higher Education.....                           | 669 |
| Rhode Island Council on the Arts.....                  | 675 |
| Rhode Island Atomic Energy Commission.....             | 677 |
| Historical Preservation and Heritage Commission .....  | 679 |

**Public Safety Agencies**

|  |     |
|--|-----|
| Office of the Attorney General .....           | 681 |
| Department of Corrections.....                 | 685 |
| Judicial Department .....                      | 693 |
| Military Staff.....                            | 697 |
| Rhode Island Emergency Management Agency ..... | 701 |
| Department of Public Safety .....              | 705 |
| Office of the Public Defender .....            | 713 |

**Natural Resources Agencies**

|   |     |
|---|-----|
| Department of Environmental Management..... | 715 |
| Coastal Resources Management Council.....   | 725 |

**Transportation Agencies**

|                                   |     |
|-----------------------------------|-----|
| Department of Transportation..... | 729 |
|-----------------------------------|-----|

## FY 2019 Revised Budget

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Function*</b> |                             |                            |                            |                          |
| General Government               | \$ 1,429.3                  | \$ 1,534.3                 | \$ 1,583.3                 | \$ 1,563.0               |
| Human Services                   | 3,934.3                     | 4,068.1                    | 4,175.6                    | 4,156.7                  |
| Education                        | 2,559.3                     | 2,658.9                    | 2,674.2                    | 2,673.1                  |
| Public Safety                    | 570.2                       | 605.3                      | 636.0                      | 624.4                    |
| Natural Resources                | 85.7                        | 115.2                      | 107.3                      | 103.4                    |
| Transportation                   | 453.5                       | 591.0                      | 632.4                      | 625.7                    |
| <b>Total</b>                     | <b>\$ 9,032.2</b>           | <b>\$ 9,572.7</b>          | <b>\$ 9,808.8</b>          | <b>\$ 9,746.4</b>        |
| <b>Expenditures by Category*</b> |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 1,661.1                  | \$ 1,762.3                 | \$ 1,763.3                 | \$ 1,750.3               |
| Contracted Services              | 319.4                       | 280.3                      | 366.4                      | 365.2                    |
| <b>Subtotal</b>                  | <b>\$ 1,980.4</b>           | <b>\$ 2,042.6</b>          | <b>\$ 2,129.8</b>          | <b>\$ 2,115.4</b>        |
| Other State Operations           | 876.7                       | 957.3                      | 1,010.4                    | 1,010.6                  |
| Aid to Local Units of Government | 1,294.5                     | 1,371.2                    | 1,367.5                    | 1,367.6                  |
| Assistance, Grants, and Benefits | 4,062.8                     | 4,259.7                    | 4,285.3                    | 4,267.7                  |
| Capital                          | 311.0                       | 446.7                      | 524.0                      | 492.2                    |
| Capital Debt Service             | 212.5                       | 241.0                      | 230.1                      | 229.3                    |
| Operating Transfers              | 294.4                       | 254.3                      | 261.7                      | 263.6                    |
| <b>Total</b>                     | <b>\$ 9,032.2</b>           | <b>\$ 9,572.7</b>          | <b>\$ 9,808.8</b>          | <b>\$ 9,746.4</b>        |
| <b>Sources of Funds*</b>         |                             |                            |                            |                          |
| General Revenue                  | \$ 3,798.7                  | \$ 3,908.2                 | \$ 3,947.1                 | \$ 3,933.8               |
| Federal Aid                      | 2,996.5                     | 3,208.2                    | 3,339.6                    | 3,334.5                  |
| Restricted Receipts              | 258.6                       | 281.8                      | 294.3                      | 287.1                    |
| Other                            | 1,978.5                     | 2,174.5                    | 2,227.8                    | 2,191.0                  |
| <b>Total</b>                     | <b>\$ 9,032.2</b>           | <b>\$ 9,572.7</b>          | <b>\$ 9,808.8</b>          | <b>\$ 9,746.4</b>        |
| <b>FTE Authorization</b>         | <b>15,187.2</b>             | <b>15,209.7</b>            | <b>15,230.7</b>            | <b>15,221.7</b>          |
| <b>FTE Average</b>               | <b>13,913.2</b>             |                            |                            |                          |

\*Data in millions

### Summary

The Governor's revised budget recommendations for FY 2019 are contained in 2019-H 5150, introduced on January 17, 2019. The House included revisions to FY 2019 as Article 10 of 2019-H 5151, Substitute A, as amended along with the FY 2020 budget. That passed the House on June 22 and the Senate on June 27. The Governor signed it into law on July 5.

The Governor recommended total revised expenditures for FY 2019 of \$9,808.8 million, which is \$236.0 million or 2.5 percent more than enacted by the 2018 Assembly. Total expenditures would increase \$776.5 million or 8.6 percent over reported FY 2018 expenditures. General revenue expenditures are \$38.8 million

or 1.0 percent more than the FY 2019 budget adopted by the 2018 Assembly and \$148.4 million or 3.9 percent more than actual FY 2018 expenditures. Expenditures from federal funds are \$131.4 million more than enacted and \$343.1 million more than FY 2018. Expenditures from restricted receipts are \$12.5 million more than enacted and \$35.8 million more than FY 2018. Those from other funds, including the gas tax, Rhode Island Capital Plan funds and unemployment trust funds, are \$53.2 million or 2.4 percent more than enacted and \$249.3 million more than FY 2018.

The Assembly's budget decreased general revenue spending recommended by the Governor by \$13.2 million, which is \$25.6 million more than originally enacted. Final enacted expenditures from all sources are \$173.6 million more than enacted and \$62.4 million less than the Governor recommended.

| <b>FY 2019 Revised</b>       | <b>General Revenue</b> | <b>Federal</b>    | <b>Restricted</b> | <b>Other</b>      | <b>All Funds</b>  |
|------------------------------|------------------------|-------------------|-------------------|-------------------|-------------------|
| FY 2018 Final                | \$ 3,832.0             | \$ 3,231.3        | \$ 277.6          | \$ 2,124.1        | \$ 9,465.0        |
| FY 2018 Reported             | 3,798.7                | 2,996.5           | 258.6             | 1,978.5           | 9,032.2           |
| Difference                   | \$ (33.3)              | \$ (234.9)        | \$ (19.0)         | \$ (145.6)        | \$ (432.8)        |
| FY 2019 Enacted              | \$ 3,908.2             | \$ 3,208.2        | \$ 281.8          | \$ 2,174.5        | \$ 9,572.7        |
| Governor's FY 2019 Revised   | 3,947.1                | 3,339.6           | 294.3             | 2,227.8           | 9,808.8           |
| Governor's Change to Enacted | \$ 38.8                | \$ 131.4          | \$ 12.5           | \$ 53.2           | \$ 236.0          |
| Percent Change               | 1.0%                   | 4.1%              | 4.4%              | 2.4%              | 2.5%              |
| <b>FY 2019 Final</b>         | <b>\$ 3,933.8</b>      | <b>\$ 3,334.5</b> | <b>\$ 287.1</b>   | <b>\$ 2,191.0</b> | <b>\$ 9,746.4</b> |
| Change to Enacted            | 25.6                   | 126.3             | 5.3               | 16.4              | 173.6             |
| Percent Change               | 0.7%                   | 3.9%              | 1.9%              | 0.8%              | 1.8%              |
| Change to Governor           | \$ (13.2)              | \$ (5.1)          | \$ (7.2)          | \$ (36.8)         | \$ (62.4)         |
| Change to FY 2018            | \$ 135.1               | \$ 338.0          | \$ 28.5           | \$ 212.5          | \$ 714.1          |
| Percent Change to FY 2018    | 3.6%                   | 11.3%             | 11.0%             | 10.7%             | 7.9%              |

The FY 2018 final budget projected \$31.3 million would be available for FY 2019 and was used for that budget. The State Controller finalized the closing statement on January 7, 2019, and it showed a surplus of \$52.5 million, or \$21.3 million more.

| <b>FY 2018 Closing</b>                              | <b>Enacted</b>       | <b>Final</b>         | <b>Variance</b>      |
|---|----------------------|----------------------|----------------------|
| <i>Open:</i> Free Surplus                           | \$ 61,660,230        | \$ 61,660,230        | \$ -                 |
| <i>Plus:</i> Reappropriated Surplus                 | 10,338,899           | 10,338,899           | -                    |
| <i>Equals:</i> Total Surplus                        | \$ 71,999,129        | \$ 71,999,129        | \$ -                 |
| <i>Plus:</i> Revenues                               | 3,910,463,132        | 3,908,384,435        | (2,078,697)          |
| <i>Minus:</i> Transfer to Budget Stabilization Fund | (119,163,701)        | (119,101,340)        | 62,361               |
| <i>Equals:</i> Total Available                      | \$ 3,863,298,560     | \$ 3,861,282,224     | \$ (2,016,336)       |
| <i>Minus:</i> Expenditures                          | (3,832,033,782)      | (3,798,699,436)      | 33,334,346           |
| <b>Equals: Closing Surplus</b>                      | <b>\$ 31,264,778</b> | <b>\$ 62,582,788</b> | <b>\$ 31,318,010</b> |
| <i>Minus:</i> Reappropriations                      | -                    | (10,057,409)         | (10,057,409)         |
| <b>Equals: Free Surplus</b>                         | <b>\$ 31,264,778</b> | <b>\$ 52,525,379</b> | <b>\$ 21,260,601</b> |

Reported revenues from personal income, the largest component of state revenues were \$11.9 million or 0.9 percent less than estimated. Refunds and estimated filings both contributed to the shortfall missing the estimate by 2.9 and 3.3 percent, respectively. Stronger final payments and withholdings helped mitigate those misses as did the adjustment for the accrual of receipts between fiscal years.

The next largest shortfall was in business corporation taxes which missed the estimate by \$11.8 million, or 8.5 percent. Estimators continue to struggle with estimating these receipts which are quite volatile.

Receipts from other business taxes exceeded estimates by \$14.0 million or 4.6 percent. Sales taxes, the second largest source of state revenues, were \$5.7 million above the estimate, or 0.5 percent. Tobacco taxes exceeded estimates by \$3.8 million, or 2.6 percent. Lottery revenues were \$0.4 million above estimates, or 0.1 percent.

Expenditures from all sources were \$432.8 million less than enacted, or 4.6 percent. General revenue expenditures were \$33.3 million less. Federal fund expenditures and expenditures from restricted receipt accounts were \$234.9 million and \$19.0 million less, respectively. Expenditures from other sources were \$145.6 million less than the enacted budget.

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 Children, Youth and Families and the Department of Labor and Training that reduced the impact of the savings. Many agencies projected overspending in the first quarter of FY 2019, some of which related to overspending in FY 2018 and some related to challenges with managing savings assumed in the enacted budget, notably in the human services agencies. There was also increased expenses related to unbudgeted policy choices.

The Governor's revised budget lowered those first quarter projections primarily through unexpected debt service savings and expenditure shifts to other sources. Other changes include initiatives to lower costs in human services agencies and savings from an adjustment to employee benefit costs statewide. Her budget also relied on \$16.4 million in new revenues, primarily transfers from quasi-public corporations.

The revised budget as recommended by the Governor would leave a \$2.3 million surplus for use in FY 2020. The final FY 2019 budget has a \$25.5 million surplus; the FY 2020 enacted budget has a \$0.5 million ending surplus and is presented as part of the overview of the FY 2020 budget in that section of this publication.

|  | <b>Enacted</b>          | <b>Final</b>            | <b>Difference</b>    |
|--|-------------------------|-------------------------|----------------------|
| <b>Opening Surplus</b>                       |                         |                         |                      |
| Free Surplus                                 | \$ 31,264,778           | \$ 52,525,379           | \$ 21,260,601        |
| Reappropriated Surplus                       | -                       | 10,057,409              | 10,057,409           |
| <b>Subtotal</b>                              | <b>\$ 31,264,778</b>    | <b>\$ 62,582,788</b>    | <b>\$ 31,318,010</b> |
| <b>Revenues</b>                              |                         |                         |                      |
| Actual/Enacted/Estimated                     | \$ 3,998,485,298        | \$ 3,998,485,298        | \$ -                 |
| Governor                                     | -                       | 10,786,873              | 10,786,873           |
| Assembly                                     | -                       | 9,585,014               | 9,585,014            |
| <b>Revenues</b>                              | <b>\$ 3,998,485,298</b> | <b>\$ 4,018,857,185</b> | <b>\$ 20,371,887</b> |
| Cash Stabilization Fund                      | \$ (120,892,502)        | \$ (122,141,477)        | \$ (1,248,975)       |
| <b>Total Available Resources</b>             | <b>\$ 3,908,857,574</b> | <b>\$ 3,959,298,496</b> | <b>\$ 50,440,922</b> |
| <b>Expenditures</b>                          |                         |                         |                      |
| Actual/Enacted/Estimated                     | \$ 3,908,207,061        | \$ 3,908,207,061        | \$ -                 |
| Reappropriations                             | -                       | 10,057,409              | 10,057,409           |
| Governor                                     | -                       | 28,787,783              | 28,787,783           |
| Assembly                                     | -                       | (13,217,874)            | (13,217,874)         |
| <b>Total Expenditures</b>                    | <b>\$ 3,908,207,061</b> | <b>\$ 3,933,834,379</b> | <b>\$ 25,627,318</b> |
| <b>Free Surplus</b>                          | <b>\$ 650,513</b>       | <b>\$ 25,464,117</b>    | <b>\$ 24,813,604</b> |
| <i>Operating Surplus/(Deficit)</i>           | <i>(30,614,265)</i>     | <i>(27,061,262)</i>     | <i>3,553,003</i>     |
| <b>Budget Stabilization and Cash Reserve</b> | <b>\$ 198,606,168</b>   | <b>\$ 212,202,731</b>   | <b>\$ 13,596,563</b> |
| Percent of Revenues                          | 5.0%                    | 5.3%                    | 0.3%                 |

The Assembly did not concur with the additional transfers from quasi-public corporations. Other revenue changes reflect the impact of the upward adjustment to the consensus estimate in May as well as other issues that arose after that estimate was adopted.

On the expenditure side, the Assembly adjusted for a further increase in spending for children in state care and offset some of that with savings across other agencies primarily from not filling positions as well as downward revisions to cash assistance and Medicaid caseloads. It also shifted state resources for job training to cover staffing cost overruns that were not accounted for and would likely result in a cost to the state in the absence of sufficient federal resources similar to the FY 2018 closing.

Additionally, the Assembly did not assume the availability of \$14.0 million in resources from a settlement with the main vendor of the Unified Health Information Project. The state reached a settlement with Deloitte in April that included a \$50 million payment. As of early June, federal approval of the new contract and the state's proposal to maintain use of all settlement funds was still pending. The adopted budget shifted the use of any settlement funds to FY 2020, substituting general revenues as necessary after accounting for reduced expenses. This measure allows for more time to resolve any shortfalls if the state share is not as great as assumed in the Governor's budget.

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

## Department of Administration

|   | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|---|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Program</b>                  |                             |                            |                            |                          |
| Central Management                              | \$ 2,824,619                | \$ 2,735,330               | \$ 2,765,824               | \$ 2,186,795             |
| Accounts & Control                              | 5,060,719                   | 5,570,382                  | 5,004,527                  | 5,004,527                |
| Office of Management & Budget                   | 9,125,602                   | 10,534,560                 | 9,677,671                  | 9,277,671                |
| Purchasing                                      | 3,648,240                   | 3,892,555                  | 4,411,606                  | 3,809,702                |
| Human Resources                                 | 1,153,476                   | 1,274,257                  | 789,026                    | 789,026                  |
| Personnel Appeal Board                          | 102,303                     | 149,477                    | 149,736                    | 149,736                  |
| General   | 53,886,849                  | 45,444,600                 | 73,299,565                 | 59,749,548               |
| Debt Service                                    | 179,649,841                 | 182,679,939                | 165,683,399                | 164,902,272              |
| Legal Services                                  | 1,943,569                   | 2,424,062                  | 2,241,985                  | 2,001,985                |
| Information Technology                          | 23,792,658                  | 11,901,569                 | 18,437,122                 | 18,437,122               |
| Library Programs                                | 2,464,556                   | 2,661,294                  | 2,526,473                  | 2,526,473                |
| Planning  | 3,503,881                   | 5,839,360                  | 5,693,200                  | 5,693,200                |
| Energy Resources                                | 5,054,728                   | 8,704,012                  | 9,385,996                  | 9,517,996                |
| Construction Permitting, Approvals & Licensing* | 3,166,479                   | -                          | -                          | -                        |
| Statewide Savings                               | -                           | (20,084,559)               | (3,200,000)                | (2,987,272)              |
| Health Benefits Exchange                        | 9,656,976                   | 8,921,345                  | 10,600,526                 | 10,250,526               |
| Diversity, Equity & Opportunity                 | 1,130,353                   | 1,393,580                  | 1,323,829                  | 1,323,829                |
| Capital Asset Mgmt. & Maintenance               | 8,387,524                   | 10,621,701                 | 9,726,825                  | 9,726,825                |
| <b>Total</b>                                    | <b>\$ 314,552,373</b>       | <b>\$ 284,663,464</b>      | <b>\$ 318,517,310</b>      | <b>\$ 302,359,961</b>    |
| <b>Expenditures by Category</b>                 |                             |                            |                            |                          |
| Salaries and Benefits                           | \$ 30,308,519               | \$ 32,133,978              | \$ 29,823,833              | \$ 29,016,963            |
| Contracted Services                             | 18,517,496                  | 8,423,767                  | 11,232,405                 | 9,964,376                |
| <b>Subtotal</b>                                 | <b>\$ 48,826,015</b>        | <b>\$ 40,557,745</b>       | <b>\$ 41,056,238</b>       | <b>\$ 38,981,339</b>     |
| Other State Operations                          | 24,009,384                  | 7,663,078                  | 22,458,287                 | 22,602,031               |
| Aid to Local Units of Government                | 11,107,320                  | 11,538,543                 | 11,538,543                 | 11,538,543               |
| Assistance, Grants, and Benefits                | 6,249,164                   | 2,823,105                  | 2,837,433                  | 3,112,383                |
| Capital   | 37,658,758                  | 39,501,054                 | 75,043,410                 | 61,323,393               |
| Capital Debt Service                            | 156,678,487                 | 182,579,939                | 165,583,399                | 164,802,272              |
| Operating Transfers                             | 30,023,245                  | -                          | -                          | -                        |
| <b>Total</b>                                    | <b>\$ 314,552,373</b>       | <b>\$ 284,663,464</b>      | <b>\$ 318,517,310</b>      | <b>\$ 302,359,961</b>    |
| <b>Sources of Funds</b>                         |                             |                            |                            |                          |
| General Revenue                                 | \$ 189,889,755              | \$ 177,080,380             | \$ 174,283,385             | \$ 172,478,396           |
| Federal Aid                                     | 7,678,087                   | 3,877,255                  | 4,669,039                  | 4,801,039                |
| Restricted Receipts                             | 30,686,532                  | 26,597,691                 | 35,274,182                 | 34,509,839               |
| Other   | 86,297,999                  | 77,108,138                 | 104,290,704                | 90,570,687               |
| <b>Total</b>                                    | <b>\$ 314,552,373</b>       | <b>\$ 284,663,464</b>      | <b>\$ 318,517,310</b>      | <b>\$ 302,359,961</b>    |
| <b>FTE Authorization</b>                        | <b>697.7</b>                | <b>655.7</b>               | <b>657.7</b>               | <b>655.7</b>             |
| <b>FTE Average</b>                              | <b>665.3</b>                |                            |                            |                          |

\*FY 2019 enacted budget reflects the transfer of the program to the Department of Business Regulation

**FY 2019 Revised Request.** The Department requested \$23.2 million more than enacted from all sources, including increases of \$0.8 million from federal funds, \$11.9 million from restricted receipts and \$10.4 million from other funds. The request includes the enacted amount from general revenues; this includes the discretionary reappropriation of \$130,231 for two initiatives. It assumes the authorized level of staffing; however, this includes several intradepartmental changes that appear to align currently filled positions by division. There is still an unallocated reduction of 44.4 full-time equivalent positions.

*The Governor recommended \$10.7 million more than requested, including \$2.8 million less from general revenues. This includes savings of \$16.7 million from debt service to reflect delays in issuance and the distribution of \$15.7 million of centrally budgeted savings. This includes \$0.6 million for the Department's share of the allocated statewide savings initiatives, noted below where appropriate. The Governor recommended 2.0 additional full-time equivalent positions for internal service programs.*

*The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. The revisions to the initial recommendations align the Governor's recommendation to her priorities given available resources. For the Department, this change is \$4.0 million less for FY 2019. The Governor subsequently requested several amendments, including debt savings, additional expenditures for litigation settlements, and further revising capital project costs to reflect delays or savings.*

**The Assembly provided total expenditures of \$302.4 million from all sources, including \$172.5 million from general revenues. It concurred with most of the requested amendments and assumed additional turnover savings. It authorized staffing consistent with the enacted level.**

**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, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The Department requested \$0.2 million less than enacted from all sources for its share of centralized services. The revised request shifts \$0.9 million of general revenue expenses to other sources; these expenditures will essentially be paid by other state agencies through rate increases for services. Expenditures from restricted receipts are \$850,062 more than enacted, primarily from the Information Technology Investment Fund. It should be noted that the Department ended FY 2018 with a general revenue surplus of \$2.9 million. The Budget Office instructed agencies to include the enacted amount for these expenses.

*The Governor recommended \$1.2 million less from all sources than requested, including \$0.2 million less for facilities management based on billings through December and \$1.0 million less for information technology services based on billings through November. The Assembly concurred.*

**Workers' Compensation Privatization.** The enacted budget assumes general revenue savings of \$1.5 million from privatizing the administration of the Workers' Compensation program, which would improve claims adjudication and management, improve return-to-work opportunities for injured employees and use best practices and improved technologies to create an effective and efficient program. The Department assumed a January 1, 2019 transition date to a third-party administrator and delayed \$0.7 million of the savings from FY 2019 to FY 2020. The Department anticipated an implementation date by May 1. *The budget reflects the distribution of \$0.8 million of the savings in agency budgets and restores the remaining \$0.7 million. Savings in FY 2020 total \$2.0 million. The Assembly concurred.*

**Insurance Savings - Restored.** The revised request reflects the restoration of \$0.5 million or half of the general revenue savings included in the enacted budget from reducing over-insurance for property, liability,

and casualty. The Department indicated that based on a further review, all of the savings would not be achieved, partly as a result of higher premiums for property insurance following the 2017 hurricane season. The Department also indicated that some of the savings might have been overstated by including expenses already part of the Workers' Compensation privatization initiative. As of December 2018, \$0.1 million in malpractice insurance savings for state physicians had been achieved. The remaining \$0.4 million would need to be achieved in other insurance policies including property and crime coverage.

*The budget reflects the distribution of the savings, which are now included in agency budgets. Savings were allocated to all agencies based on budgeted insurance amounts. **The Assembly concurred.***

**Strategic Contract Sourcing - Implementation.** The enacted budget assumes general revenue savings of \$3.0 million from the Administration's initiative to conduct an analysis of previous contracts to identify opportunities that would enhance the state's buying power and reduce costs associated with procured goods and services. Implementation funding was not previously requested or recommended. The Department hired a consultant to help identify the savings. The total contract cost is \$0.8 million; the revised request includes \$0.5 million and \$0.3 million was spent in FY 2018 for which funding was not appropriated.

*The Governor recommended funding as requested for implementation. The budget reflects the distribution of the savings, which are now included in agency budgets. Savings were allocated to all agencies based on their shares of all operating costs including rent and centralized services, a majority of the underlying costs for which are personnel that appear as operating expenses in user agency budgets. It is likely that any actual savings will not be consistent with this distribution. **The Assembly did not provide funding for the contract and concurred with the remainder of the recommendation.***

**Fraud and Waste Detection.** The revised request assumes the enacted general revenue savings of \$9.6 million from fraud and waste detection that will combine data across agencies including the Department of Labor and Training, Department of Revenue and health and human services agencies to detect fraud and waste. The Department indicated that the Office of Internal Audit is working on various opportunities to determine fraud usage within several programs, including Medicaid and food assistance. The request also includes the enacted amount of \$550,000 from general revenues for data tools and software maintenance.

*The recommendation restores \$6.4 million of the savings assuming that recoveries will somehow be credited against expenses and that some of the savings was deemed to be achieved through cost avoidance as part of the Medicaid caseload projections. Staff requested information to support this assertion; that was not been provided. The Administration indicated that further analyses will be conducted to determine where to assign the remaining \$3.2 million in savings. The Governor subsequently requested an amendment restoring \$0.2 million in general revenue savings deemed to be achieved through cost avoidance as part of the Medicaid caseload projections. **The Assembly concurred.***

**Efficiency Savings.** The revised request includes the enacted amount of \$3.7 million of general revenue savings to be achieved through efficiencies. *The budget reflects the distribution of these savings to larger agencies based on each agency's share of personnel costs funded from general revenues, not based on any specific efficiencies. **The Assembly concurred.***

**Expand Prompt Payment.** In 2016, the Department established a prompt payment discount pilot program, whereby master price agreement vendors voluntarily offer the state a discount if they receive their payments within the agreed upon date. The request assumes the enacted amount of \$350,000 in expenditure credits by extending the prompt payments program to all vendors. The Department indicated that vendor registration has started and it will have a more accurate estimate of how much will be achieved once that process is complete. Rhode Island General Law, Section 42-11.1-1 requires all bills to be paid within 30 working days of receipt of an invoice or other contractual dates for periodic payments. *The budget reflects the*

*distribution of the savings, which are now included in agency budgets. Savings were allocated based on vendor participation through December. The Assembly concurred.*

**Undistributed Salary and Benefit Savings.** The revised request includes the enacted amount of \$0.9 million of general revenue savings to be achieved from statewide salaries and benefits. This is residual savings as part of the Governor's initiative to achieve \$25.0 million of savings, which were included in the Department of Administration's budget for later distribution. The Department indicated that statewide, the savings will be achieved; however, no actual plan was provided. *The budget reflects the distribution of the savings to larger agencies based on each agency's share of personnel costs funded from general revenues, not based on any specific efficiencies. The Assembly concurred.*

## Debt

**General Obligation Debt.** The Department requested the enacted amount of \$112.5 million from all sources for general obligation debt service costs. This includes \$70.6 million from general revenues, \$1.9 million from federal funds and \$40.0 million from other funds. This includes \$17.8 million for projected debt service on a new bond issuance to occur in the fall of 2018. *The Governor recommended \$12.6 million less for debt service, including \$12.3 million less from general revenues from delaying the issuance to the spring of 2019. She also included \$5.6 million more for Public Higher Education's budget, to reflect the April 2018 issuance, for a net decrease of \$6.7 million. The Assembly concurred.*

**Historic Structures Tax Credit.** The Department requested the enacted amount of \$12.9 million from general revenues to fund debt service costs for debt issued to pay for historic tax credits. The debt comes from the 2008 Assembly's legislation, which significantly modified the program. It required upfront processing fees, placed a moratorium on new projects, reduced the overall effective credit from 27.75 percent to 22.0 percent, and authorized borrowing sufficient funds to cash out all credits. The 2013 Assembly adopted legislation to allow new projects to replace those projects that are not progressing and developed new requirements and standards. *The Governor recommended \$3.4 million less than enacted based on a delay in new debt issuance. The Assembly concurred.*

**Fidelity Job Credit.** Consistent with the enacted budget, the request includes \$3.4 million from general revenues for required payments under the Fidelity Job Rent Credits agreement. Under the incentive based agreement between the state and Fidelity, the state provides job rent credits for each full-time equivalent employee in excess of a 1,000-employee base. *The Governor recommended \$3.0 million, or \$450,000 less than enacted, based on average filled positions. She subsequently requested an amendment to recognize \$0.1 million of debt service savings based on actual average filled positions. The Assembly concurred.*

**I-195 Land Acquisition.** The Department requested the enacted amount of \$2.5 million from general revenues for debt service costs of the I-195 land acquisition project. FY 2019 is the first year a principal payment is due and estimated costs of \$4.4 million assumes \$1.9 million will be made available from land sale proceeds. The I-195 Redevelopment District Commission has entered into three purchase and sale agreements on some properties. The Commission sold one of the parcels of land for \$0.8 million in August 2018. The 2011 Assembly's debt authorization stipulated that proceeds from the eventual sale of the land parcels would be used for debt service costs.

*The Governor recommended an additional \$50,000 from general revenues, based on updated interest rates. She subsequently requested an amendment to recognize \$0.6 million of general revenue debt service savings based on available proceeds from land sales. The Assembly concurred.*

**Other Debt.** Consistent with the enacted budget, the Department requested \$51.4 million from all sources for all other debt service expenses. The request includes the enacted amount of \$3.6 million for performance-based debt service and \$20.3 million for debt issued by the Convention Center Authority.

Debt issued through Certificates of Participation for technology and energy conservation related projects are \$27.4 million. *The Governor recommended savings of \$0.6 million from general revenues based on a delay in issuing debt for the Hospital Reorganization project. She subsequently requested an amendment to recognize an additional \$36,712 of general revenue debt service savings. The Assembly concurred.*

### **HealthSource RI**

**Contact Center.** The revised request includes \$0.2 million less from all sources for HealthSource RI's share of the contact center cost. The previous contract with Automated Health Systems Inc. for operations of the contact center expired on August 31, 2018. The contract was extended for an additional year and the total cost is \$12.4 million, which reflects a reduction of \$2.4 million. Most of the cost appears in the budget of the Executive Office of Health and Human Services. The request also shifts the expenditures from general revenues to health reform assessment receipts. The Office indicated that this was done for administrative ease in order to track expenditures of the Unified Health Infrastructure Project. *The Governor recommended funding as requested. The Assembly concurred.*

**UHIP Recovery Expenses.** The enacted budget assumes receipts of \$7.0 million in the Department of Human Services from Deloitte related to the development of the Unified Health Infrastructure Project, which is still not fully functional. The receipts are intended to offset general revenue expenses. The revised budgets for the Executive Office of Health and Human Services, Department of Human Services and HealthSource RI assume a total of \$16.6 million for FY 2019, \$9.7 million more than enacted, including \$0.4 million in HealthSource RI for information technology services. No funds have been received and as of December 1, 2018, negotiations are still ongoing. If these funds are not received, it appears that general revenues would be required. *The Governor recommended funding as requested.*

**A settlement was reached in April that included a \$50 million payment. As of early June, federal approval of the new contract and the state's proposal to maintain use of all settlement funds was still pending. The Assembly shifted the use of any settlement funds to FY 2020 and added \$9.6 million from general revenues for updated expenditure projections for the aforementioned agencies, including \$0.4 million for HealthSource RI.**

**Staffing and Operations.** The revised request includes \$1.6 million more than enacted from all sources for all other expenses. This reflects a shift of \$1.5 million of expenditures previously funded with restricted receipts to general revenues. The office indicated that shifting the expenditures between sources was done in order to easily identify its non-Unified Health Infrastructure Project costs, such as rent and outreach services. This includes \$1.1 million for data analysis, marketing, auditing and actuarial services to support its application to the Centers for Medicare and Medicaid Services for a Reinsurance Waiver to the Affordable Care Act. Salary and benefit expenses are \$0.4 million more than enacted, primarily from the restoration of turnover savings. As of the last pay period in November, the office had 3.0 full-time equivalent positions vacant, including a legal counsel, a chief of strategic planning, monitoring and evaluation and a chief of public affairs. The office indicated that its plan is to fill the latter two positions. The revised request includes benefit rates consistent with FY 2019 revised planning values.

*The Governor recommended \$0.2 million less than requested, including \$0.2 million less from restricted receipts for information technology and other services based on anticipated negotiations with the vendors. The recommendation also includes \$2,872 less from general revenues from two separate statewide savings initiatives designed to reduce operating costs. It appears that statewide benefit savings from non-general revenue sources were not taken. She subsequently requested an amendment authorizing \$0.2 million more expenditures from restricted receipts.*

**The Assembly concurred with the original recommendation and further reduced restricted receipt expenditures by \$350,000 to reflect turnover savings and statewide benefit savings that were not assumed in the revised budget.**

### Purchasing

**E-Procurement - Unachieved Savings.** The 2017 Assembly concurred with the Governor's proposal authorizing the chief purchasing officer to establish, charge, and collect a statewide contract administrative fee not to exceed 1.0 percent of master price agreements from vendors. The funds would be deposited as restricted receipts and would be used for the implementation of an electronic procurement system. The assessment was estimated to generate \$600,000. The budget assumed \$60,000 from the 10.0 percent indirect surcharge and expenditures of \$540,000 for system development costs. The Governor subsequently decided not to charge vendors the administrative fee; system development costs will be paid from the Information Technology Investment Fund. The FY 2018 revised as well as the FY 2019 recommended budgets also assumed general revenue savings of \$350,000 from the implementation of an electronic procurement system. The 2018 Assembly concurred with the Department's projection and restored \$250,000 of the FY 2018 savings. However, no amendment was requested to suggest that the savings in FY 2019 would not be achieved. The FY 2019 revised request restores the general revenue savings and assumes no expenditures from the assessment.

*The Governor concurred with the revised request; however, she recommended the implementation of the assessment, effective January 1, 2020. The revised budget assumes \$0.1 million through information technology billings to support a new programmer analyst manager position to oversee the implementation of the system. The FY 2020 recommendation assumes that the position will be funded by assessment receipts. **The Assembly concurred.***

**Salaries and Benefits (1.0 New FTE).** The revised request includes \$0.2 million more than enacted from all sources, including \$153,113 from general revenues, for salaries and benefits for the Division of Purchasing. This includes \$0.1 million to fund a new senior buyer position, which the Department indicated will improve customer services for agencies. The position has been filled. It also includes approximately \$9,000 to upgrade two buyers to two senior buyer positions; the personnel upgrades have been approved. As of the last pay period in November 2018, the division had 3.0 positions vacant. The revised request assumes \$0.1 million in turnover savings, essentially as enacted.

*The Governor concurred, with the exception of providing \$48,206 less from general revenues than requested, including \$28,503 from statewide benefit savings and \$19,703 from the distribution of statewide turnover savings. **The Assembly did not fund the new position and concurred with the remainder of the recommendation.***

**Other Operations.** The revised request includes \$20,000 less from general revenues than enacted for other expenses for the Division of Purchasing. This reflects the removal of \$15,000 that was provided to obtain services for review of rewrite of construction documents. The Department indicated that the contract expired and funding for a new contract is reflected in the Division of Capital Asset Management and Maintenance. The request also includes \$5,000 less for miscellaneous expenses. The request is \$25,657 less than FY 2018 expenditures. *The Governor concurred, with the exception of including \$7,122 less from general revenues from three separate statewide savings initiatives designed to reduce operating costs. **The Assembly concurred.***

### Office of Management and Budget

**Reappropriation - Bldgs./Fire Codes Economic Impact Study.** The revised request includes the discretionary reappropriation of \$71,705 for which the FY 2018 final budget included \$206,300 to obtain

contractual services for an economic impact statement of proposed changes to building and fire codes that must be done prior to implementation. Current law requires that agencies state the effect of regulatory action on small businesses, identify and estimate the number of small businesses subject to a proposed regulation, calculate small business regulatory compliance costs, and describe any less intrusive or less costly alternatives. The request also includes an additional \$10,020 to reflect actual expenditures for the study. *The Governor recommended funding as requested. The Assembly concurred.*

**Reappropriation - Lean Initiatives.** The revised request includes the discretionary reappropriation of \$58,526 included in the FY 2018 final budget to fund lean process improvement projects to improve operational efficiency. The FY 2019 enacted budget does not include any funding. *The Governor recommended funding as requested. The Assembly concurred.*

**Office of Internal Audit.** The revised request includes \$555,925 less from all sources, including \$455,650 less from general revenues for staffing and operating expenses for the Office of Internal Audit, which was consolidated as part of the FY 2017 enacted budget in order to increase efficiency and decrease fraud and waste. Various positions were transferred from the Departments of Transportation and Human Services, the Office of Postsecondary Commissioner, and the University of Rhode Island to effectuate this.

The request includes \$560,046 less for salaries and benefits, reflective of turnover savings, for which the enacted budget had assumed \$122,133. As of November 30, 2018, the office had eight vacancies; four each in Performance Auditing, which assumed prior functions of the Bureau of Audit, and Continuous Auditing, which audits and reviews Department of Transportation vendor overhead rates for compliance with Federal Highway Association rules and regulations. Revised salary and benefit costs of \$3.4 million are \$0.9 million more than FY 2018 expenses. The Department indicated that it offered the positions to six individuals; three each in Performance and Continuous Auditing with start dates in January 2019. The office will maintain the remaining two vacancies. The request includes \$34,121 for operating expenses, of which \$30,265 is for the auditing software maintenance agreement and \$3,231 is for training. The request includes minor adjustments for postage, telephone and printing expenses.

*The Governor recommended \$43,559 less from general revenues than requested, including \$17,753 from statewide benefit savings, \$17,639 from the distribution of statewide turnover savings and \$8,167 from three separate statewide savings initiatives designed to reduce operating costs. The Assembly included \$50,000 less from general revenues to reflect turnover savings and concurred with the remainder of the recommendation.*

**Federal Grants Management System.** The revised request excludes the enacted amount of \$68,156 from general revenues, provided for the Department's share of the cost to develop a federal grants management system. The Department indicated that the contract with the vendor was cancelled; it appears that the vendor had issues meeting some of the deliverables. *The Governor concurred. The Assembly concurred.*

**DCYF Data Analytics Pilot.** The revised request includes the enacted amount of \$300,000 from general revenues to fund a data analytics pilot to support the mission of the Department of Children, Youth and Families as stated in Article 1 of 2018-H 7200, Substitute A, as amended. The Department of Administration indicated that it is reviewing options for the best method to implement this pilot. *The Governor recommended funding as requested. The Department noted that the project is not being implemented; the Assembly removed the funding.*

**Office of Regulatory Reform.** The revised request includes total funding essentially as enacted for the Office of Regulatory Reform. However, the enacted budget includes \$170,704 from general revenues for the Office to obtain contracted legal services for the review of state regulations; the revised request as well as prior requests converted the funding from contracted services to salaries and benefits, which are not time-limited. The 2017 and 2018 Assembly did not concur with the use of the funds for salaries and benefits; it

was envisioned that this would be a two-year project, and the expenditures would go away. The revised request does not reflect that. Consistent with the enacted budget, the revised request assumes that the cost of the ombudsman position is allocated to the Executive Office of Commerce. Pursuant to the memorandum of understanding, the Executive Office of Commerce agreed to pay the cost for the position for two years. It should be noted that the FY 2018 final budget had also assumed this; the Executive Office did not have sufficient funds at the end of the fiscal year and the cost was paid with resources from the Department of Administration's budget.

*The Governor recommended \$10,750 less than requested, including \$4,358 from statewide benefit savings, \$6,152 from the distribution of statewide turnover savings and \$240 from three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

**Other Expenses.** The Department requested \$340,596 less than enacted from all sources, including \$356,513 less from general revenues for all other expenditures in the Office of Management and Budget. This includes \$0.4 million less for salaries and benefits, reflective of turnover savings. As of the last pay period in November 2018, there were 6.6 vacant positions that were funded in the enacted budget. More than 70 percent of the turnover savings is in the Budget Office. The revised request includes \$18,260 more for operating expenses. This includes \$12,536 for economic services relating to the Revenue Estimating Conference. This is based on FY 2018 expenditures.

*The Governor recommended \$86,390 less from general revenues than requested, including \$17,962 from statewide benefit savings, \$0.1 million from the distribution of statewide turnover savings and \$16,937 from three separate statewide initiatives designed to reduce operating costs. The Assembly concurred, with the exception of providing \$50,000 from general revenues to reflect turnover savings.*

### Statewide Planning

**Water Resources Board.** The revised request includes \$151,832 less from general revenues than enacted for the Water Resources Board. This reflects turnover savings by maintaining the general manager position vacant for the entire fiscal year; the position has been vacant for several years. The request also includes \$12,750 to obtain services for auditing of water supplies, offset by a like amount for liability insurance based on historical expenditures. *The Governor recommended \$5,951 less from general revenues than requested, including \$2,784 from statewide benefit savings, \$2,954 from the distribution of statewide turnover savings and \$213 from a statewide savings initiative designed to reduce operating costs. The Assembly concurred.*

**Statewide Planning.** The Department requested \$45,813 more than enacted from all sources for expenses of the Division of Statewide Planning. This includes \$0.3 million less for salaries and benefits, reflective of turnover savings and medical insurance savings, consistent with FY 2019 revised planning values. As of November 30, the Division had three vacancies. The enacted budget had assumed \$61,146 in turnover savings. The request also includes \$0.3 million from a new federal grant for the development of a coastal resiliency plan for small businesses. *The Governor recommended \$7,663 less from general revenues than requested, including \$2,937 from statewide benefit savings, \$2,954 from the distribution of statewide turnover savings and \$2,518 from a statewide savings initiative designed to reduce operating costs. The Assembly concurred.*

### Other Programs

**Information Technology Investment Fund.** Excluding expenditures for centralized services, the revised request includes \$9.7 million more than enacted from the Information Technology Investment Fund, which was created for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance. This includes \$0.3 million less for salaries and benefits, reflective of

updated staff time allocation, and \$0.7 million less for computer equipment and software maintenance. The request includes \$19.7 million, or \$10.7 million more than enacted for information technology projects. Expenditures in the last three completed fiscal years have averaged \$10.1 million and the revised request is more than double that. It appears that \$0.6 million for the Electronic Medical Records was paid in FY 2018 and is also assumed in the revised request.

At the end of FY 2018, the fund had a balance of \$8.5 million and the Department projects receipts of \$11.3 million for FY 2019. This includes \$7.2 million from the sale of the Department of Corrections' Price building on the Pastore Center and the Ace Building on Howard Avenue. It is not clear that these sales are imminent. As of January 2019, several pieces of properties have been sold totaling \$569,140. Based on projected receipts and programmed expenditures, the fund would end FY 2019 with a projected deficit of \$1.5 million. It will be significantly higher if the buildings are not sold. A general revenue appropriation would be needed in the event a negative balance occurs at the end of the fiscal year.

*The revised budget assumes \$3.1 million less in expenditures than requested. The recommendation also adjusted for FY 2018 expenditures. Based on projected receipts and programmed expenditures, the fund would end FY 2019 with a surplus of \$2.4 million. **The Assembly concurred.***

**Office of Energy Resources.** The Department requested \$0.7 million more than enacted, all but \$39,596 is from federal funds, based on anticipated awards for the Office of Energy Resources. Expenditures for salaries and benefits are \$0.1 million less than enacted from turnover savings for which the enacted budget did not assume any. As of November 30, 2018, the Office had one position vacant. The request includes \$0.6 million more for energy conservation projects, of which \$0.3 million is for the Department of Transportation to upgrade the lighting throughout several maintenance facilities. The Department Transportation is required to also provide \$0.3 million toward the project cost of \$0.7 million.

Other expenses are \$0.2 million more than enacted, including \$0.1 million for contracted services to assist with the offshore wind project and \$0.1 million to provide incentives for the purchase or lease of electric vehicles to promote the reduction of greenhouse gas emissions. *The Governor recommended funding as requested. It appears that statewide benefit savings from non-general revenue sources were not taken. She subsequently requested an amendment to include \$132,000 from two federal awards that the office received after the submission of the budget. **The Assembly concurred.***

**Disparity Study.** The Department requested a total of \$0.5 million over two years, including \$0.2 million in FY 2019 to conduct a statewide study to examine procurement practices pursuant to the provisions of the State Purchasing Act, to award at least 10.0 percent of its purchasing and construction contracts to women and minority owned businesses. A contract with the vendor has been signed and the study is underway. The FY 2020 request also includes \$0.3 million for the continuation of the study. *The Governor recommended funding as requested. **The Assembly did not concur and removed expenditures.***

**Interlibrary Loan Delivery System.** The Department requested \$0.1 million more than enacted from general revenues for the interlibrary loan delivery system, which includes the delivery of books, audio/visual materials and other resources, which are shared between and among more than 180 public libraries, academic libraries, state institution libraries, school libraries and other special libraries, such as the Rhode Island Historical Society. The Department entered into a three-year contract on May 31, 2018, for delivery services, which increased from \$26.03 to \$27.91 per stop, effective July 1, 2018. It should be noted that the cost per stop increased by 7.2 percent while the revised request reflects an increase of 25.3 percent. The revised request is \$73,651 more than FY 2018 expenditures. *The Governor concurred. **The Assembly concurred.***

**Tort Court Awards.** The Department requested the enacted amount of \$400,000 from general revenues to pay for liability claims against any state department or state employee. Historical spending for this varies

depending on court awarded settlements; they were \$0.4 million in FY 2018 and \$1.2 million in FY 2017. *The Governor recommended funding as requested. She subsequently requested an amendment to add \$0.2 million based on anticipated settlements. The Assembly concurred.*

**Other Salaries and Benefits.** The Department requested \$1.0 million less than enacted from all sources for salary and benefit expenses. This includes \$0.9 million less from general revenues, reflective of additional turnover and savings from medical benefits. The majority of the turnover savings occurred in Central Management from the vacancy of the chief of staff and deputy director. The Department anticipated filling the positions in January 2019. There were also turnover savings in Accounts and Control and the Office of Library and Information Services. The Department's averaged filled positions through November 30, 2018 were 627.4 or 28.3 positions below the authorized level.

*The Governor recommended \$90,378 less than requested from general revenues, including \$69,908 from statewide benefit savings and \$98,008 from distributed turnover savings. She also added \$77,538 in Central Management and the Office of Diversity, Equity and Opportunities to reflect current staffing. The Assembly concurred, with the exception of providing \$0.3 million from general revenues to reflect turnover savings.*

**Teachers' Retiree Health Subsidy.** The state makes an annual appropriation of \$2.3 million from general revenues for the cost of allowing teachers who retired on or before September 30, 2008 to purchase their health insurance at the active employee rate, which is lower than the retiree rate. An actuarial valuation conducted in 2017 projected that the unfunded liability would be zero if the state were to make appropriations through FY 2019. *The Governor recommended \$43,730 less than enacted; this appears to have been reduced because of the method used to distribute statewide savings. The Assembly concurred.*

**Other Capital Asset Management and Maintenance.** The Department requested \$0.1 million from general revenues for the Division of Capital Asset Management and Maintenance. This includes \$20,000 for temporary services, \$25,000 for computers, \$70,000 for review and rewrite of construction documents to standards established by the American Institute of Architects, \$11,500 for appraisal services and \$4,500 for staff training. *The Governor recommended funding as requested and included \$155,613 less from general revenues from three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

**Capital - BHDDH Projects Transfer.** The FY 2016 enacted budget consolidated construction, property and asset management functions into the Department of Administration. Subsequently, positions from impacted agencies were transferred. In 2016, the Assembly adopted legislation creating the Division of Capital Asset Management and Maintenance to assume the responsibilities of the Divisions of Facilities Management and Capital Projects and Property Management. Both divisions were created by an executive order in 2004. The purpose of the division is to manage and maintain state property and state owned facilities. Some of its duties are: oversee all new construction and rehabilitation projects; maintain, equip, and keep in repair the State House, state office buildings and other premises owned or rented by the state; provide periodic inspection, appraisal or inventory of all state buildings; and to control and supervise the acquisition, operation, maintenance, repair and replacement of motor vehicles by state agencies.

*The Governor's budget reflects the transfer of projects previously under the purview of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Department of Administration and includes \$4.2 million for four projects. She subsequently requested several amendments shifting \$1.3 million for fire code upgrades from FY 2019 to FY 2020, reflective of a delay and transferring the Substance Abuse Asset Protection project. The Assembly concurred and included \$3.0 million for the aforementioned projects.*

**Capital - Hospital Reorganization.** The Department requested \$3.8 million from Rhode Island Capital Plan funds to reorganize hospital operations for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. Though the request is consistent with the capital budget; it is \$2.4 million more than the amount available for reappropriation. *The Governor recommended \$2.2 million, \$1.6 million less than requested. Total funding included in the capital budget is consistent with the approved plan. The Assembly concurred.*

**Capital - Board of Elections/Medical Examiners.** Consistent with the capital budget request, the revised request includes \$1.4 million from Rhode Island Capital Plan funds to renovate the Board of Elections' Office building to be occupied by the Office of State Medical Examiners. The request shifts \$5.7 million of expenditures from FY 2019 to FY 2021 because of delays. *The Governor recommended \$670,000 or \$0.8 million less than requested based on further delays.*

*The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. For this, all future funding was removed with only the \$0.7 million recommended for FY 2019 for a feasibility study. The FY 2020 budget had \$6.0 million and the multi-year appropriation section of Article 1 had assumed \$9.0 million for FY 2021. She subsequently requested an amendment reducing current year expenditures by \$658,816, based on more updated plans to sell the building rather than covert it for use as a new Medical Examiner facility. The Assembly concurred.*

**Capital - Shepard Building.** The revised request includes additional expenditures of \$1.2 million for a total of \$1.6 million from Rhode Island Capital Plan funds to make repairs including roof and receiving door replacement, renovations to the Westminster Street entrance, and replacement of all restroom floors in the building. Subsequently, the Department indicated that it intended to request \$1.2 million, consistent with its capital budget. It appears that the request is overstated by \$0.4 million. *The Governor recommended funding consistent with the enacted budget.*

*The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. The revisions to the initial recommendations align the Governor's recommendation to her priorities given available resources. For this project, \$0.2 million less is included for FY 2019. This project also had funding reduced from amounts assumed in the multi-year appropriation section of Article 1 and FY 2020.*

*The Governor subsequently requested two amendments further reducing current year funding by \$0.2 million, adding \$0.6 million to FY 2021 and removing funding from FY 2022 through FY 2024 based on a recommendation of the Efficiency Commission to sell the building. The Assembly concurred and included \$62,900 for FY 2019.*

**Capital - Other Projects.** The Department requested \$11.6 million more than enacted from Rhode Island Capital Plan funds for 27 projects. This includes new expenditures of \$1.5 million for the Pastore Center Strategic Plan and McCoy Stadium. *The Governor recommended \$16.4 million more than requested. The recommendation reflects the consolidation of projects previously under the purview of other state agencies. Additionally, under the proposed consolidation plan, costs for certain specific projects are aggregated into regional projects, i.e., Pastore Center, Capitol Hill and South County, and/or asset protection projects.*

*The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. The revisions to the initial recommendations align the Governor's recommendation to her priorities given available resources. For these projects, \$3.8 million less is included for FY 2019. Several of these projects are also included as part of the multi-year appropriation*

*section of Article 1 and the impact for FY 2021 through FY 2024 is \$3.3 million less. The Governor subsequently requested several amendments further revising project costs to reflect savings or delays.*

**The Assembly provided \$40.0 million from Rhode Island Capital Plan funds. It did not concur with the consolidated asset protection projects and maintained a separate appropriation for each project. It created two asset protection projects for buildings on the Pastore Center. A detailed analyses of the projects is included in the Capital Budget section of this publication.**

**Cybersecurity.** The revised request includes the enacted amount of \$355,000 for consultants and providing cybersecurity training for employees. In May 2015, Governor Raimondo issued an executive order to establish a Cybersecurity Commission, consisting of 15 members from various state agencies and the private sector. The Commission was tasked with: creating a framework for coordinated response, simulation testing, conducting an assessment of the current cybersecurity workforce development and education activities in the state, including curricula, certificates, and training credits offered and developing an inventory of existing businesses in the cybersecurity industry within the state. *The Governor recommended funding as requested. The Assembly provided \$0.3 million less based on the Budget Office's third quarter report.*

**Other Expenses.** The request includes \$116,167 more than enacted from all sources, including \$104,763 from general revenues for all other expenses. General revenue changes include \$75,000 for financial services of federal grants management and \$29,763 for clerical services and computer supplies. The request also includes \$12,629 in carry-forward funds that the Office of Library and Information Services received from the Carnegie Foundation through the Rhode Island Office of Innovation for innovative technologies to provide library services. *The Governor recommended \$96,938 less from general revenues than requested from three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

## Department of Business Regulation

|  | FY 2018<br>Reported  | FY 2019<br>Enacted   | FY 2019<br>Revised   | FY 2019<br>Final     |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>Expenditures by Program</b>                     |                      |                      |                      |                      |
| Central Management                                 | \$ 2,277,612         | \$ 2,396,826         | \$ 2,400,746         | \$ 2,265,546         |
| Banking Regulation                                 | 1,394,744            | 1,835,317            | 1,635,503            | 1,435,303            |
| Securities Regulation                              | 957,931              | 1,030,879            | 1,062,926            | 1,062,926            |
| Commercial Licensing, Gaming & Athletics Licensing | 1,968,156            | 2,880,397            | 2,946,546            | 2,754,976            |
| Insurance Regulation                               | 5,126,090            | 5,966,467            | 5,690,880            | 5,670,880            |
| Office of the Health Insurance Commissioner        | 2,644,725            | 2,417,860            | 2,964,412            | 2,964,412            |
| Board of Accountancy                               | 5,331                | 6,000                | 5,887                | 5,887                |
| Boards for Design Professionals                    | 328,200              | -                    | -                    | -                    |
| Building, Design & Fire Professionals              | -                    | 7,975,651            | 8,438,567            | 8,589,987            |
| <b>Total</b>                                       | <b>\$ 14,702,789</b> | <b>\$ 24,509,397</b> | <b>\$ 25,145,467</b> | <b>\$ 24,749,917</b> |
| <b>Expenditures by Category</b>                    |                      |                      |                      |                      |
| Salaries and Benefits                              | \$ 10,926,472        | \$ 18,066,649        | \$ 18,042,668        | \$ 17,606,587        |
| Contracted Services                                | 2,099,018            | 2,516,682            | 2,750,182            | 2,900,182            |
| <b>Subtotal</b>                                    | <b>\$ 13,025,490</b> | <b>\$ 20,583,331</b> | <b>\$ 20,792,850</b> | <b>\$ 20,506,769</b> |
| Other State Operations                             | 1,658,888            | 3,774,100            | 3,714,162            | 3,789,853            |
| Aid to Local Units of Government                   | -                    | -                    | -                    | -                    |
| Assistance, Grant, and Benefits                    | -                    | 80,000               | 80,000               | 80,000               |
| Capital  | 18,411               | 71,966               | 558,455              | 373,295              |
| <b>Total</b>                                       | <b>\$ 14,702,789</b> | <b>\$ 24,509,397</b> | <b>\$ 25,145,467</b> | <b>\$ 24,749,917</b> |
| <b>Sources of Funds</b>                            |                      |                      |                      |                      |
| General Revenue                                    | \$ 10,534,355        | \$ 17,430,457        | \$ 16,864,098        | \$ 16,503,698        |
| Federal Aid  | 1,022,934            | 892,631              | 1,346,487            | 1,346,487            |
| Restricted Receipts                                | 3,145,500            | 6,119,812            | 6,379,524            | 6,529,534            |
| Other  | -                    | 66,497               | 555,358              | 370,198              |
| <b>Total</b>                                       | <b>\$ 14,702,789</b> | <b>\$ 24,509,397</b> | <b>\$ 25,145,467</b> | <b>\$ 24,749,917</b> |
| <b>FTE Authorization</b>                           | <b>101.0</b>         | <b>161.0</b>         | <b>162.0</b>         | <b>161.0</b>         |
| <b>FTE Average</b>                                 | <b>94.3</b>          |                      |                      |                      |

**FY 2019 Revised Request.** The Department of Business Regulation requested \$0.7 million more than enacted from all fund sources, including \$16,339 less from general revenues, \$0.4 million more from federal funds, \$0.3 million more from restricted receipts, and \$856 less from other fund sources. The general revenue decrease is the result of a savings at the Office of the Health Insurance Commissioner. The request includes 162.0 full-time equivalent positions, 1.0 more than the authorized level.

*The Governor recommended \$25.1 million from all sources, \$0.6 million more than enacted, including \$0.6 million less from general revenues. This includes \$0.3 million of statewide savings, noted below where appropriate. The recommendation includes 162.0 full-time equivalent positions, 1.0 position more than the*

*authorized level. The Assembly provided \$0.4 million less than recommended from all sources of funds, including \$0.4 million less from general revenues to reflect additional turnover savings, \$0.2 million more from restricted receipts, and \$0.2 million less from Rhode Island Capital Plan funds. It also provided the enacted level of staffing.*

**Staffing.** The Department's FY 2019 revised request includes 162.0 full-time equivalent positions, which is one more than the enacted authorization. The Department's current request reallocates two positions from other Divisions into central management and adds a legal counsel for medical marijuana which had been requested last year, but not authorized. *The Governor recommended staffing as requested. The Assembly did not concur with the additional position.*

**Reappropriation - Building Code Books.** The request does not include \$141,164 from general revenues provided in FY 2018 and reappropriated by the Governor to publish new building code books and train building code officials. This includes \$51,164 for training and \$90,000 to publish updated code books which were delayed due to the time to complete an economic impact analysis of the regulatory changes.

Subsequent to the budget submission, the Department reported it had erroneously excluded the funds, and the reappropriation would increase its request. *The Governor's recommendation did not include the reappropriation. The Assembly concurred.*

**Centralized Services.** The Department requested \$1.4 million, \$15,140 more than enacted, for its share of 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. The state uses internal service funds to reimburse one agency for services provided to another. The request includes \$10,340 more from federal funds, \$4,800 more from restricted receipts, and the enacted amount from general revenues.

This request includes \$0.6 million for facilities management, \$0.2 million for human resources and \$0.6 million for information technology services. The requested increase is \$0.3 million more than actual FY 2018 expenditures. It aligns Office of the Health Insurance Commissioner FY 2019 expenditures with FY 2018 actual spending; the Department's other expenditures were not adjusted even though FY 2018 expenditures were lower, including \$54,615 less for facilities management, \$69,211 less for human resources, and \$159,248 less for information technology support. The Budget Office instructed agencies to request the enacted level.

*The Governor's recommendation is \$58,151 less than enacted, including \$186,032 less for facilities management \$11,915 more for human resources expenditures and \$115,966 more for information technology based on billings through November and December. The Assembly concurred.*

#### **Office of the Health Insurance Commissioner**

**Enforcement and Consumer Protection.** The Department requested \$0.3 million more than enacted from federal funds for its Health Insurance Enforcement and Consumer Protection grant. The Office received a one-year, no-cost extension for the grant originally anticipated to expire October 2018. The request includes \$0.3 million more to reflect a full year of staffing, \$19,800 more for contracted services, including \$12,300 to purchase software for a new constituent relationship management system. The cost for the new constituent relationship management system is being shared between this federal grant and state Utilization Review resources.

*The Governor recommended funding essentially as requested including a nominal adjustment for the staffing allocation between this and another federal grant source. The Assembly concurred.*

**RI REACH.** The Office requested \$10,000 less than enacted from general revenues offset by \$10,000 more from federal matching Medicaid funds for the Rhode Island Insurance Resource, Education, and Assistance Consumer Helpline (RI REACH), operated by the Rhode Island Parent Information Network. The request includes \$340,250 from general revenues, and \$80,000 from federal funds, representing a more recent review of Medicaid reimbursable calls. *The Governor included federal funds as requested, but did not reduce general revenues. The Assembly concurred.*

**Other Personnel and Operations.** The Office of the Health Insurance Commissioner requested \$150,556 more than enacted, including \$6,339 less from general revenues, \$83,250 more from federal funds and \$73,645 more from restricted receipts. The general revenue request includes \$19,745 more than enacted for salaries and benefits for 6.0 full-time equivalent positions, consistent with the current complement of staffing, offset by \$26,084 less for all other expenses, to reflect recent, lower expenditure levels.

The federal funds request is \$7,570 less than enacted for staffing, \$88,000 more for consulting costs and \$2,820 more for other expenses to reflect the anticipated closing of the State Innovations Model grant, and a new State Flexibility to Stabilize the Market Grant Program award.

The restricted receipt request includes \$48,045 more for salaries and benefits for 2.2 full-time equivalent positions, 0.2 positions more than the authorized level, and includes \$25,000 more for a new constituent relationship management system, and \$600 more for operating supplies. The cost for the new constituent relationship management system is being shared between this restricted receipt account and federal Health Insurance Enforcement and Consumer Protection grant funds.

*The Governor recommended funding essentially as requested, including \$7,041 from turnover savings and \$1,084 of savings from two statewide initiatives designed to reduce operating costs. It also includes \$50,000 for a Risk Bearing Provider Organization analysis pursuant to a Memorandum of Understanding between the Office and the Executive Office of Health and Human Services. The Assembly concurred.*

### **Building, Design, and Fire Professionals**

**Bomb Squad Operations and Equipment.** The Department's revised request includes \$265,000 from general revenues for equipment for Bomb Squad operations in the Fire Marshal's Office. The request includes \$120,000 for bomb squad robot updates, \$20,000 for ordinance destruction, and \$125,000 for safety equipment. Of the \$125,000, \$62,000 is for a handheld analyzer for explosives and chemicals, \$22,000 is for a handheld radioactivity analyzer, and \$41,000 is for a compact x-ray for suspicious packages. The Department indicated this was included in its request as a safety priority. The request also reflects a September 2018 Department of Homeland Security bomb squad capability assessment and a shift of resources from federal funds to general revenues as federal grant support declines over time. *The Governor did not recommend funding for FY 2019, but did provide \$125,000 for FY 2020. The Assembly concurred.*

**Contractors' Registration and Licensing Board Online Licensing.** The Department's revised request includes \$75,000 from restricted receipts to establish and launch an online licensing system for the Contractors' Registration and Licensing Board. The Department anticipates this as a one-time expense; the request does not include future maintenance costs. The Board is the only section of the new Building, Design and Fire Professional Division which does not have the current capability for online licensing, as such, the expense is limited to that function.

The Department has reported that it anticipates the functionality being developed in the existing system and is anticipated to launch January 2019; as of December 2018, the Department had paid \$75,000 for the system, and \$20,580 for annual maintenance expenses. It appears the latter was inadvertently excluded from the request.

*The Governor's recommendation excludes the \$75,000 request, which appears to have been unintentional. It does include \$21,000 to cover the annual licensing costs. The Governor subsequently requested an amendment to correct the omitted technology funding. **The Assembly concurred.***

**Deputy Director (1.0 FTE).** The Department's revised request includes \$54,912 more than enacted from restricted receipts for a new Deputy Director position to oversee the new Division of Building, Design and Fire Professionals. The position authorization is reallocated from a vacancy within the Division, and has been filled since the September 1, 2018 pay period. The associated annualized cost for the position is \$157,701. Available restricted receipts may not be adequate to maintain requested funding levels. The request assumes revenue collections of \$1.7 million, higher than recent collections, and inconsistent with the Board's revenue collection pattern. *The Governor recommended funding as requested. The Assembly concurred.*

**Building, Design and Fire Staffing and Operations.** The Department's revised request includes \$62,707 less than enacted, primarily from general revenues for all other staffing and operation costs related to the Division of Building, Design and Fire Professionals. The request includes funding for the remaining 60.0 full-time equivalent positions exclusive of the Deputy Director position discussed earlier, one less than enacted; the reduction reflects the transfer of one position to the Director's Office. The request includes 32.0 positions for the Fire Marshal's Office, 3.0 positions each for the Fire Training Academy and Fire Safety Inspection and Review Unit, and 11.0 positions each for the State Building Code Commission, and the Contractors' Registration and Licensing Board. All other expenditures are consistent with the enacted budget. Reported staffing levels for the Division appear to suggest that there may be additional savings available, compared to what is assumed in the request.

*The Governor recommended \$62,953 less than requested from general revenues. This includes \$66,613 less for staffing expenditures and \$16,040 of estimated savings from a statewide prompt payment initiative offset by \$19,700 from general revenues for online licensing expenses inadvertently excluded from the request. Subsequent to the budget submission, the Governor requested an amendment to include an additional \$0.2 million from restricted receipts from Fire Academy tuition. **The Assembly included an additional \$5,000 of turnover savings and concurred with the remainder of the recommendation.***

**Capital.** The Department's request inadvertently excluded capital expenditures associated with the Fire Training Academy. *The Governor recommended \$0.5 million from Rhode Island Capital Plan funds consistent with the approved plan for FY 2018 and reappropriated to FY 2019. She subsequently requested an amendment to shift \$0.2 million from FY 2019 to FY 2020 based on an updated timeline. The Assembly concurred. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

## Other Divisions

**Fiscal Management Officer (1.0 FTE).** The Department's revised request includes \$0.1 million from general revenues for a new position within the Director's Office intended to provide financial oversight for the new Division of Building, Design and Fire Professionals. The position authorization is reallocated from the Division. There also appears to be offsetting savings in that Division. The position was posted in October and the Department intends to fill the position late fall 2018.

*The Governor recommended \$4,092 less than requested, including statewide benefit and additional turnover savings. The position was filled for the pay period ending December 8. **The Assembly concurred.***

**Legislative and Public Relations (1.0 FTE).** The Department's revised request includes \$69,155 from general revenues for a new position within the Director's Office intended to act as a legislative and public relations liaison to the legislature and provide public correspondence. The position authorization is

reallocated from elsewhere in the Department. The position was posted for hire during the month of November with a salary range of \$81,153 to \$92,044; the salary level assumed in the budget is \$80,782. The request assumes a January start date. *The Governor recommended funding essentially as requested, including statewide benefit and additional turnover savings. The Assembly concurred.*

**Medical Marijuana Regulation (1.0 FTE).** The Department's revised request includes \$75,681 more than enacted from restricted receipts for the regulation of the medical marijuana program. This includes funding for a new legal counsel position, an upgrade for the program's director and adjustments to other staffing expenses which were overstated in the enacted budget. In FY 2017, the Department filled a legal counsel vacancy with an administrative officer position. The request includes authorization to re-add the legal counsel. This was requested last year and not approved. Final FY 2018 operational expenditures for the Division were underspent by \$0.4 million, which the Division attributed to the timing of deliverables, and newness of equipment that delayed or mitigated actual expenditures. The enacted budget and request continue to reflect that level of funding. *The Governor recommended funding as requested. The Assembly did not concur with the new position and also reduced expenditures which increases the transfer to state general revenues by \$115,889, consistent with the May 2019 Revenue Estimating Conference.*

**Banking and Insurance Regulation Turnover.** The revised request includes \$0.4 million in turnover savings for the Banking and Insurance Regulation Divisions, all from general revenues, offset by an additional \$7,162 of expenditures from restricted receipts. The request includes a staffing level consistent with the FY 2019 enacted level request for Insurance Regulation; however, reallocates 1.0 position from Banking Regulation to the Director's Office. *The Governor's recommendation further reduces expenses by \$71,848 to recognize additional turnover savings. The Assembly concurred and included an additional \$0.2 million of general revenue turnover savings.*

**Dodd-Frank Appraisal Registration.** The Department requested \$48,000 from new restricted receipts to pass fees through to the Federal Reserve in compliance with the Dodd-Frank Wall Street Reform Act. The Assembly enacted 2017-H 5620 to provide the Department authority to develop and implement registration requirements for appraisal management companies in connection with the valuation of collateralizing or securitization of mortgages and mortgage loans, as required under federal law. It should be noted that the legislation did not authorize a restricted receipt account, and authorization had not been requested.

The registration process has distinct fees for registration companies and for individual appraisers who have performed an appraisal during the covered period. The Department reports that a portion of registration fees are retained by the state, and the individual appraiser fees are paid to the Appraisal Subcommittee of the Federal Reserve; this account is required to facilitate that expense. The associated revenue to the state is estimated at \$20,000, which the Department reports is a best estimate of anticipated FY 2019 collections based on the practice in other states.

*The Governor recommended funding as requested and includes language in Article 2 of 2019-H 5151 to authorize the restricted receipt account. The Assembly concurred.*

**Other Personnel and Operations.** The Department requested \$11,855 more than enacted from all funds, including \$14,088 more from general revenues and \$2,233 less from restricted receipts for all other expenses. The general revenue request includes \$4,088 more for staffing to upgrade a currently filled Licensing Aide to an Assistant Administrative Officer. It also includes \$10,000 more for operational expenses to reflect underbudgeted expenditures. Expenditures were \$11,863 for FY 2018, and \$12,986 for FY 2017, for which \$2,000 was appropriated. The restricted receipt request includes \$27,233 less for reimbursable staffing costs, but erroneously includes \$25,000 for expenditures included in the enacted budget.

*The Governor recommended \$87,292 less than enacted for all other expenses, including \$60,059 less from general revenues. The general revenue recommendation does not include the funding requested, but does reflect reductions of \$12,759 from statewide benefit savings, \$21,358 of statewide turnover savings and \$25,942 from three initiatives designed to produce operating savings. The restricted receipt recommendation also reduces reimbursable staffing expenditures by \$27,233, as requested. The Assembly concurred, and included an additional \$0.1 million of general revenue turnover savings.*

## Executive Office of Commerce

|                                       | FY 2018<br>Reported  | FY 2019<br>Enacted   | FY 2019<br>Revised   | FY 2019<br>Final     |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Expenditures by Program</b>        |                      |                      |                      |                      |
| Executive Office of Commerce          | \$ 795,704           | \$ 839,457           | \$ 885,561           | \$ 885,561           |
| Housing & Community Development       | 15,478,827           | 20,122,981           | 21,598,471           | 18,098,471           |
| Quasi-Public Appropriations           | 13,631,322           | 19,086,714           | 19,999,012           | 19,551,714           |
| Commerce Programs                     | 1,300,000            | 2,100,000            | 2,100,000            | 2,100,000            |
| Economic Development Initiative Funds | 17,800,000           | 14,300,000           | 14,300,000           | 14,300,000           |
| <b>Total</b>                          | <b>\$ 49,005,853</b> | <b>\$ 56,449,152</b> | <b>\$ 58,883,044</b> | <b>\$ 54,935,746</b> |
| <b>Expenditures by Category</b>       |                      |                      |                      |                      |
| Salaries and Benefits                 | \$ 1,812,455         | \$ 1,828,367         | \$ 1,906,035         | \$ 1,906,035         |
| Contracted Services                   | 51                   | -                    | -                    | -                    |
| <b>Subtotal</b>                       | <b>\$ 1,812,506</b>  | <b>\$ 1,828,367</b>  | <b>\$ 1,906,035</b>  | <b>\$ 1,906,035</b>  |
| Other State Operations                | 466,809              | 510,910              | 416,172              | 416,172              |
| Assistance, Grants, and Benefits      | 14,057,316           | 19,659,911           | 21,198,575           | 17,698,575           |
| Capital                               | 2,900                | 6,963,250            | 7,875,548            | 7,428,250            |
| Capital Debt Service                  | -                    | -                    | -                    | -                    |
| Operating Transfers                   | 32,666,322           | 27,486,714           | 27,486,714           | 27,486,714           |
| <b>Total</b>                          | <b>\$ 49,005,853</b> | <b>\$ 56,449,152</b> | <b>\$ 58,883,044</b> | <b>\$ 54,935,746</b> |
| <b>Sources of Funds</b>               |                      |                      |                      |                      |
| General Revenue                       | \$ 32,403,452        | \$ 30,289,375        | \$ 30,226,612        | \$ 30,226,612        |
| Federal Aid                           | 7,839,006            | 14,445,458           | 16,029,815           | 12,529,815           |
| Restricted Receipts                   | 6,662,699            | 4,754,319            | 4,754,319            | 4,754,319            |
| Other                                 | 2,100,696            | 6,960,000            | 7,872,298            | 7,425,000            |
| <b>Total</b>                          | <b>\$ 49,005,853</b> | <b>\$ 56,449,152</b> | <b>\$ 58,883,044</b> | <b>\$ 54,935,746</b> |
| <b>FTE Authorization</b>              |                      | <b>16.0</b>          |                      | <b>16.0</b>          |
| <b>FTE Average</b>                    |                      | <b>13.7</b>          |                      | <b>16.0</b>          |

**FY 2019 Revised Request.** The Executive Office of Commerce requested \$1.8 million more than enacted and one new position. This includes \$0.3 million more from general revenues and \$1.5 million more from federal funds.

*The Governor recommended \$2.4 million more than enacted, including \$62,763 less from general revenues. This includes \$0.1 million of statewide general revenue savings, noted below where appropriate.*

**The Assembly provided \$3.9 million less than recommended from all funds, including \$3.5 million less from federal funds, and \$0.4 million less from Rhode Island Capital Plan funds.**

**Centralized Services.** The Executive Office requested the enacted amount of \$0.3 million from general revenues for its share of centralized services. This request includes \$0.3 million for facilities management, \$23,985 for human resources, and \$21,570 for information technology 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. The state uses internal service funds to reimburse one agency for services provided to another. The request is \$19,988 more than actual FY 2018 expenditures, including \$9,566 more for facilities management, \$2,475 more for human resources, and \$2,947 more for information technology support.

*The Governor recommended \$0.1 million less than enacted, reflecting facilities management savings offset by increased costs for information technology services based on billings through November and December. The Assembly concurred.*

**Small Business Ombudsman.** The Office requested \$145,970 more than enacted from general revenues to fund the cost allocation for the Small Business Ombudsman which is assumed to be paid from Commerce Corporation resources in the enacted budget. The 2018 Assembly concurred with the Governor's recommendation to allocate the cost for the Office of Regulatory Reform's Small Business Ombudsman to the Commerce Corporation, though the position authorization remains with the Department of Administration. The Executive Office now requests funding to cover the cost allocation, effectively lowering Corporation expenses.

*The Governor's recommendation excludes this funding. For FY 2020, the recommended budget includes an initiative which shifts the authorization for this position to the Department of Business Regulation; however, the Governor's revised budget still assumes the position will be funded by the Commerce Corporation.*

**The Assembly concurred with the exclusion of funds. It authorized the transfer of the position to the Department of Business Regulation for FY 2020 and shifted \$0.2 million from the Commerce Corporation to the Department to align the position funding and authorization.**

**Executive Office Staffing and Operations.** The Office requested \$40,127 more than enacted from general revenues for salaries and benefits including an increase for the allocation of expenses for the financial services position shared with the Office of Housing and Community Development. The enacted budget assumes a cost allocation of 25.0 percent; the revised request increases that to 38.0 percent. The Executive Office reported this is consistent with current staffing, based on FY 2018 actual personnel expenditures, and included step increases for other employees. The 2018 Assembly eliminated one vacancy and removed funding for another for a total of \$0.4 million of turnover savings. The request also includes 5.0 positions, 1.0 position more than the authorized level; it restores the eliminated vacancy, but does not include funding.

*The Governor recommended \$38,752 more than enacted from general revenues, including statewide benefit savings. The recommendation reflects support for the Executive Office's current staffing, and includes \$3,337 of potential savings from a statewide initiative to reduce the cost of certain commodities. The Assembly concurred.*

**Neighborhood Stabilization Grant.** The revised request includes \$1.0 million more than enacted from federal funds to use for federal Neighborhood Stabilization Program eligible activities. The Neighborhood Stabilization Program provided emergency assistance to state and local governments to mitigate abandonment and blight by purchasing foreclosed or abandoned homes to rehabilitate, resell, or redevelop in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The program is authorized under Title III of the Housing and Economic Recovery Act of 2008. *The Governor recommended funding as requested. The Assembly concurred.*

**Housing Opportunities for Persons with AIDS.** The Office requested \$0.6 million more than enacted from federal funds to reflect the transfer of the administration of federal Housing Opportunities for Persons

with AIDS grant from Rhode Island Housing to the Office of Housing and Community Development to consolidate the homelessness and supportive housing initiatives within the state at the Office. The Office reported it intended to maintain the support for existing program recipients until the state is able to implement a competitive application process with the intent of assuring the most effective and efficient use of funding.

Housing for Persons with AIDS is the only federal program dedicated to the housing needs of low-income people living with HIV and AIDS. An essential component to providing housing assistance for this population is the coordination and delivery of support services. As such, these funds may also be used for services including but not limited to assessment and case management, substance abuse treatment, mental health treatment, nutritional services, job training and placement assistance. *The Governor recommended funding as requested. The Assembly concurred.*

**Housing and Community Development Staffing and Operations.** The Office requested \$57,559 more than enacted, including \$127,027 more from general revenues and \$69,468 less from federal funds, for salaries and benefits associated with the Office of Housing and Community Development. The enacted budget assumes 11.8 positions within the Office; the partial position reflects an allocation of the shared financial administrator to the Executive Office. The position shared with the Executive Office is apportioned in a way that shifts more costs to that Office. The Office reported that the request represents existing staffing levels and actual allocation of time spent on state and federal assignments and the state match for the Community Development Block Grants. This includes the equivalent of 0.9 positions shifted from federal funds to general revenues.

The Office's FY 2018 staffing expenditures were \$0.1 million less than enacted, including \$73,201 more from general revenues and \$179,431 less from federal funds, reportedly due to misaligned assumptions in the time allocated between federal and state activities and expenses for the oversight of federal programs by the Office's Chief which exceeded the allowable administrative amount. The revised request attempts to address this issue. The Office has maintained three vacancies through November 2018.

*The Governor recommended \$35,201 more than enacted, including \$10,492 less from general revenues to reflect statewide personnel and operating savings, offset by \$45,693 in additional staffing support from two federal grant sources. The recommendation assumes that anticipated staffing changes will allow for the current distribution of fund sources to be adequate. The Assembly provided \$3.5 million less from federal funds to reflect anticipated Community Development Block Grant expenditures through the end of FY 2019.*

**Capital Projects.** The Office requested the enacted amount from Rhode Island Capital Plan funds, including \$4.0 million for the Quonset Point infrastructure improvements including increasing roadway crossing capacity and utility relocation for additional future development of heavier shipping weights, construction of a new pier and dredging a new approach to that pier; \$2.7 million to the Quonset Development Corporation to refurbish and build an extension on Pier 2 at the Port of Davisville; and \$0.3 million for the I-195 Commission. This request is \$0.5 million less than the Office's capital request for the Quonset Business Park improvements and \$0.1 million less than the I-195 Commission.

*The Governor recommended \$0.9 million more than enacted. The recommendation includes \$0.8 million more for the Pier 2 project at the Port of Davisville. It also includes \$125,000 more for the I-195 Redevelopment Commission, essentially consistent with its capital request. The Governor also proposed the Quonset Development Corporation transfer \$2.0 million to the state by June 30, 2019.*

**The Assembly provided \$0.4 million less from Rhode Island Capital plan funds to reflect a correction to overstated project costs for the Pier 2 project, and concurred with the remainder of the funding request. It did not concur with the Governor's proposed transfer of funds in FY 2019, but did require**

**the transfer of \$1.2 million in FY 2020. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

## Department of Labor and Training

|                                  | FY 2018<br>Reported   | FY 2019<br>Enacted    | FY 2019<br>Revised    | FY 2019<br>Final      |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenditures by Program</b>   |                       |                       |                       |                       |
| Central Management               | \$ 5,248,495          | \$ 2,149,403          | \$ 1,042,673          | \$ 1,042,673          |
| Workforce Development Services   | 43,296,141            | 55,264,995            | 54,834,285            | 54,505,274            |
| Workforce Regulation and Safety  | 2,898,194             | 3,110,964             | 4,375,857             | 4,375,857             |
| Income Support                   | 364,573,679           | 388,318,417           | 375,451,052           | 376,951,052           |
| Injured Workers Services         | 9,062,835             | 8,956,311             | 10,102,413            | 10,102,413            |
| Labor Relations Board            | 415,829               | 414,147               | 471,970               | 471,970               |
| <b>Total</b>                     | <b>\$ 425,495,173</b> | <b>\$ 458,214,237</b> | <b>\$ 446,278,250</b> | <b>\$ 447,449,239</b> |
| <b>Expenditures by Category</b>  |                       |                       |                       |                       |
| Salaries and Benefits            | \$ 40,107,321         | \$ 42,375,744         | \$ 41,298,746         | \$ 42,469,735         |
| Contracted Services              | 4,329,295             | 4,920,844             | 4,888,939             | 4,888,939             |
| <b>Subtotal</b>                  | <b>\$ 44,436,616</b>  | <b>\$ 47,296,588</b>  | <b>\$ 46,187,685</b>  | <b>\$ 47,358,674</b>  |
| Other State Operations           | 12,164,585            | 12,809,194            | 13,609,373            | 13,609,373            |
| Aid to Local Units of Government | -                     | -                     | -                     | -                     |
| Assistance, Grants, and Benefits | 360,967,874           | 390,122,882           | 378,446,630           | 378,446,630           |
| Capital                          | 480,159               | 1,376,312             | 160,301               | 160,301               |
| Capital Debt Service             | -                     | -                     | -                     | -                     |
| Operating Transfers              | 7,445,939             | 6,609,261             | 7,874,261             | 7,874,261             |
| <b>Total</b>                     | <b>\$ 425,495,173</b> | <b>\$ 458,214,237</b> | <b>\$ 446,278,250</b> | <b>\$ 447,449,239</b> |
| <b>Sources of Funds</b>          |                       |                       |                       |                       |
| General Revenue                  | \$ 12,876,538         | \$ 14,464,955         | \$ 15,848,041         | \$ 15,848,041         |
| Federal Aid                      | 37,929,706            | 40,753,823            | 45,437,758            | 45,302,995            |
| Restricted Receipts              | 29,479,708            | 38,975,091            | 30,272,325            | 31,578,077            |
| Other                            | 345,209,221           | 364,020,368           | 354,720,126           | 354,720,126           |
| <b>Total</b>                     | <b>\$ 425,495,173</b> | <b>\$ 458,214,237</b> | <b>\$ 446,278,250</b> | <b>\$ 447,449,239</b> |
| <b>FTE Authorization</b>         | <b>428.7</b>          | <b>409.7</b>          | <b>409.7</b>          | <b>409.7</b>          |
| <b>FTE Average</b>               | <b>401.5</b>          |                       |                       |                       |

**FY 2019 Revised Request.** The Department requested \$9.6 million less than enacted including \$2.6 million more from general revenues, \$4.6 million more from federal funds, \$8.7 million less from restricted receipts, and \$8.2 million less from other funds. *The Governor recommended \$2.3 million less than requested from all funds, which includes \$1.2 million less from general revenues. The general revenue recommendation includes statewide adjustments totaling \$95,906, noted below where appropriate. The Assembly provided \$1.2 million more than recommended from all sources.*

**Staffing.** The Department requested \$0.1 million more than enacted from all sources for staffing costs in its FY 2019 revised request. By source, this includes \$2.4 million more from general revenues, \$2.0 million less from federal funds, \$1.2 million more from restricted receipts, and \$1.4 million less from other funds. The enacted budget contains funding for approximately 395.7 full-time equivalent positions. The request reflects funding for approximately 396.7 positions, or 1.0 more than the enacted level. The Department

had 18.0 employees opt to retire through the voluntary retirement incentive program; however, none of the savings was budgeted to carry into FY 2019. The Department had 386.6 filled full-time equivalent positions as of the pay period ending November 24, 2018. The revised request also reflects staff allocation changes which are discussed in more detail in the items below.

The Department's revised request reflects additional general revenue support for both the income support and workforce regulation and safety programs. The Department's spending commitment for the administration of unemployment has been greater than available federal funds for several years; the Department was offsetting the costs to other fund sources. As federal resources for the administration of unemployment have continued to decrease, the Department has not reduced spending. During FY 2017, the Department attempted to repurpose \$2.0 million of funding from the employment security trust fund for administrative purposes under Reed Act provisions but was denied by the United States Department of Labor. Without the repurposed funding and with other departmental sources budgeted for other purposes, the unemployment administration overspent FY 2017 by \$1.8 million. This overspending was not assigned to available general revenues at the time as the State Controller was told there would be funds to cover the overspending and booked a receivable. The spending pattern continued into FY 2018. At the end of the fiscal year, the Controller used \$3.7 million from general revenues to cover the gap in funding. For FY 2019, the over-commitment is still present for the first quarter based on actual receipts against expenditures.

*The Governor recommended \$1.2 million less than requested from general revenues for staffing costs. The recommendation provided sufficient funding for the workforce regulation and safety program but not for the income support program. Requested general revenue funding for income support would have supported approximately 12 current positions. The Department will likely have to reduce staffing or spending in other areas to remain within the recommended appropriation. The Assembly provided \$1.2 million more than recommended from all sources including \$1.5 million from general revenues. The increase to general revenues provides support for the projected overspending in income support identified in the Department's third quarter report and is offset by a reduction of \$0.3 million from federal funds and restricted receipts to reflect the removal of funding associated with the development of separate grant and audit units.*

**Work Immersion/Non-Trade Apprenticeship Program.** The Department requested the enacted level of \$0.7 million from general revenues for the work immersion/non-trade apprenticeship program, which was underspent by \$0.1 million in FY 2018. The program provides students, recent college graduates, and unemployed adults with meaningful work experience, and assists employers by training individuals for potential employment. Of the final appropriation of \$748,334 for FY 2018, \$640,921 was spent on the program, which is \$63,596 less than the enacted level for FY 2019. *The Governor recommended funding as requested. The Assembly concurred.*

**Real Jobs Rhode Island.** The Department requested \$5.9 million more than enacted from federal funds for the Real Jobs Rhode Island program. Funding includes \$0.1 million less from sector partnership emergency grant funds, \$2.9 million more from the America's Promise grant carried forward from FY 2018, \$0.5 million from a new opioid grant, and \$2.6 million from a new economic transition grant. The additional funds will be used to continue supporting partnerships and supplement \$5.5 million from general revenues and \$3.0 million from Governor's Workforce Board restricted receipts. These restricted receipts are the expected additional funding generated for FY 2019 by the tax assessment alteration contained in Article 11 of 2018-H 7200, Substitute A, as amended, which amends the Job Development Fund to allow a portion of the fund to support employment security and employment services as a one-time occurrence for tax year 2019. This will provide approximately \$6.7 million in additional restricted receipts for use by the Department for the Real Jobs program over FY 2019 and FY 2020. *The Governor recommended funding as requested. The Assembly reduced general revenue funding by \$1.5 million and increased restricted receipts by the same amount in order to provide general revenue support for the projected overspending in income support for which no additional funding was recommended by the Governor.*

**Grant Unit (3.0 FTE).** The Department requested \$0.2 million from federal funds and Governor's Workforce Board restricted receipts to repurpose 3.0 vacant positions within its enacted authorization into a grant unit. The grant unit would consist of 2.0 principal auditors and 1.0 financial management assistant administrator. The Department indicated that the concept is still being developed, but did explain these positions would function under the Governor's Workforce Board and assist grant applicants in a pre-audit role, ensuring submissions are accurate. Funding reflects that these positions would be hired by January. These positions are also included in the Department's FY 2020 request. *The Governor recommended funding as requested. As of February 2019, the positions had not yet been hired and the concept was still under development. The Assembly did not concur and removed funding for these positions.*

**Audit Unit (3.0 FTE).** The Department requested \$0.2 million from federal funds and Governor's Workforce Board restricted receipts to repurpose 3.0 vacant positions within its enacted authorization into an audit unit. The audit unit would consist of 2.0 principal auditors and 1.0 financial management administrator. Funding reflects these positions would be hired by January. These positions are also included in the Department's FY 2020 request. *The Governor recommended funding as requested. As of February 2019, the positions had not yet been hired and the concept was still under development. The Assembly did not concur and removed funding for these positions.*

**Governor's Workforce Board Staffing.** The Department requested \$0.4 million more than enacted from Governor's Workforce Board restricted receipts for staffing the Board. The Board receives funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax; this funding can be used for staff, grants, and operations. The Department's request reflects a reallocation of employees among programs. The enacted budget would fund approximately 15.2 positions while the request would fund 18.8 positions. This indicates funding an additional 3.6 positions above the enacted level. *The Governor recommended funding as requested; the recommendation did not include any savings to account for statewide adjustments. The Assembly concurred.*

**Governor's Workforce Board Operations.** The Department requested \$11.0 million less than enacted from restricted receipts to continue supporting workforce development grant awards and employment and training initiatives through the Governor's Workforce Board. The Board receives funding from the Job Development Fund, a 0.21 percent assessment of the employer's payroll tax. The assessment is estimated to generate approximately \$15.5 million for the Board's use. The balance is distributed for workforce development activities, including adult education and requested grant expenditures. The decrease reflects available resources; the enacted budget includes the Department's request which was overstated.

It should also be noted that the Department indicated it unintentionally excluded \$0.5 million from the request to reflect funding for New Skills for Youth. In January 2017, Rhode Island received a grant to implement PrepareRI to ensure students have skills needed for jobs. The Department of Elementary and Secondary Education is the fiscal agent of this grant and the Board receives a portion of the funds for PrepareRI activities. The intent is to show expenditures where they will be incurred as actual spending from FY 2018 included \$0.1 million in spending in the Department of Labor and Training's budget.

*The Governor included the \$0.5 million that was unintentionally excluded and concurred with the remainder of the request. No funding is recommended for FY 2020 for New Skills for Youth. The Governor subsequently requested an amendment to increase restricted receipt expenditures by \$6.1 million to reflect the anticipated additional revenue for the period ending June 30, 2019. This reflects a new method of budgeting receipts going forward. The Assembly concurred with the original recommendation, which is closer to anticipated expenses.*

**Opioid Grant.** The Department requested total expenditures of \$1.4 million from a new federal national health emergency opioid crisis grant over FY 2019 and FY 2020. Requested expenditures include \$0.7 million in both FY 2019 and FY 2020. The grant period is from July 1, 2018 through June 30, 2020. This

grant supports employment and training activities and is intended to temporarily expand the service capacity of the state or area to serve dislocated workers, including military service members, and to meet increased demand for Workforce Innovation and Opportunity Act employment and training services caused by major dislocations. In addition to providing employment and training services, this grant also can be used to provide some supportive services to eligible participants. *The Governor recommended funding as requested. The Assembly concurred.*

**Trade Readjustment Act.** The Department requested \$0.6 million less than enacted from federal funds for trade readjustment assistance programs to reflect FY 2018 spending. The main objective of the Trade Readjustment Assistance Act is to provide support to qualified workers adversely affected by foreign trade and assist them to obtain suitable employment. The program provides testing, counseling, and job placement services; job search and relocation assistance; training; and payment of weekly trade readjustment allowances. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Workforce Development Grants.** The Department requested \$2.1 million more than enacted from federal funds for all other workforce development grants. These increases largely reflect unspent funds from FY 2018. This includes \$2.3 million more for Workforce Innovation and Opportunity Act programs to support employment initiatives oriented towards the youth, adults, and dislocated workers offset by a number of smaller increases to other grants. Although demand for such services has increased, the Department repeatedly requests the total amount it anticipates having available, but spends significantly less. It often budgets the entire grant awards to specific grantees, even though the grant is anticipated to span two or more fiscal years. *The Governor recommended funding as requested. The Assembly concurred.*

**Unemployment Benefits.** The Department requested \$4.7 million less than enacted from other funds for unemployment insurance benefits. This includes \$0.4 million less for benefit payments to federal and veteran employees, \$2.0 million more for benefit payments to other states, and \$6.3 million less for traditional benefit payments. While there have been both fewer individuals collecting benefits overall and lower total benefit payments per individual, primarily from individuals finding employment before exhausting their 26 weeks of benefits, the Department indicated the request is based on projected need. *The Governor recommended funding as requested. The Assembly concurred.*

**Unemployment Administration Staffing.** The Department requested \$0.4 million less than enacted from all funds for the salaries and benefits for the administration of the unemployment insurance program. By source, this includes a new request for \$1.3 million from general revenues, \$1.9 million less from federal funds, and \$0.2 million more from restricted receipts, including funding from the Job Development Fund and the Tardy and Interest funds. The enacted budget contains funding for approximately 125.4 full-time equivalent positions; the request would fund 121.7 positions, or 3.7 fewer positions than enacted. The enacted budget also included a staff work-sharing plan to attempt to defray costs in unemployment insurance. This plan appears to be removed in the request, with general revenues being used to maintain its current level of staffing. As discussed earlier, the request for general revenues is to cover the gap between spending commitments and available federal resources. As federal resources for the administration of unemployment have continued to decrease with the unemployment rate, the Department has not reduced spending.

*The Governor did not recommend the new general revenues and inadvertently included \$17,319 in statewide savings from that source. The remainder of the request is funded as requested but did not include any savings from other sources to account for statewide adjustments. The recommendation reduces expenses by \$1.7 million to reflect the availability of federal awards. The current level of staffing in the program still appears to exceed available and recommended resources as the program spent \$13.5 million on staff in FY 2018. The Assembly provided an additional \$1.5 million from general revenues to support the administration of unemployment based on information identified in the Department's third quarter*

**report for FY 2019. To avoid having an unbudgeted expense be charged to general revenues at the close of the fiscal year as was the case at the end of FY 2018, the Assembly funded the overspend with a reduction in state support for the Real Jobs program which has multiple, flexible funding sources.**

**Unemployment Administration Operations.** The Department requested \$0.1 million more than enacted for the operations of the administration of the unemployment program. This includes \$20,482 more from federal funds and \$0.1 million more from restricted receipts. The request reflects an effort to align spending with actuals from FY 2018 for legal services and information technology costs. *The Governor recommended funding as requested. The Assembly concurred.*

**Unemployment Information Technology System.** The Department requested \$1.6 million more than enacted from federal funds for expenses related to the replacement of the unemployment benefit and tax system. The increase reflects funds carried forward from FY 2018. Rhode Island joined into a consortium with Maine and Mississippi to develop new automated unemployment insurance tax and benefit systems, based on Mississippi's systems. On December 3, 2018, the Department indicated that the benefit system is on hold as the source funding for state staff to work on the project expired and consortium members have not been able to agree to terms where the Department can use other consortium related funds, currently controlled by Mississippi, to continue to work on development. It was previously scheduled to go live in March 2019. The majority of funding requested is for payments to Mississippi for services associated with the development of the system. *The Governor recommended funding as requested. The Assembly concurred.*

**Temporary Disability Insurance Benefits.** The Department requested \$2.6 million less than enacted from the Temporary Disability Insurance Fund for benefit payments that protect eligible workers against wage loss resulting from a non-work related illness or injury. Requested benefits are \$3.4 million more than FY 2018 expenditures. The Department is projecting higher benefit levels because benefits have been steadily increasing each year since a low of \$156.8 million during the great recession. *The Governor recommended funding as requested. The Assembly concurred.*

**Temporary Disability Insurance Administration Staffing.** The Department requested \$1.8 million less than enacted from the Temporary Disability Insurance Fund for staffing costs of the administration of Temporary Disability Insurance. The enacted budget funds approximately 69.5 full-time equivalent positions; the request would fund 52.6 positions. The enacted budget includes a plan to attempt to defray costs in the administration of unemployment insurance by shifting \$1.0 million in expected staffing costs that would otherwise be paid out of federal unemployment funds to Temporary Disability and Temporary Caregiver sources through a cross-training plan. This plan did not come to fruition and appears to be removed in the request. *The Governor recommended funding as requested; the recommendation did not include any savings to account for statewide adjustments. The Assembly concurred.*

**Temporary Disability Insurance Administration Operations.** The Department requested \$0.5 million less than enacted from the Temporary Disability Insurance Fund for remaining administrative expenses of the program. The largest decrease, \$0.3 million, is the result of the removal of an operating transfer which double counted funding for centralized services. This is removed in the Department's FY 2020 request as well. The remaining decrease of \$0.2 million reflects an effort to align expenditures with actuals from FY 2018 for the program. *The Governor recommended funding as requested. The Assembly concurred.*

**Temporary Caregiver Benefits.** The Department requested \$0.2 million more than enacted from the Temporary Disability Insurance Fund for benefits for the temporary caregiver insurance program. The FY 2019 revised request is \$1.3 million more than FY 2018 expenditures and based on the Department's updated projection for the program. It should be noted that during FY 2018, expenditures exceeded projections by \$0.4 million. The program began on January 1, 2014, and allows eligible claimants up to four weeks of benefits to care for a seriously ill child, spouse, domestic partner, parent, parent-in-law or

grandparent, or to bond with a newborn child, new adopted child or new foster care child. *The Governor recommended funding as requested. The Assembly concurred.*

**Temporary Caregiver Administration Staffing.** The Department requested \$0.3 million more than enacted from the Temporary Disability Insurance Fund for staffing expenses of the temporary caregiver program. The enacted budget includes a plan to attempt to defray costs in the administration of unemployment insurance by shifting \$1.0 million in expected staffing costs that would otherwise be paid out of federal unemployment funds to Temporary Disability and Temporary Caregiver sources through a cross-training plan. This plan did not come to fruition and appears to be removed in the request. While the work-sharing program is removed, it appears that the Department is shifting staff from temporary disability to the temporary caregiver program. The enacted budget funds approximately 8.2 full-time equivalent positions; the request would fund 11.0 positions. *The Governor recommended funding as requested and did not include any savings to account for statewide adjustments. The Assembly concurred.*

**Temporary Caregiver Administration Operations.** The Department requested \$0.3 million less than enacted from the Temporary Disability Insurance Fund for the operations of the administration of the temporary caregiver program. The largest decrease, \$0.3 million, is the result of the removal of an operating transfer which double counted funding for centralized services. The decrease is offset by an increase of \$20,409 which reflects an effort to align expenditures with FY 2018 actuals. *The Governor recommended funding as requested. The Assembly concurred.*

**Workers' Compensation Staffing.** The Department requested \$0.4 million more than enacted from workers' compensation restricted receipts for the staffing costs of the workers' compensation program. The enacted budget contains funding for 45.9 full-time equivalent positions. The request reflects funding for 49.4 positions. The Department appears to be requesting to fill approximately 3.5 unfunded vacancies that have been shifted to this program as part of the Department's reorganization of employee allocations. For FY 2018, the Department spent \$4.4 million on staffing the program. The request would allow the Department to fund approximately 7.9 positions more than FY 2018. It is not clear what needs the additional staffing would meet. *The Governor recommended funding as requested; the recommendation did not include any savings to account for statewide adjustments. The Assembly concurred.*

**Workers' Compensation Operations.** The Department requested \$0.2 million less than enacted from workers' compensation restricted receipts for benefits through and operations of the workers' compensation program. This includes \$0.3 million less from benefits from the second injury fund to reflect actuals from FY 2018 offset by an increase of \$0.1 million for the injured workers incentive benefit, as the enacted budget excludes funding for this benefit. The decreases to benefits are offset by minor adjustments to other items in the program, such as increasing funding for medical services provided to clients. *The Governor recommended funding as requested. The Assembly concurred.*

**Police and Fire Relief Fund.** The Department requested \$11,778 less than enacted from general revenues for the police and fire relief funds, which pay benefits to surviving spouses of deceased police and firefighters and education benefits for spouses and children of deceased or disabled officers and firefighters, as well as disabled workers, based on projected expenditures. This consists of \$4,914 more for the firemen's relief fund and \$16,692 less for the policemen's relief fund. By benefit type, it is \$6,143 less for pension payments and \$5,478 less for scholarships. *The Governor recommended funding as requested and included \$350 in savings based on two statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

**Workforce Regulation and Safety Staffing.** The Department requested \$1.1 million more than enacted from general revenues for staffing costs of the workforce regulation and safety division. During FY 2018, the Department used \$0.9 million from restricted receipts budgeted for unemployment to support this program instead, overspending by \$0.7 million, equivalent to approximately 6.0 positions. Those funds are

again budgeted to support unemployment in the enacted budget. As part of its request for FY 2019, the Department sought additional funding for this program but the Governor did not recommend it and the Assembly concurred. The Department sought general revenues to maintain its FY 2018 staffing level in this program; but, it also requested funding equivalent to filling an additional 4.5 full-time equivalent positions. The enacted general revenues fund approximately 23.3 positions; the request funds approximately 32.7 positions, or an additional 9.4 full-time equivalent positions from general revenues. *The Governor recommended \$0.1 million more than requested from general revenues. The recommendation includes reductions of \$34,995 to reflect statewide benefit adjustments and \$16,836 to account for the distribution of statewide turnover savings. The Assembly concurred.*

**Other Salaries and Benefits (-6.0 FTE).** The Department requested \$0.2 million less than enacted from all sources for salaries and benefits of the Department's remaining programs including central management, the police and fire relief program, the labor relations board, and workforce development services. The request also shifts 6.0 unfunded positions to staff the grant and audit units described earlier. This includes \$1,946 less from general revenues, \$0.3 million less from federal funds, and \$0.1 million more from other funds. The enacted budget contains funding for approximately 105.8 positions; the revised request would fund approximately 104.0 positions. *The Governor recommended funding as requested and included \$6,897 in savings from general revenues. The reduction to general revenues represents statewide benefit adjustments of \$3,658 and \$3,239 to account for the distribution of statewide turnover savings. The recommendation did not include any savings to account for statewide adjustments from other sources. The Assembly concurred.*

**Other Operations.** The Department requested \$22,072 more than enacted from all sources for all other expenses. This includes \$46,476 more from general revenues and \$24,404 less from other funds. The increase to general revenues as well as the decrease to other funds reflects adjustments to bring the appropriation in line with actual spending from FY 2018. *The Governor recommended \$46,440 less than requested from general revenues. This includes \$19,509 less based on three statewide savings initiatives designed to reduce operating costs and \$26,931 less for computer supplies. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. For the Department's share of centralized services, the request includes \$2.4 million for facilities management, which is \$0.2 million less than enacted, \$0.7 million for human resources, which is \$49,642 more than enacted, and \$2.5 million for information technology services, which is \$0.8 million less than enacted. By source, this includes \$0.2 million more from general revenues, \$3.2 million less from federal funds, \$1.2 million more from restricted receipts, and \$0.9 million less from other funds. The request reflects actual charges from FY 2018. The Budget Office instructed agencies to request the enacted level. *The Governor recommended \$0.1 million more than requested from all sources, which includes \$27,480 more from general revenues, based on actual billings as of November and December and the renewal cost of Microsoft 365. The Assembly concurred.*

**Capital Projects.** Consistent with the capital budget request, the Department requested \$0.4 million more than enacted from Rhode Island Capital Plan funds for the Center General Asset Protection project. The project is comprised of thirteen different asset protection projects for the Center General Complex in Cranston and the Arrigan Rehabilitation Center in Providence. *The Governor recommended to shift this project to the Division of Capital Asset Management and Maintenance within the Department of Administration. The Assembly concurred. A detailed analysis of the projects is included in the Capital Budget section of this publication.*



## Department of Revenue

|                                  | FY 2018<br>Reported   | FY 2019<br>Enacted    | FY 2019<br>Revised    | FY 2019<br>Final      |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenditures by Program</b>   |                       |                       |                       |                       |
| Office of Director               | \$ 1,951,952          | \$ 2,122,802          | \$ 2,094,514          | \$ 2,094,514          |
| Office of Revenue Analysis       | 359,303,285           | 400,184,045           | 775,389               | 775,389               |
| Lottery Division                 | 732,772               | 905,219               | 419,460,456           | 419,460,456           |
| Division of Municipal Finance    | 2,646,594             | 2,815,457             | 2,720,551             | 2,478,637             |
| Taxation                         | 28,155,797            | 30,908,426            | 32,271,612            | 31,171,318            |
| Registry of Motor Vehicles       | 25,980,891            | 30,720,355            | 27,493,201            | 27,277,536            |
| State Aid                        | 93,823,871            | 115,775,457           | 117,309,015           | 117,309,015           |
| Collections                      | -                     | 601,755               | 575,908               | 448,781               |
| <b>Total</b>                     | <b>\$ 512,595,162</b> | <b>\$ 584,033,516</b> | <b>\$ 602,700,646</b> | <b>\$ 601,015,646</b> |
| <b>Expenditures by Category</b>  |                       |                       |                       |                       |
| Salaries and Benefits            | \$ 50,394,065         | \$ 57,715,431         | \$ 57,460,849         | \$ 55,775,849         |
| Contracted Services              | 3,493,797             | 7,587,560             | 5,091,650             | 5,091,650             |
| <b>Subtotal</b>                  | <b>\$ 53,887,862</b>  | <b>\$ 65,302,991</b>  | <b>\$ 62,552,499</b>  | <b>\$ 60,867,499</b>  |
| Other State Operations           | 363,439,923           | 401,043,959           | 421,161,800           | 421,161,800           |
| Aid to Local Units of Government | 93,812,421            | 115,843,053           | 117,376,611           | 117,376,611           |
| Assistance, Grants, and Benefits | 1,095,182             | 1,017,645             | 1,079,108             | 1,079,108             |
| Capital                          | 303,693               | 755,670               | 460,430               | 460,430               |
| Operating Transfers              | 56,081                | 70,198                | 70,198                | 70,198                |
| <b>Total</b>                     | <b>\$ 512,595,162</b> | <b>\$ 584,033,516</b> | <b>\$ 602,700,646</b> | <b>\$ 601,015,646</b> |
| <b>Sources of Funds</b>          |                       |                       |                       |                       |
| General Revenue                  | \$ 148,430,069        | \$ 178,831,507        | \$ 178,266,494        | \$ 176,581,494        |
| Federal Aid                      | 1,640,043             | 2,109,465             | 1,925,417             | 1,925,417             |
| Restricted Receipts              | 2,089,078             | 2,064,187             | 1,875,472             | 1,875,472             |
| Other                            | 360,435,972           | 401,028,357           | 420,633,263           | 420,633,263           |
| <b>Total</b>                     | <b>\$ 512,595,162</b> | <b>\$ 584,033,516</b> | <b>\$ 602,700,646</b> | <b>\$ 601,015,646</b> |
| <b>FTE Authorization</b>         | <b>529.5</b>          | <b>604.5</b>          | <b>604.5</b>          | <b>604.5</b>          |
| <b>FTE Average</b>               | <b>506.3</b>          |                       |                       |                       |

**FY 2019 Revised Request.** The Department of Revenue requested \$20.1 million more than enacted from all sources for FY 2019. This includes \$0.9 million more from general revenues, \$0.2 million less from federal funds, \$0.2 million less from restricted receipts, and \$19.6 million more from other sources, the majority of which are Lottery funds. *The Governor recommended \$602.7 million from all sources, \$18.7 million more than enacted, including \$0.6 million less from general revenues. This includes \$2.3 million of statewide savings, noted below where appropriate.*

**The Assembly provided \$1.7 million less than recommended from general revenues and concurred with the remainder of the recommendation.**

**Centralized Services.** The Department requested the enacted amount of \$6.4 million from all sources of funds for its share of centralized services, including \$6.2 million from general revenues, \$6,378 from federal funds, and \$0.2 million from restricted receipts. 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. The state uses internal service funds to reimburse one agency for services provided to another. Prior to this change, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration.

This request includes \$1.4 million for facilities management, \$0.8 million for human resources and \$4.3 million for information technology services. The request is \$0.6 million more than actual FY 2018 expenditures, including \$43,391 more for facilities management, \$0.1 million more for human resources, and \$0.5 million more for information technology support. *The Governor's recommendation is \$1.4 million less than enacted, including \$0.4 million less for facilities management, and \$0.9 million less for information technology based on billings through November and December. The Assembly concurred.*

**Director of Revenue - Staffing and Operations.** The Department requested \$1,172 less than enacted from general revenues for the Director's Office staffing and operations, and includes the Office's 9.3 funded positions. The partial position is primarily cost allocated to the Division of Lottery. The request for all other operations is essentially consistent with the prior year expenditures and includes funding for the Public Information Officer to attend professional conferences and training. *The Governor recommended \$32,418 less than requested and included \$8,454 of statewide salary and benefit savings and \$23,964 of savings from three statewide initiatives designed to reduce operating costs. The Assembly concurred.*

**Office of Revenue Analysis - Staffing and Operations.** The Department requested \$0.1 million less than enacted from general revenues for staffing and operations in the Office of Revenue Analysis. The reduction reflects a memorandum of understanding between the Office of Revenue Analysis and the Division of Taxation whereby the Office has allocated a position to the Division in order to provide data to the Office, which is consistent with the Division's security requirements for taxpayer privacy. *The Governor recommended funding as requested and included \$3,682 of statewide benefit savings and \$6,761 of savings from three statewide initiatives designed to reduce operating costs. The Assembly concurred.*

### **Lottery Division**

**Casino Staffing and Operations.** The Department's request includes \$44,218 more than enacted from Lottery funds for expenses related to the state's two casinos. The increase reflects statewide salary and benefit adjustments for 54.0 full-time equivalent positions, and restores \$0.1 million of turnover savings. *The Governor recommended funding as requested. The Assembly concurred.*

**Staffing and Operations.** The Department requested \$0.3 million more than enacted from Lottery funds for all other regulatory expenses, including \$252,145 more for salaries and benefits and \$65,196 more for operations, largely counseling services based on FY 2018 spending. It also excluded the additional \$9,000 requested in the Department's capital budget to replace the Lottery building's roof. The staffing request reflects statewide salary and benefit adjustments for 52.0 full-time equivalent positions, offset by turnover savings, consistent with current staffing. *The Governor recommended funding essentially as requested. The Assembly concurred.*

**State Police Gaming Unit.** The Department's request excludes the \$2.6 million from Lottery funds in the enacted budget for expenses of the state police gaming unit, including \$1.7 million for operations at Twin River Lincoln, and \$0.9 million for operations at Twin River Tiverton. The exclusion is based on the expectation that funds will be directly appropriated in the Department of Public Safety's budget. The Lottery Division pays for Rhode Island State Police Gaming Enforcement Unit operations at the state's casinos. The Division budgets funds for on-call services provided after business hours.

The November Revenue Estimating Conference assumed expenditures would be paid for from general revenues rather than deducted from lottery revenues, prior to transfer to the general fund. *The Governor concurred. The Assembly concurred.*

**Commission Payments.** The Department requested \$21.5 million more than enacted from Lottery funds for commission payments to reflect current estimates of activities. The request includes \$20.5 million less than enacted for table games at Twin River Casinos, and \$42.0 million more for the Division's traditional lottery products. The appropriations act historically includes language authorizing the Lottery to pay winning prizes and commission payments to the local casinos for the fiscal year. *The Governor recommended funding as requested. The Assembly concurred.*

### **Division of Municipal Finance**

**Turnover and Operations.** The Department requested \$61,031 less than enacted from general revenues for its 14.0 full-time equivalent positions to reflect available turnover savings, equivalent to 0.8 positions. The enacted budget assumed partial funding for one vacant position; the Division has averaged 3.0 vacancies through the first half of the year. Additional personnel savings should be available. *The Governor recommended funding as requested and included \$14,796 of statewide benefit savings and \$12,656 of savings from three statewide initiatives designed to reduce operating costs. The Assembly included \$0.2 million of additional general revenue turnover savings, based on spending through the third quarter.*

**Motor Vehicles Excise Tax.** The enacted budget included \$54.7 million for the Motor Vehicles Excise Tax program for FY 2019, including the base funding of \$26.0 million, plus \$28.7 million more for FY 2019. The 2017 Assembly enacted Article 11 of 2017-H 5175, Substitute A, as amended, to phase-out the motor vehicle excise tax in a different way and provided \$26.0 million more to reimburse lost revenues to local municipalities for FY 2018. Prior to that, only a \$500 exemption was being reimbursed, subject to appropriation. The legislation fixed the prior \$10.0 million reimbursement in statute as the base for reimbursements under the new program, and requires municipalities to maintain current calculation practices. *The Governor recommended \$1.5 million more than enacted based on updated data reflecting actual reimbursements to cities and towns. The Assembly concurred.*

### **Division of Taxation**

**Restructuring.** The revised request is consistent with the FY 2019 enacted budget, which includes \$3.5 million for costs directly associated with restructuring efforts to enable enhanced revenue collections. This includes \$2.3 million for 22.0 full-time equivalent positions. The new positions include 7.0 Revenue Officers, 6.0 Revenue Agents, 4.0 Data Analysts, 3.0 Taxpayer Service Specialists, a Data Entry Operator, Interdepartmental Project Manager, Revenue Agent II, Supervising Revenue Officer I, and Data Analyst II, offset by an unspecified three position reduction. The FY 2019 enacted budget essentially assumed an entire year of funding. It also includes \$0.9 million for contracted programming, \$0.1 million for technology and workstations for the new staff and \$0.2 million to expand audit analytics.

At the November 2018 Revenue Estimating Conference, the Department reported a new Customer Service Center was in its pilot phase, and it had hired 14.0 staff as of November 2018, including 7.0 Revenue Officers, 1.0 Data Analyst and 4.0 Business Analysts, mostly from within the Division, and two of four Tax Aide positions; two Data Analyst II candidates had rejected offers based on salary constraints. *The Governor recommended funding as requested. The Governor subsequently requested an amendment to include an additional \$0.8 million of turnover savings to reflect projected spending through June 30, 2019. The Assembly concurred with the amended recommendation.*

**Salaries and Benefits.** The Department requested \$45,522 less than enacted from all sources for the Division of Taxation's remaining 228.0 full-time equivalent positions. This includes \$0.1 million less from general revenues, \$0.5 million less from federal funds, \$0.3 million more from restricted receipts, and \$0.3 million more from other funds.

The request corrects the personnel allocations assumed in the enacted budget and essentially aligns all fund sources with FY 2018 actual expenditures, consistent with anticipated workloads. Assuming the restructuring effort attains full staffing and maintains it through the end of FY 2019 the effective turnover savings for the remainder of the Division would be 5.0 positions. The Division's budget includes total turnover savings equivalent to 13.8 positions, consistent with the Division's total staffing level through December 2018. The Division underspent general revenues by \$0.4 million for FY 2018, and the request is \$0.5 million more than FY 2018 actuals. There are likely additional savings available. *The Governor recommended \$0.3 million less than requested to reflect statewide benefit savings and \$0.1 million from an efficiency initiative. The Assembly included \$0.3 million of additional general revenue turnover savings based on spending through the third quarter, and concurred with the remainder of the recommendation.*

**Other Operations.** The Department requested \$10,177 more than enacted from general revenues for all other Taxation expenses. The request realigns some expenses to appropriate accounts to reflect actual, or anticipated expenditures. It adds \$16,615 for multistate tax auditing services, disposal services, and maintenance of office equipment, offset by \$6,483 of savings for some items based on FY 2018 spending. *The Governor recommended \$97,212 less than requested, including \$37,712 of savings from three statewide initiatives designed to reduce operating costs, plus an additional \$59,500 of savings. Additional savings include \$3,500 less for equipment maintenance, \$20,000 less for travel expenses and \$36,000 less for records expenses, primarily to reflect reductions to FY 2018 expenditure levels not identified in the request. The Assembly concurred.*

#### **Division of Motor Vehicles**

**Real ID.** The enacted budget includes \$2.1 million from general revenues to support 32.0 full-time equivalent positions and operations for implementation of federal Real ID requirements for approximately half of FY 2019. The initiative launched the first week of December 2018, as expected. The request erroneously adds \$1.0 million to budget a full year of expenses.

Real ID is intended to provide a more secure verification process, with stronger anti-counterfeit measures. The Department of Homeland Security reported it will accept the state's standard credential through May 1, 2019. After May 1, 2019, when the state's compliance will be reevaluated; it appears that if compliant, the state's standard credentials will be accepted through December 2020. After this time, citizens will not be permitted access to secure federal facilities including travel through federally-regulated airports, and nuclear power plants, without compliant credentials. The credential can be upgraded as part of a renewal of one's regular license or at any time with the payment of a duplicate license fee. The estimated volume increase is assumed to be 489 people per day through the Registry system over a 22-month period.

The enacted budget assumes the increased volume will result in \$2.1 million of revenues from duplicate license fees; it also increased the fee for routine information updates from \$5.00 to \$25.00, to match the duplicate fee, and retains these fees as general revenues. The budget assumes another \$1.0 million in new revenues from this fee increase. *The Governor's recommendation includes the inadvertently requested funding; however, it appears some of this funding may have been intended for staffing expenses elsewhere in the Division. The Assembly aligned available resources to program needs and concurred with the remainder of the recommendation.*

**Turnover.** The Department requested \$28,832 less than enacted from all fund sources for all other Division of Motor Vehicles salaries and benefits. The request includes \$31,308 less from general revenues and \$2,476 more from federal funds based on the current costs and turnover assumptions for the Division's remaining 178.5 positions.

The Division appears to have averaged 173.0 filled positions, or 5.5 vacancies through the first half of FY 2019; however, the Division overspent its FY 2018 staffing appropriation by \$0.5 million, primarily general revenues, with an average of 175.8 filled positions. The request is \$0.3 million more than FY 2018 actual expenditures after accounting for the statewide salary and benefit adjustments. *The Governor recommended \$0.9 million less than requested to reflect \$0.2 million for statewide benefit savings, \$0.1 million of statewide efficiency savings, and \$0.6 million of additional turnover savings. It appears some of the increased Real ID funding may have been intended for some of these expenses. The Assembly aligned available resources to program requirements and included an additional \$0.2 million of turnover savings based on spending through the third quarter.*

**Validation Stickers and Storage.** The Department requested \$0.2 million more than enacted from general revenues for vehicle validation stickers consistent with prior year expenditures and to ensure sufficient stock at all registry locations. The request is \$59,615 more than FY 2018 spending. *The Governor recommended \$30,000 less than requested. The Assembly concurred.*

**Other Operations.** The Department requested \$86,499 less than enacted from all funds, including \$52,481 more from general revenues, \$361,020 more from federal funds and \$500,000 less from restricted receipts. General revenue changes reflect prior years' spending for license plate printing, computer hardware, and security services at the Cranston Registry, offset by \$44,424 of other expenditure savings.

The changes also include a new \$0.4 million commercial driver's license safety federal grant award. The request excludes \$0.5 million from restricted receipts to reflect the transfer of surcharge receipts to the Information Technology Investment Fund in accordance with Article 11 of 2017-H 5175, Substitute A, as amended. The enacted budget included these funds to close out the final development expenses for the system. *The Governor recommended \$0.2 million less than requested to reflect savings from three statewide initiatives designed to reduce operating costs. The Assembly concurred.*

**Collections - Staffing and Operations.** The Department requested \$15,586 less than enacted from general revenues. The enacted budget included \$0.5 million for 7.0 full-time equivalent positions and \$0.1 million to procure contracted services. The enacted budget establishes the Division as a pilot program to assist state agencies through interagency agreements in the collection of debts owed to the state through a previously adjudicated process and assumes net revenues of \$0.8 million. The request reduces staffing expenses for the new collections division to reflect actual staffing and shifts \$48,540 from contracted services to operational expenses not considered in the budget. *The Governor recommended \$10,261 less than requested to reflect savings from three statewide initiatives designed to reduce operating costs. The Assembly included \$0.1 million of additional general revenue turnover savings based on spending through the third quarter, and concurred with the remainder of the recommendation.*



## Legislature

|                                    | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|------------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Program</b>     |                             |                            |                            |                          |
| General Assembly                   | \$ 5,666,275                | \$ 6,762,071               | \$ 10,276,942              | \$ 10,276,942            |
| Fiscal Advisory Staff              | 1,477,516                   | 1,921,237                  | 1,907,048                  | 1,907,048                |
| Legislative Council                | 4,073,704                   | 5,337,728                  | 5,055,175                  | 5,055,175                |
| Joint Comm. On Legislative Affairs | 22,956,334                  | 25,540,051                 | 27,664,231                 | 27,664,231               |
| Office of the Auditor General      | 5,100,409                   | 5,837,335                  | 5,852,907                  | 5,852,907                |
| Special Legislative Commissions    | 7,841                       | 13,900                     | 13,638                     | 13,638                   |
| <b>Total</b>                       | <b>\$ 39,282,079</b>        | <b>\$ 45,412,322</b>       | <b>\$ 50,769,941</b>       | <b>\$ 50,769,941</b>     |
| <b>Expenditures by Category</b>    |                             |                            |                            |                          |
| Salaries and Benefits              | \$ 33,843,374               | \$ 38,094,244              | \$ 37,909,003              | \$ 37,909,003            |
| Contracted Services                | 442,260                     | 680,500                    | 1,770,500                  | 1,770,500                |
| <b>Subtotal</b>                    | <b>\$ 34,285,634</b>        | <b>\$ 38,774,744</b>       | <b>\$ 39,679,503</b>       | <b>\$ 39,679,503</b>     |
| Other State Operations             | 2,622,492                   | 3,551,078                  | 7,096,938                  | 7,096,938                |
| Aid to Local Units of Government   | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits   | 2,183,814                   | 2,300,000                  | 2,300,000                  | 2,300,000                |
| Capital                            | 190,139                     | 786,500                    | 1,693,500                  | 1,693,500                |
| Capital Debt Service               | -                           | -                          | -                          | -                        |
| Operating Transfers                | -                           | -                          | -                          | -                        |
| <b>Total</b>                       | <b>\$ 39,282,079</b>        | <b>\$ 45,412,322</b>       | <b>\$ 50,769,941</b>       | <b>\$ 50,769,941</b>     |
| <b>Sources of Funds</b>            |                             |                            |                            |                          |
| General Revenue                    | \$ 37,831,305               | \$ 43,691,627              | \$ 49,000,993              | \$ 49,000,993            |
| Federal Aid                        | -                           | -                          | -                          | -                        |
| Restricted Receipts                | 1,450,774                   | 1,720,695                  | 1,768,948                  | 1,768,948                |
| Other                              | -                           | -                          | -                          | -                        |
| <b>Total</b>                       | <b>\$ 39,282,079</b>        | <b>\$ 45,412,322</b>       | <b>\$ 50,769,941</b>       | <b>\$ 50,769,941</b>     |
| <b>FTE Authorization</b>           | <b>298.5</b>                |                            | <b>298.5</b>               | <b>298.5</b>             |
| <b>FTE Average</b>                 | <b>264.7</b>                |                            |                            |                          |

**FY 2019 Revised Request.** The Legislature's revised budget of \$51.5 million includes \$6.0 million from the \$7.9 million reappropriation and 298.5 full-time equivalent positions.

*The Governor recommended \$0.7 million less from general revenues than requested, based on statewide adjustments, including a distribution of \$0.2 million of statewide turnover savings. The Assembly concurred.*



## Office of the Lieutenant Governor

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 902,451                  | \$ 1,051,308               | \$ 1,044,129               | \$ 1,044,129             |
| Contracted Services              | 45,486                      | -                          | -                          | -                        |
| <b>Subtotal</b>                  | <b>\$ 947,937</b>           | <b>\$ 1,051,308</b>        | <b>\$ 1,044,129</b>        | <b>\$ 1,044,129</b>      |
| Other State Operations           | 53,205                      | 62,539                     | 62,968                     | 62,968                   |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | -                           | -                          | -                          | -                        |
| Capital                          | 415                         | 750                        | 750                        | 750                      |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 1,001,557</b>         | <b>\$ 1,114,597</b>        | <b>\$ 1,107,847</b>        | <b>\$ 1,107,847</b>      |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 1,001,557                | \$ 1,114,597               | \$ 1,107,847               | \$ 1,107,847             |
| Federal Aid                      | -                           | -                          | -                          | -                        |
| Restricted Receipts              | -                           | -                          | -                          | -                        |
| Other                            | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 1,001,557</b>         | <b>\$ 1,114,597</b>        | <b>\$ 1,107,847</b>        | <b>\$ 1,107,847</b>      |
| <b>FTE Authorization</b>         | <b>8.0</b>                  | <b>8.0</b>                 | <b>8.0</b>                 | <b>8.0</b>               |
| <b>FTE Average</b>               | <b>8.0</b>                  |                            |                            |                          |

**FY 2019 Revised Request.** The Office of the Lieutenant Governor requested \$16,376 more than enacted all of which is from general revenues. *The Governor recommended \$23,126 less than requested and \$6,750 less than enacted. The recommendation includes \$8,414 in statewide adjustments. Savings are noted below where appropriate. The Assembly concurred.*

**Legal Services.** The Office's revised request includes \$50,000 more from general revenues for outside legal services. Of the increase, \$26,000 is to intervene in Public Utilities Commission hearings regarding planned National Grid utility rate hikes and pipeline location plans and \$24,000 is for a \$2,000 per month retainer for general legal services. The enacted budget does not include any funds for legal services consistent with a savings proposal offered by the Office and included with the Governor's recommendation. In FY 2018, the Office spent \$45,486 on legal services. The Office spent \$20,256 on legal services as of December 7, 2018. *The Governor did not recommend funding. The Assembly concurred.*

**Personnel and Operating.** The Office's revised request includes \$33,624 less for staffing and operating changes including \$35,624 less for salaries and benefits. The enacted budget includes \$50,000 to fund expected changes to titles and staff upgrades, but the Office's revised request assumes the upgrades will now occur in January 2019. Based on the timing and outcome of staff upgrades assumed in the enacted budget, the Department requested \$35,624 less than enacted. As of the pay period ending November 23, 2018, the Office had all 8.0 authorized positions filled. The Office also requested \$2,000 more for National Lieutenant Governors Association fees. *The Governor recommended \$8,414 less than enacted including \$7,179 in statewide benefit adjustments, and \$1,235 from three separate initiatives designed to achieve*

*operating savings. The recommendation does not add the funding request for dues. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. The request is consistent with the enacted amount of \$20,953 for information technology services. *The Governor recommended \$1,664 more than requested for an increase in renewal costs for Microsoft 365. The Assembly concurred.*

## Office of the Secretary of State

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Program</b>   |                             |                            |                            |                          |
| Administration                   | \$ 3,273,783                | \$ 3,326,174               | \$ 3,374,790               | \$ 3,374,790             |
| Corporations                     | 2,209,426                   | 2,318,968                  | 2,302,532                  | 2,302,532                |
| Elections and Civics             | 2,066,946                   | 4,876,817                  | 4,860,625                  | 4,860,625                |
| Office of Public Information     | 576,354                     | 647,057                    | 469,124                    | 469,124                  |
| State Archives                   | 632,878                     | 507,235                    | 534,872                    | 534,872                  |
| State Library                    | 626,140                     | 623,911                    | 711,620                    | 711,620                  |
| <b>Total</b>                     | <b>\$ 9,385,527</b>         | <b>\$ 12,300,162</b>       | <b>\$ 12,253,563</b>       | <b>\$ 12,253,563</b>     |
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 5,955,997                | \$ 6,422,027               | \$ 6,124,795               | \$ 6,124,795             |
| Contracted Services              | 666,572                     | 1,210,252                  | 1,417,112                  | 1,417,112                |
| <b>Subtotal</b>                  | <b>\$ 6,622,569</b>         | <b>\$ 7,632,279</b>        | <b>\$ 7,541,907</b>        | <b>\$ 7,541,907</b>      |
| Other State Operations           | 2,449,101                   | 4,378,133                  | 4,418,288                  | 4,418,288                |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | 142,797                     | 243,000                    | 243,000                    | 243,000                  |
| Capital                          | 156,060                     | 46,750                     | 35,368                     | 35,368                   |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | 15,000                      | -                          | 15,000                     | 15,000                   |
| <b>Total</b>                     | <b>\$ 9,385,527</b>         | <b>\$ 12,300,162</b>       | <b>\$ 12,253,563</b>       | <b>\$ 12,253,563</b>     |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 8,832,367                | \$ 9,875,734               | \$ 9,800,081               | \$ 9,800,081             |
| Federal Aid                      | 22,295                      | 1,983,770                  | 1,983,770                  | 1,983,770                |
| Restricted Receipts              | 427,255                     | 440,658                    | 469,712                    | 469,712                  |
| Other                            | 103,610                     | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 9,385,527</b>         | <b>\$ 12,300,162</b>       | <b>\$ 12,253,563</b>       | <b>\$ 12,253,563</b>     |
| <b>FTE Authorization</b>         | <b>59.0</b>                 | <b>59.0</b>                | <b>59.0</b>                | <b>59.0</b>              |
| <b>FTE Average</b>               | <b>56.2</b>                 |                            |                            |                          |

**FY 2019 Revised Request.** The Secretary of State requested revised FY 2019 expenditures that are \$29,054 more than enacted, all from Historical Records Trust restricted receipts. *The Governor recommended \$46,599 less than enacted, which includes \$75,653 less from general revenues offset by \$29,054 more from restricted receipts. The recommendation includes statewide adjustments totaling \$117,594, noted in the items below where appropriate. The Assembly concurred.*

**Salaries and Benefits.** The Office requested \$0.3 million less than enacted from all funds for staffing costs for FY 2019 excluding the 4.3 positions allocated to the Records Center. This includes \$255,342 less from general revenues offset by \$3,298 more from restricted receipts. The enacted budget includes \$0.1 million in turnover savings, or one vacancy; the revised request assumes roughly three vacancies. *The Governor recommended \$45,188 less than requested to reflect statewide benefit adjustments; no adjustment is made to restricted receipts. The Assembly concurred.*

**Help America Vote Act Election Security Grant.** The Office requested the enacted amount of \$2.0 million from the federal Help America Vote Act Election Security Grant. Funding will support the upgrade of the central voter registration system, the implementation of cybersecurity and data recovery best practices, e-poll book resources, election administration grants for cities and towns, risk limiting audits, election day incident management software, mail ballot opening and scanning equipment, and polling place operational improvements. The Secretary of State, in conjunction with the Board of Elections, received \$3.0 million from the grant; the balance is requested for expenditures for FY 2020. *The Governor recommended funding as requested. The Assembly concurred.*

**Cybersecurity.** The Office requested \$0.2 million more than enacted from general revenues for database upgrades done by the contractor Stonewall Solutions. The Office noted these updates are the first step to improving cybersecurity. During FY 2018, the Office reviewed its applications and determined they needed to be rewritten and moved. The FY 2020 request includes \$0.4 million to further expand cybersecurity measures. *The Governor recommended funding as requested. The Assembly concurred.*

**eGov Initiative.** The Office requested \$0.1 million less than enacted from general revenues for information technology expenditures for which the enacted budget includes \$0.3 million. Funding will continue to support the redesign of the lobby tracker application, the redesign of the open meeting user interface, the redesign of the Boards and Commissions database and webpage, the reimagining of the Rhode Island Government Owner's Manual, and restructuring of the business services database. *The Governor recommended funding as requested and included \$8,350 in additional general revenue savings based on two statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

**Regulatory Reform Initiative.** The Office requested \$0.2 million more than enacted from general revenues to support the state's regulatory reform initiative begun in FY 2017. The FY 2019 enacted budget includes \$23,180 to fund contractors to work on the project for July 2018 only. The Office indicated that one contractor left as of September 2018; the Office would like to retain one contractor until the effective date of the Administrative Procedures Act, January 1, 2019, and another contractor through the entire fiscal year. *The Governor recommended funding as requested. The Assembly concurred.*

**Business Assistant Wizard.** The Office requested \$20,000 more than enacted from general revenues for an advertising campaign related to the updated interactive business assistant wizard; the FY 2020 request includes \$50,000 for the campaign. The Secretary of State is statutorily required to maintain and operate a Business Fast-Start Office, intended to provide a convenient and accessible business start-up portal that includes an interactive business wizard. The enacted budget includes \$12,000 from general revenues to modernize and redesign the current portal and wizard to meet the current demands. The funding is excluded from the Office's FY 2020 request, as the modernized wizard is scheduled to be completed during FY 2019. *The Governor recommended funding as requested. The Assembly concurred.*

**Scanning Project.** The Office requested \$18,448 more than enacted from general revenues to continue the scanning project for the Business Services Division. The enacted budget contains \$42,490 for this project and the Office spent \$23,220 of the FY 2018 final appropriation of \$35,800. The division houses business records which contain the filing of entities dating back to 1741. The Office noted that approximately 38,000 active files, containing between 2 and 1,000 pages, are needed to be imaged and matched. This would allow for the files to be viewable online and allow for the transparency of businesses in Rhode Island. The Office noted that it intends to finish this project within the next five years. *The Governor recommended funding as requested. The Assembly concurred.*

**Records Center.** The Office requested \$1.0 million or \$35,863 more than enacted from other funds for the Records Center. The request reflects funding for approximately 4.3 positions of the Office's 59.0 full-time equivalent positions as well as \$30,912 more to reflect actual spending from FY 2018 for utilities and centralized information technology charges. The Records Center is an internal service program whereby

its expenses are budgeted in user agencies that pay a portion of their operating costs into this fund for record storage and retrieval. *The Governor recommended funding as requested. The Assembly concurred.*

**State Archives Expenses.** The Office requested \$17,459 more than enacted from all sources for expenditures at the State Archives. This includes \$323 from general revenues and \$17,136 from Historical Records Trust Fund restricted receipts. The increase to general revenues is a result of additional printing costs while the increase to restricted receipts reflects additional funding for office supplies and upgrading computers and the digital scanner at the Archives. The request is similar FY 2018 spending. *The Governor recommended funding as requested and included \$1,740 in additional general revenue savings based on two statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

**Election Expenses.** The Office requested \$92,096 less than enacted from general revenues for election expenses including \$10,000 less for referenda costs and \$82,096 less for printing and postage. These are offset by increases of \$10,000 for legal services and \$2,000 for temporary workers. The requested expenditures are \$0.3 million less than spent in FY 2017, the last election year. *The Governor recommended funding as requested and included \$41,804 in additional general revenue savings based on two statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

**State House Tour Program.** The Office requested \$5,000 more than enacted from general revenues for tour offerings and to enhance the visitor experience at the Rhode Island State House. The Office uses the tour program as a means to increase knowledge among children and adults of Rhode Island history and how government works. The program spent \$22,681 during FY 2018. The Office noted the requested increase would allow the hosting of exhibitions at the State Library. *The Governor recommended funding as requested. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. For the Office's share of centralized services, the request includes \$30,670 or \$9,316 more than enacted for information technology services. By source, this is \$696 more from general revenues and \$8,620 more from restricted receipts. This is \$1,520 more than was charged in FY 2018. The Budget Office instructed agencies to request the enacted amount for these expenses. *The Governor recommended \$41,941 more than requested from general revenues based on billings through November. The Assembly concurred.*

**Other Operations.** The Office requested \$2,925 less than enacted from general revenues for all other expenses. The Office's FY 2020 request attempts to better align the appropriation with actuals from FY 2018; however, many of these changes are not included in the Office's revised request. Requested expenditures are \$50,640 less than spent during FY 2018. This is a result of one-time purchases during that year as well as the Office changing its internet service contract; it will now pay the bill in July 2019. The FY 2020 request includes funding to reflect the change. *The Governor recommended funding as requested and included \$20,512 in additional general revenue savings based on three statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*



## Office of the General Treasurer

|                                  | FY 2018<br>Reported  | FY 2019<br>Enacted   | FY 2019<br>Revised   | FY 2019<br>Final     |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Expenditures by Program</b>   |                      |                      |                      |                      |
| General Treasurer                | \$ 3,468,658         | \$ 3,643,593         | \$ 3,523,551         | \$ 3,523,551         |
| Unclaimed Property               | 28,448,513           | 26,030,095           | 25,680,883           | 27,397,491           |
| Employees' Retirement System     | 9,315,499            | 11,359,220           | 11,495,813           | 11,495,813           |
| Crime Victim Compensation        | 1,843,965            | 2,089,672            | 1,717,567            | 1,717,567            |
| <b>Subtotal</b>                  | <b>\$ 43,076,635</b> | <b>\$ 43,122,580</b> | <b>\$ 42,417,814</b> | <b>\$ 44,134,422</b> |
| <b>Expenditures by Category</b>  |                      |                      |                      |                      |
| Salaries and Benefits            | \$ 10,114,569        | \$ 10,335,794        | \$ 10,431,955        | \$ 10,431,955        |
| Contracted Services              | 3,357,527            | 4,805,842            | 4,893,342            | 4,893,342            |
| <b>Subtotal</b>                  | <b>\$ 13,472,096</b> | <b>\$ 15,141,636</b> | <b>\$ 15,325,297</b> | <b>\$ 15,325,297</b> |
| Other State Operations           | 27,896,490           | 26,020,669           | 25,489,692           | 27,206,300           |
| Aid to Local Units of Government | -                    | -                    | -                    | -                    |
| Assistance, Grants, and Benefits | 1,607,022            | 1,860,000            | 1,502,000            | 1,502,000            |
| Capital                          | 101,027              | 100,275              | 100,825              | 100,825              |
| Capital Debt Service             | -                    | -                    | -                    | -                    |
| Operating Transfers              | -                    | -                    | -                    | -                    |
| <b>Total</b>                     | <b>\$ 43,076,635</b> | <b>\$ 43,122,580</b> | <b>\$ 42,417,814</b> | <b>\$ 44,134,422</b> |
| <b>Sources of Funds</b>          |                      |                      |                      |                      |
| General Revenue                  | \$ 2,819,265         | \$ 2,973,776         | \$ 2,953,922         | \$ 2,953,922         |
| Federal Aid                      | 941,713              | 1,074,874            | 1,016,641            | 1,016,641            |
| Restricted Receipts              | 38,675,476           | 38,419,246           | 37,807,908           | 39,524,516           |
| Other                            | 640,181              | 654,684              | 639,343              | 639,343              |
| <b>Total</b>                     | <b>\$ 43,076,635</b> | <b>\$ 43,122,580</b> | <b>\$ 42,417,814</b> | <b>\$ 44,134,422</b> |
| <b>FTE Authorization</b>         | <b>89.0</b>          | <b>89.0</b>          | <b>89.0</b>          | <b>89.0</b>          |
| <b>FTE Average</b>               | <b>84.0</b>          |                      |                      |                      |

**FY 2019 Revised Request.** The Office of the General Treasurer requested \$0.6 million less than enacted from all sources. General revenues are \$0.4 million more than enacted. *The Governor recommended \$0.7 million less than enacted and \$0.1 million less than requested. General revenues are \$19,854 less than enacted and \$0.4 million less than requested. This includes \$30,475 of statewide savings, noted below where appropriate. The Assembly added \$1.7 million from restricted receipts to adjust the unclaimed property transfer to the state to reflect the May Revenue Estimating Conference and concurred with the remainder of the recommendation.*

**Crime Victim Compensation.** The Office requested \$0.3 million less from all sources including \$0.4 million more from general revenues for crime victim compensation. This includes \$350,000 less for claims including \$200,000 more from general revenues offset by \$200,000 less from restricted receipts and \$350,000 less from federal funds. The request is \$0.1 million less than spent in FY 2018 and \$0.5 million less than spent in FY 2017. The Office indicated that the request is based on expected revenues; depending on the level of claims received, there may be insufficient resources to support them.

The Office also requested shifting \$0.2 million from restricted receipts to general revenues to support program administration including 4.0 full-time equivalent positions. Historically, restricted receipts and federal funds have been sufficient to support administrative costs, but because of a decline in receipts the Office is requesting to backfill with general revenues.

The program pays claims from restricted receipts from fees collected by the state courts. The federal grant award is 60.0 percent of the court receipts disbursed for claims from the previous federal period. Receipts have been declining since FY 2013; as restricted receipts decrease, so do the federal reimbursements. At the same time receipts have been declining, the average claim amount and the number of claims has been increasing. Between FY 2015 and FY 2018, annual claims increased from 100 to 160 and the average claim grew by 90.6 percent from \$1,725 to \$3,288. This increase appears to be related to the 2016 legislation that increased the maximum relocation award from \$2,500 to \$5,000.

In October after this budget, was submitted the Office was awarded a \$0.3 million federal grant through the United States Department of Justice that can be used for relocation expenses.

*The Governor recommended \$15,117 less than requested from all sources including \$0.3 million less from general revenues. This reflects \$0.2 million from the newly awarded federal funds for emergency relocation. The recommendation assumes use of \$0.2 million more from restricted receipts than are estimated to be available. The recommendation includes \$1,731 of general revenue statewide benefit savings. It appears there are statewide benefit savings from other sources not taken. It also includes \$712 in estimated savings based on three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

**Unclaimed Property.** The Office requested \$0.5 million less for unclaimed property revenues set aside for future claims liability. The request assumes the enacted level of claims and transfer to the state. Although this represents the agency's estimate, these expenditures will be based on the estimate adopted by the Revenue Estimating Conference that meets in November and May.

*The Governor recommended funding as requested and did not reflect the November Revenue Estimating Conference estimate; the transfer adopted at the November Revenue Estimating Conference was \$10.1 million, \$0.4 million more than recommended. The Assembly added \$1.7 million to adjust the transfer to the state to reflect the May Revenue Estimating Conference estimate of \$11.2 million.*

**Debt Affordability Study.** The Office requested \$56,000 from general revenues in new expenditures for the Public Finance Management Board to complete a debt affordability study. State law requires the Board to undertake a debt affordability study at least every two years. The last study was issued May 3, 2017 and examined state debt, quasi debt, and municipal and special district debt. Based on that study, the board made some recommendations based on relevant peer comparisons, ratings agency guidance and legal requirements contained in bond indentures. The next study is expected to also include other post-employment benefits (OPEB) in the analysis for the first time. *The Governor recommended funding as requested. The Assembly concurred.*

**Cash Reconciliation Software.** The Office requested \$34,000 from general revenues for the implementation of automated reconciliation software. The Office reported that this purchase will resolve a longstanding management comment in the state's single audit related to the segregation of functions related to the disbursement and movement of funds, cash receipts, and reconciliation of bank and book balances. In June 2018, the Office purchased hardware at a cost of \$8,000. The \$34,000 annual cost in the revised FY 2019 and FY 2020 budget requests includes \$12,000 for the annual license fee including vendor support as well as \$22,000 for ten licenses. *The Governor recommended funding as requested. The Assembly concurred.*

**Retirement System.** The Office requested an additional \$0.1 million from Retirement System restricted receipts to reflect updated expenditure projections. The majority of this is to restore turnover savings in the enacted budget and would fund nearly all of the System's 43.0 full-time equivalent positions. As of the pay period ending October 27, there are 42.0 filled positions. *The Governor recommended funding as requested. It appears there are statewide benefit savings not taken. The Assembly concurred.*

**Centralized Services.** The Office requested \$8,051 less from restricted receipts than enacted for facility management centralized services. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. The 2017 Assembly authorized the establishment of internal service funds for centralized information technology, capital asset management and maintenance, and human resources to maximize available non-general revenue sources. The enacted budget includes \$0.2 million for facilities management services, of which \$53,581 is from general revenues, and \$0.2 million from general revenues for information technology services.

The Office requested to remove the \$8,351 in the enacted budget for facility management charges to the Crime Victim Compensation program because of the funding constraints mentioned earlier. The request also adds \$300 in facility charges for the Retirement System for potential office improvements. This amount is a placeholder.

*The Governor recommended the requested adjustments and also included \$10,621 more from general revenues than requested based on billings through November and December. This includes \$21,871 less for facilities management offset by \$32,492 more for information technology. The Assembly concurred.*

**Other Salaries and Benefits.** The Office requested \$6,669 less than enacted for other salaries and benefits including \$74,574 less from general revenues based on current staffing levels. As of the pay period ending October 27, there were 3.5 vacancies in the General Treasury program and 1.0 vacancy in the Unclaimed Property program. *The Governor recommended \$24,170 less from general revenues than requested including \$14,170 in statewide savings and \$10,000 in additional turnover savings. It appears there are statewide savings from non-general revenue sources not taken. The Assembly concurred.*

**Other Operations.** The Office requested \$23,680 less than enacted for all other operating expenses including \$48,480 less from general revenues. General revenue changes include less for insurance and printing based on FY 2018 spending. The request also includes \$6,000 to fund the Public Finance Management Board's debt portal for which the enacted budget inadvertently included \$36,000.

*The Governor recommended \$33,862 less than requested from general revenues. This includes \$20,000 less for bank fees based on information from the Office that savings were available. It also includes \$13,862 in estimated savings based on three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*



## Rhode Island Board of Elections

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 1,088,309                | \$ 1,673,584               | \$ 1,612,977               | \$ 1,587,977             |
| Contracted Services              | 147,418                     | 135,788                    | 190,982                    | 190,982                  |
| <b>Subtotal</b>                  | <b>\$ 1,235,727</b>         | <b>\$ 1,809,372</b>        | <b>\$ 1,803,959</b>        | <b>\$ 1,778,959</b>      |
| Other State Operations           | 259,621                     | 800,688                    | 987,970                    | 820,442                  |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | -                           | 2,620,856                  | 1,830,998                  | 1,830,998                |
| Capital                          | 10,350                      | 21,600                     | 31,600                     | 31,600                   |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 1,505,698</b>         | <b>\$ 5,252,516</b>        | <b>\$ 4,654,527</b>        | <b>\$ 4,461,999</b>      |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 1,505,698                | \$ 5,252,516               | \$ 4,654,527               | \$ 4,461,999             |
| Federal Aid                      | -                           | -                          | -                          | -                        |
| Restricted Receipts              | -                           | -                          | -                          | -                        |
| Other                            | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 1,505,698</b>         | <b>\$ 5,252,516</b>        | <b>\$ 4,654,527</b>        | <b>\$ 4,461,999</b>      |
| <b>FTE Authorization</b>         | <b>12.0</b>                 | <b>13.0</b>                | <b>13.0</b>                | <b>13.0</b>              |
| <b>FTE Average</b>               | <b>10.3</b>                 |                            |                            |                          |

**FY 2019 Revised Request.** The Board of Elections requested \$0.2 million more than enacted from general revenues and \$0.3 million more from Rhode Island Capital Plan funds. *The Governor recommended \$0.6 million less than enacted from general revenues, which is \$0.8 million less than requested and did not recommend any Rhode Island Capital Plan funds. This includes statewide adjustments totaling \$32,359, noted below where appropriate. The Assembly provided \$0.2 million less than recommended.*

**Public Financing of Elections.** The Board requested the enacted level of \$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 is responsible for administering and carrying out mandates of the Campaign Contributions and Expenditures Act and the state's Matching Public Funds program. According to the Board's FY 2019 first quarter report, as well as the Budget Office's first quarter report, there is expected to be a surplus of \$0.8 million for this program.

Candidates for General Office from each political party and independent candidates are eligible to receive two dollars of public funds for each qualified dollar of private funds contributed which do not exceed \$500 from a single source within an election cycle, and candidates will receive one dollar for each dollar contributed by a single source which exceeds \$500. The total amount of public funds provided to a candidate is adjusted every four years, based on the average consumer price index. To be eligible for matching funds, a candidate must sign a statement of oath pledging to comply with the limitations on campaign contributions and expenditures and with all terms and conditions of the statute. *The Governor*

*recommended \$0.8 million less than enacted, consistent with the first quarter report. The Assembly further reduced funding by \$0.1 million based on the Board's third quarter report.*

**Election Expenses.** The Board requested \$50,430 more than the \$0.6 million enacted for election expenses in FY 2019. The request includes additional funding for travel to conduct risk-limiting audits and funding for miscellaneous expenses, which the Board indicated include a new copy machine, costs related to the e-poll books, tables for the mail ballot room and the e-poll book programming room, and supply boxes for transporting the e-poll books. *The Governor recommended funding as requested. The Assembly reduced funding by \$65,000 to better align printing costs with actual expenditures.*

**Armory Security.** The Board requested \$35,394 more than enacted from general revenues to fund security services at the Cranston Street Armory in Providence. The Board began storing voting equipment at the Armory in November 2009 and currently occupies 10,350 square feet at the location. The Board indicated these security services were requested by the Division of Capital Asset Management and Maintenance in June 2018 to ensure the security of the technology stored there. The funding provides for 24 hour security. *The Governor recommended funding as requested. The Assembly concurred.*

**Legal Services.** The Board requested \$20,000 more than enacted from general revenues for legal services. The enacted budget assumes \$120,000 to support the Board's legal needs. The revised request updates projections based on actual FY 2018 costs. The Board indicated that the request reflects its need for election related legal work such as recounts, mail ballot certifications, and election related questions. Additionally, there is still ongoing litigation with the former executive director. *The Governor recommended funding as requested. The Assembly concurred.*

**Salaries and Benefits.** The Board requested \$30,513 more than enacted from general revenues for salaries and benefits for its 13.0 full-time equivalent positions. The increase is the result of changes to existing positions and associated step increases. The FY 2019 enacted budget includes turnover savings of \$95,000. The enacted budget also authorizes and funds a new full-time equivalent position, a director of operations at a cost of \$0.1 million which had not been filled as of the budget request submission. The Board's request reflects filling one vacancy in December 2018 and the new position in January 2019 as well as upgrading the salaries of approximately half its positions. The Board worked with the Department of Administration to obtain approval for these upgrades; however, this occurred after the budget was approved, and no funding was requested or included.

*The Governor recommended \$118,513 less than requested, reflecting \$14,518 for statewide benefit adjustments and \$103,995 for additional turnover savings. The recommendation would allow the Board to fill one vacancy by the beginning of February and maintain one vacancy for the rest of the year; the Board has averaged 2.0 vacancies since the beginning of FY 2019. The Assembly reduced funding by \$25,000 to reflect additional turnover savings.*

**Seasonal Election Staff.** The Board requested \$27,393 more than enacted for seasonal staff for the November 2018 election to reflect the final amount spent. The enacted budget includes \$0.4 million for seasonal staff and reduced the requested funding by \$0.1 million based on prior election expenses and the acquisition of mail ballot processing equipment. The Board indicated the additional funding is related to a shortage of staff in regular seasonal and technicians. Additional technicians were hired for the e-poll books and additional seasonal staff were needed to help with mail ballots as the machine was not acquired in time to use during the election. *The Governor recommended funding as requested. The Assembly concurred.*

**E-Poll Books.** The Board requested \$11,900 from general revenues for e-poll book services not funded in the enacted budget. This includes \$5,000 for contractors to conduct pre-election maintenance, testing, and Election Day troubleshooting for e-poll books. The funding would supplement \$50,000 from federal funds from the Help America Vote Act Election Security grant included in the Secretary of State's budget. The

total cost of the contractors associated with the e-poll books is \$55,000 in FY 2019. The contractors are requested for FY 2020 as well; however, federal funding is recommended for other uses in that year making the Board's request for the e-poll book contractors \$60,000. The remaining \$6,900 increase reflects actual FY 2018 spending for maintenance of the e-poll books, which the Board indicated will end in FY 2019. *The Governor recommended funding as requested. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. For the Board's share of centralized services, the request includes the enacted amount of \$74,427 for facilities management and \$54,801 for information technology services, both from general revenues. This is \$13,621 more than was charged in FY 2018. It should be noted that the Board was charged \$10,577 less than the final appropriation for information technology services in FY 2018. *The Governor recommended \$0.2 million more than enacted based on billings through November and December as well as the renewal cost increase for Microsoft Office 365. The Assembly concurred.*

**Capital Projects.** The Board stores voting equipment at its location at 50 Branch Avenue and also occupies 10,350 square feet at the Cranston Street Armory. The Board requested general revenues to rent a new consolidated location for a number of years but these requests have not been funded. As part of its revised request, the Board indicated that the Department of Administration recommended that the Board request Rhode Island Capital Plan funds for a feasibility study for relocation to a property currently owned by the Department of Transportation at 55 Colorado Avenue in Warwick. The request includes \$260,000 for FY 2019 for the study and \$5.7 million for FY 2020 to begin construction from Rhode Island Capital Plan funds. *The Governor did not recommend funding. The Assembly concurred.*

**Other Operations.** The Board requested \$12,100 less than enacted from general revenues for other expenses based on FY 2018 spending. The request removes \$12,000 for internet services, which the Board indicated are covered through centralized service charges. The reduction of \$100 is for interpreters and translators. None was spent in FY 2018 on either of these services. The Board's FY 2020 request also removes funding for these items. *The Governor recommended \$26,718 less than requested which includes \$17,841 in general revenue savings based on three statewide savings initiatives designed to reduce operating costs and \$8,877 for adjustments to uniforms, advertising, and maintenance to reflect actual FY 2018 expenses. The Assembly concurred.*



## Rhode Island Ethics Commission

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 1,416,731                | \$ 1,532,767               | \$ 1,471,281               | \$ 1,471,281             |
| Contracted Services              | 22,193                      | 57,001                     | 47,275                     | 47,275                   |
| <b>Subtotal</b>                  | <b>\$ 1,438,924</b>         | <b>\$ 1,589,768</b>        | <b>\$ 1,518,556</b>        | <b>\$ 1,518,556</b>      |
| Other State Operations           | 195,686                     | 218,143                    | 220,657                    | 220,657                  |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | -                           | -                          | -                          | -                        |
| Capital                          | 3,324                       | 4,326                      | 8,826                      | 8,826                    |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 1,637,934</b>         | <b>\$ 1,812,237</b>        | <b>\$ 1,748,039</b>        | <b>\$ 1,748,039</b>      |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 1,637,934                | \$ 1,812,237               | \$ 1,748,039               | \$ 1,748,039             |
| Federal Aid                      | -                           | -                          | -                          | -                        |
| Restricted Receipts              | -                           | -                          | -                          | -                        |
| Other                            | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 1,637,934</b>         | <b>\$ 1,812,237</b>        | <b>\$ 1,748,039</b>        | <b>\$ 1,748,039</b>      |
| <b>FTE Authorization</b>         | <b>12.0</b>                 | <b>12.0</b>                | <b>12.0</b>                | <b>12.0</b>              |
| <b>FTE Average</b>               | <b>11.5</b>                 |                            |                            |                          |

**FY 2019 Revised Request.** The Ethics Commission requested \$15,426 less than enacted from general revenues. *The Governor recommended \$64,198 less than enacted and \$48,772 less than requested. This includes \$12,392 of statewide savings, noted below where appropriate. The Assembly concurred.*

**Salaries and Benefits.** The Commission requested \$17,800 less than enacted from general revenues for the authorized level of 12.0 full-time equivalent positions. The savings reflect two new employees that were hired at lower salaries than enacted. It should be noted that the request appears to overfund expected need. *The Governor recommended \$43,686 less from general revenues than requested which fully funds all staff and includes \$7,815 in statewide savings. The Assembly concurred.*

**Legal Services.** The Commission requested \$9,726 less than enacted from general revenues for legal services. The Commission previously had litigation matters pending in Rhode Island Superior Court that it anticipated would require a higher level of funding. However, both of the cases were settled during FY 2018. The revised request is higher than historical spending because in September 2018, the Commission amended the Rhode Island Code of Regulations Sections 520-00-00-3 that now require independent legal counsel to provide a written basis for the case dismissals that lack probable cause. *The Governor recommended funding as requested. The Assembly concurred.*

**Centralized Services.** The Commission requested \$45,756 from general revenues for centralized information technology services which is consistent with the enacted budget. 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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. *The Governor recommended \$509 less than requested and enacted based on billings through December. The Assembly concurred.*

**Other Operations.** The Commission requested \$12,100 more than enacted from general revenues for all other expenditures. This increase includes \$4,500 for a new printer, \$1,000 for an additional Westlaw legal research license, \$4,500 for the property taxes component of its rent as required by the lease, and \$2,100 more for all other operations. *The Governor recommended \$4,577 less from general revenues than requested based on three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

## Office of the Governor

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 4,852,054                | \$ 5,060,421               | \$ 5,766,992               | \$ 5,042,968             |
| Contracted Services              | 148,524                     | 500                        | 500                        | 500                      |
| <b>Subtotal</b>                  | <b>\$ 5,000,578</b>         | <b>\$ 5,060,921</b>        | <b>\$ 5,767,492</b>        | <b>\$ 5,043,468</b>      |
| Other State Operations           | 424,582                     | 355,026                    | 372,479                    | 372,479                  |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | 50,000                      | 200,000                    | 250,000                    | 200,000                  |
| Capital                          | 5,899                       | 17,100                     | 17,100                     | 17,100                   |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 5,481,059</b>         | <b>\$ 5,633,047</b>        | <b>\$ 6,407,071</b>        | <b>\$ 5,633,047</b>      |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 5,481,059                | \$ 5,633,047               | \$ 6,407,071               | \$ 5,633,047             |
| Federal Aid                      | -                           | -                          | -                          | -                        |
| Restricted Receipts              | -                           | -                          | -                          | -                        |
| Other                            | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 5,481,059</b>         | <b>\$ 5,633,047</b>        | <b>\$ 6,407,071</b>        | <b>\$ 5,633,047</b>      |
| <b>FTE Authorization</b>         | <b>45.0</b>                 | <b>45.0</b>                | <b>45.0</b>                | <b>45.0</b>              |
| <b>FTE Average</b>               | <b>38.9</b>                 |                            |                            |                          |

**FY 2019 Revised Request.** The Office of the Governor requested \$0.8 million more from general revenues than enacted and staffing consistent with the authorized level. *The Governor recommended \$64,279 less than requested and includes \$89,608 of statewide savings, noted below where appropriate. As of the pay period ending January 19, the Office had 10.0 positions vacant. The Assembly maintained the enacted level of funding.*

**Contingency Fund.** The Office requested \$50,000 more than enacted for the contingency fund, for a total of \$250,000. Since FY 2010, the contingency fund has received an annual appropriation of \$250,000. However, the Office historically underspends available funding and the 2018 Assembly provided \$200,000 for FY 2019. While the request restores funding to the prior appropriation level, average expenditures for the last five fiscal years were \$120,347. The funds may be used for expenditures in any state department or agency where funding is insufficient, or where such requirements are due to unforeseen conditions or are non-recurring items of an unusual nature. *The Governor recommended funding as requested. The Assembly did not concur and provided the enacted level of funding.*

**Salaries and Benefits.** The Office requested \$0.8 million more than enacted from general revenues to restore funding for 4.8 full-time equivalent positions that were previously allocated to other state agencies. For FY 2019, the Governor's recommended budget lowered direct expenditures by \$0.8 million by allocating personnel expenditures to ten other state agencies and included funding for those positions among the agency budgets. The 2018 Assembly did not concur; it reduced funding among the appropriate agency budgets accordingly, and did not add funding for the positions to the Office. Through the first pay period

in December 2018, the Office had an average of 9.3 positions vacant. The enacted budget assumes turnover equivalent to 3.5 full-time positions. The final FY 2018 budget assumed cost allocations of \$689,522 to nine state agencies. Actual allocations totaled \$543,186 or \$146,336 less than the amount assumed in the budget. *The Governor recommended \$81,732 less than requested reflecting statewide benefits savings of \$36,262 and turnover savings of \$45,470. The Assembly did not concur and reduced recommended funding by \$0.7 million to reflect funding the enacted level reduced by statewide savings.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. Consistent with the enacted budget, the Office of the Governor's request includes \$0.1 million from general revenues for its share of centralized information technology services. *The Governor recommended \$25,329 more than enacted based on billings through November, which is \$22,634 more than FY 2018 actual expenditures, as well as the renewal cost increase for Microsoft 365. The Assembly concurred.*

**Other Operations.** The Office requested the enacted level of funding for all other expenses. *The Governor recommended \$7,876 less than enacted reflecting estimated statewide savings from three separate initiatives to reduce operating costs. The Assembly concurred.*

## Rhode Island Commission for Human Rights

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 1,383,622                | \$ 1,491,775               | \$ 1,470,947               | \$ 1,470,947             |
| Contracted Services              | 13,999                      | 8,475                      | 9,000                      | 9,000                    |
| <b>Subtotal</b>                  | <b>\$ 1,397,621</b>         | <b>\$ 1,500,250</b>        | <b>\$ 1,479,947</b>        | <b>\$ 1,479,947</b>      |
| Other State Operations           | 285,389                     | 332,761                    | 323,081                    | 323,081                  |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | -                           | -                          | -                          | -                        |
| Capital                          | -                           | -                          | -                          | -                        |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 1,683,010</b>         | <b>\$ 1,833,011</b>        | <b>\$ 1,803,028</b>        | <b>\$ 1,803,028</b>      |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 1,273,387                | \$ 1,335,441               | \$ 1,335,441               | \$ 1,335,441             |
| Federal Aid                      | 409,623                     | 497,570                    | 467,587                    | 467,587                  |
| Restricted Receipts              | -                           | -                          | -                          | -                        |
| Other                            | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 1,683,010</b>         | <b>\$ 1,833,011</b>        | <b>\$ 1,803,028</b>        | <b>\$ 1,803,028</b>      |
| <b>FTE Authorization</b>         | <b>14.5</b>                 | <b>14.5</b>                | <b>14.5</b>                | <b>14.5</b>              |
| <b>FTE Average</b>               | <b>13.0</b>                 |                            |                            |                          |

**FY 2019 Revised Request.** The Commission requested \$10,853 less than enacted from all sources, including \$34,824 more from general revenues and \$45,677 less from federal funds. *The Governor recommended \$29,983 less than enacted and \$19,130 less than requested. General revenues are consistent with the enacted budget and \$34,824 less than requested and include \$15,248 of statewide savings, noted where appropriate. The Assembly concurred.*

**Federal Receipts.** The enacted budget assumed available federal receipts to be spent in FY 2019 will be \$497,570. The Commission's revised budget includes expenses totaling \$451,893 which is \$45,677 less than enacted. This reduction in federal funds reflects a shift in expenditures in salaries and benefits from federal funds to general revenues because the Commission can only be reimbursed for the specific time that a staff member works on a federal case. *The Governor's budget uses \$467,587 which is \$29,983 less than enacted and \$15,694 more than requested. The Assembly concurred.*

**Personnel and Operating.** The Commission requested \$10,853 less than enacted from all sources for personnel and operating expenses, including \$34,824 more from general revenues and \$45,677 less from federal funds. The Commission's request includes \$10,614 less for salaries and benefits to reflect a vacant investigator position. The request shifts \$109,983 from federal funds to general revenues for personnel costs to align the budget closer with federal funding restrictions. The request also shifts \$86,769 of rent expenditures from general revenues to federal funds, a permissible use of funding, to ease the burden on general revenues. Expenditures for other operating expenses and purchased services are \$7,495 less to be consistent with FY 2018 spending and updated staff training plans. *The Governor recommended \$14,136*

*less than requested from all sources including \$29,830 less from general revenues. This includes \$11,326 in statewide benefit savings and \$3,922 less from general revenues than requested based on three separate statewide savings initiatives designed to reduce operating costs. She also recommended shifting an additional \$15,694 from general revenues to federal funds for rent. **The Assembly concurred.***

**Centralized Services.** The Commission requested \$39,280 from general revenues for centralized information technology services which is consistent with the enacted budget. 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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. *The Governor recommended \$4,994 less than requested for information technology services based on billings through November and updated costs for Microsoft Office 365. **The Assembly concurred.***

## Public Utilities Commission

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 6,099,135                | \$ 6,604,281               | \$ 6,641,891               | \$ 6,641,891             |
| Contracted Services              | 1,896,448                   | 1,990,525                  | 2,609,421                  | 2,609,421                |
| <b>Subtotal</b>                  | <b>\$ 7,995,583</b>         | <b>\$ 8,594,806</b>        | <b>\$ 9,251,312</b>        | <b>\$ 9,251,312</b>      |
| Other State Operations           | 862,422                     | 1,240,025                  | 1,272,185                  | 1,272,185                |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | -                           | -                          | -                          | -                        |
| Capital                          | 156,222                     | 100,000                    | 100,000                    | 100,000                  |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 9,014,227</b>         | <b>\$ 9,934,831</b>        | <b>\$ 10,623,497</b>       | <b>\$ 10,623,497</b>     |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ -                        | \$ -                       | \$ -                       | \$ -                     |
| Federal Aid                      | 165,815                     | 168,378                    | 168,378                    | 168,378                  |
| Restricted Receipts              | 8,848,412                   | 9,766,453                  | 10,455,119                 | 10,455,119               |
| Other                            | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 9,014,227</b>         | <b>\$ 9,934,831</b>        | <b>\$ 10,623,497</b>       | <b>\$ 10,623,497</b>     |
| <b>FTE Authorization</b>         | <b>51.0</b>                 | <b>53.0</b>                | <b>53.0</b>                | <b>53.0</b>              |
| <b>FTE Average</b>               | <b>48.0</b>                 |                            |                            |                          |

**FY 2019 Revised Request.** The Public Utilities Commission requested \$71,991 more than enacted from restricted receipts. *The Governor recommended \$0.7 million more than enacted, most of which is an adjustment to the Rate Case Reserve account. The Assembly concurred.*

**Transportation Network Company Regulatory Oversight.** The Commission requested \$72,000 more than enacted from restricted receipts for the regulation of transportation network companies. Rhode Island General Law, Section 39-14.2-5 allows the Commission to regulate transportation network companies, such as Lyft and Uber, and establishes the application and annual renewal fees to operate in Rhode Island. The request includes \$39,323 more for salaries and benefits to pay for a portion of three employees' salaries and benefits to conduct the oversight, \$9,100 more to travel to conferences regarding the best way to regulate Uber and Lyft, \$25,327 more for additional office supplies and cell phones for enforcement, and \$1,750 less for all other expenditures. *The Governor recommended \$57,000 more than enacted, or \$15,000 less from restricted receipts than requested. The Assembly concurred.*

**Centralized Services.** The Commission requested \$90,324 from restricted receipts for centralized information technology services which is consistent with the enacted budget. 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, the costs for the staff and other expenses related to these services 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 are charged for

the costs which in turn pay for the staff and expenses. *The Governor recommended \$12,779 more from restricted receipts than enacted based on billings through November. The Assembly concurred.*

**Rate Case Reserve Account.** Consistent with the enacted budget, the Commission requested \$1.4 million from restricted receipts for expenses incurred for hearings and investigations of rate case applications and other filings. Funds from this account are used to purchase materials, contract with external legal counsel, official stenographers, engineers, accountants, economists, and other expert witnesses as well as other necessary expenses. *The Governor recommended \$618,896 more than requested which reflects an increase in utility rate cases and annual filings that require a docket hearing. The Commission spent \$1.4 million in FY 2018 and as of February 2019, it had spent \$0.7 million. A similar increase is requested for FY 2020. The Assembly concurred.*

**Other Operations.** The Commission's request for all other operations is largely consistent with the enacted budget. The request is \$9 less than enacted and reflects a shift in expenditures from legal to financial consultants, consistent with FY 2018 actual expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

## Executive Office of Health and Human Services

|                                  | FY 2018<br>Reported     | FY 2019<br>Enacted      | FY 2019<br>Revised      | FY 2019<br>Final        |
|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Expenditures by Program</b>   |                         |                         |                         |                         |
| Central Management               | \$ 150,567,180          | \$ 136,389,486          | \$ 193,477,572          | \$ 190,369,776          |
| Medical Assistance               | 2,382,830,974           | 2,470,573,254           | 2,484,356,244           | 2,465,291,310           |
| <b>Total</b>                     | <b>\$ 2,533,398,154</b> | <b>\$ 2,606,962,740</b> | <b>\$ 2,677,833,816</b> | <b>\$ 2,655,661,086</b> |
| <b>Expenditures by Category</b>  |                         |                         |                         |                         |
| Salaries and Benefits            | \$ 27,186,855           | \$ 31,534,873           | \$ 32,079,524           | \$ 31,579,524           |
| Contracted Services              | 90,354,219              | 71,974,663              | 126,198,047             | 123,387,095             |
| <b>Subtotal</b>                  | <b>\$ 117,541,074</b>   | <b>\$ 103,509,536</b>   | <b>\$ 158,277,571</b>   | <b>\$ 154,966,619</b>   |
| Other State Operations           | 6,152,777               | 9,469,725               | 9,615,204               | 9,615,204               |
| Aid to Local Units of Government | -                       | -                       | -                       | -                       |
| Assistance, Grants, and Benefits | 2,409,499,194           | 2,493,893,594           | 2,508,825,150           | 2,489,963,372           |
| Capital                          | 205,109                 | 89,885                  | 1,115,891               | 1,115,891               |
| Capital Debt Service             | -                       | -                       | -                       | -                       |
| Operating Transfers              | -                       | -                       | -                       | -                       |
| <b>Total</b>                     | <b>\$ 2,533,398,154</b> | <b>\$ 2,606,962,740</b> | <b>\$ 2,677,833,816</b> | <b>\$ 2,655,661,086</b> |
| <b>Sources of Funds</b>          |                         |                         |                         |                         |
| General Revenue                  | \$ 956,366,168          | \$ 982,916,072          | \$ 989,336,794          | \$ 975,564,715          |
| Federal Aid                      | 1,553,988,393           | 1,605,800,743           | 1,664,241,111           | 1,661,092,197           |
| Restricted Receipts              | 23,043,593              | 18,245,925              | 24,255,911              | 19,004,174              |
| Other                            | -                       | -                       | -                       | -                       |
| <b>Total</b>                     | <b>\$ 2,533,398,154</b> | <b>\$ 2,606,962,740</b> | <b>\$ 2,677,833,816</b> | <b>\$ 2,655,661,086</b> |
| <b>FTE Authorization</b>         | <b>192.0</b>            |                         | <b>195.0</b>            | <b>192.0</b>            |
| <b>FTE Average</b>               | <b>176.3</b>            |                         |                         |                         |

**FY 2019 Revised Request.** The Executive Office included \$67.5 million more than enacted from all sources for total funding of \$2,674.5 million. This includes \$2.0 million more from general revenues, \$56.9 million more from federal funds and \$8.6 million more from restricted receipts. The revised request was submitted in October and does not reflect the revised caseload estimates adopted in November.

*The Governor recommended \$3.3 million more than requested, including \$4.5 million more from general revenues. She reduced the November caseload estimate by \$15.7 million, including \$5.3 million from general revenues, which lowered the caseload estimate for Hepatitis C coverage, rescinded a rate increase for hospice care, and shifted some administrative expenses to central management. This includes \$0.3 million of statewide savings, noted below where appropriate. She also added 3.0 new legal positions; as of the January 19<sup>th</sup> payroll, the Executive Office had 9.0 vacant positions.*

*Subsequent to her recommendation, the Governor requested several amendments to adjust federal funds in the central management program.*

The Assembly provided \$2,655.7 million, including \$975.6 million from general revenues, \$1,661.1 million from federal funds and \$19.0 million from restricted receipts. This is \$22.2 million less than the Governor's recommendation, including \$13.8 million from general revenues, \$3.1 million from federal funds and \$5.3 million less from Deloitte Settlement funds. The Assembly updated appropriations based on the May caseload conference and concurred with several amendments. The Assembly also made other program changes as noted in this analysis. The Assembly did not include the new positions.

### Medical Assistance

The Caseload Estimating Conference met on November 7, 2018 and based on current law, set the FY 2019 medical assistance expenditures at \$2,457.0 million, including \$966.1 million from general revenues, which is \$29.5 million more than enacted from all funds and \$11.9 million more from general revenues. The Executive Office's revised request submitted in October is consistent with the enacted budget and does not reflect the adopted estimate. The following table itemizes medical assistance expenditures in FY 2017 and FY 2018, as enacted by the 2018 Assembly, adopted by the caseload estimators, recommended by the Governor and enacted by the 2019 Assembly. Each category is discussed separately.

| Medical Assistance              | FY 2017<br>Spent  | FY 2018<br>Spent  | FY 2019<br>Enacted | FY 2019<br>Gov. Rev. | FY 2019<br>May CEC | FY 2019<br>Final  |
|---------------------------------|-------------------|-------------------|--------------------|----------------------|--------------------|-------------------|
| <b>Hospitals</b>                |                   |                   |                    |                      |                    |                   |
| Regular Payments                | \$ 50.3           | \$ 52.7           | \$ 52.6            | \$ 56.6              | \$ 60.0            | \$ 60.0           |
| DSH Payments                    | 138.1             | 139.7             | 138.6              | 138.5                | 138.5              | 138.5             |
| Total                           | \$ 188.4          | \$ 192.3          | \$ 191.2           | \$ 195.1             | \$ 198.5           | \$ 198.5          |
| <b>Long Term Care</b>           |                   |                   |                    |                      |                    |                   |
| Nursing and Hospice Care        | \$ 195.9          | \$ 176.7          | \$ 313.8           | \$ 318.7             | \$ 308.0           | \$ 308.0          |
| Home and Community Care         | 53.2              | 49.6              | 82.5               | 81.0                 | 69.4               | 69.4              |
| Total                           | \$ 249.1          | \$ 226.3          | \$ 396.3           | \$ 399.7             | \$ 377.4           | \$ 377.4          |
| <b>Managed Care</b>             |                   |                   |                    |                      |                    |                   |
| RItc Care                       | \$ 611.5          | \$ 640.6          | \$ 662.5           | \$ 654.6             | \$ 658.6           | \$ 658.6          |
| RItc Share                      | 7.3               | 7.0               | 6.8                | 4.8                  | 2.9                | 2.9               |
| Fee For Service                 | 62.2              | 62.4              | 62.8               | 63.8                 | 64.2               | 64.2              |
| Total                           | \$ 681.0          | \$ 710.0          | \$ 732.1           | \$ 723.2             | \$ 725.7           | \$ 725.7          |
| <b>Rhody Health Partners</b>    | \$ 238.7          | \$ 224.4          | \$ 258.1           | \$ 249.7             | \$ 237.6           | \$ 237.6          |
| <b>Medicaid Expansion</b>       | \$ 437.9          | \$ 453.9          | \$ 469.2           | \$ 474.7             | \$ 478.7           | \$ 478.7          |
| <b>Rhody Health Options</b>     | \$ 345.8          | \$ 358.2          | \$ 192.6           | \$ 202.5             | \$ 208.3           | \$ 208.3          |
| <b>Pharmacy</b>                 | \$ (4.9)          | \$ (3.9)          | \$ (0.5)           | \$ (0.6)             | \$ (0.3)           | \$ (0.3)          |
| <b>Pharmacy Part D Clawback</b> | \$ 59.1           | \$ 64.3           | \$ 66.0            | \$ 69.4              | \$ 69.5            | \$ 69.5           |
| <b>Other Medical Services</b>   | \$ 106.5          | \$ 111.8          | \$ 122.6           | \$ 127.6             | \$ 126.8           | \$ 126.8          |
| Federal Funds                   | \$ 1,371.4        | \$ 1,402.2        | \$ 1,464.3         | \$ 1,471.5           | \$ 1,466.1         | \$ 1,466.1        |
| General Revenues                | 919.3             | 923.7             | 954.3              | 960.8                | 947.1              | 947.1             |
| Restricted Receipts             | 11.0              | 11.6              | 9.0                | 9.0                  | 9.0                | 9.0               |
| <b>Total</b>                    | <b>\$ 2,301.7</b> | <b>\$ 2,337.5</b> | <b>\$ 2,427.6</b>  | <b>\$ 2,441.3</b>    | <b>\$ 2,422.3</b>  | <b>\$ 2,422.3</b> |

\$ in millions

The Governor recommended \$15.7 million less than the conference estimate, including \$5.3 million less from general revenues. She assumed savings from changing the caseload conference estimate that expanded coverage for individuals with Hepatitis C, rescinded the hospice rate increase for care provided in a nursing facility, and shifted Rhody Health Option Redesign administrative costs from the medical assistance program to central management; each is noted separately.

The Assembly provided \$2,422.3 million from all sources and included \$947.1 million from general

**revenues, which is consistent with the May estimate. This is \$19.1 million less than the Governor's recommendation, including \$13.6 million from general revenues and \$5.4 million from federal funds.**

**The changes include \$2.3 million less for long term care, \$12.1 million less for Rhody Health Partners and \$0.8 million less for other medical services offset by increases of \$5.8 million for Rhody Health Options, \$4.0 million for Medicaid expansion, \$3.4 million for hospitals, \$2.5 million for RIte Care, and \$0.4 million for pharmacy. Each change is explained separately.**

### **Managed Care Programs - Hepatitis C Coverage**

The Executive Office of Health and Human Services modified the Medicaid program's Hepatitis C pharmaceutical prior authorization policy effective in July 2018 to cover treatment for all patients regardless of the stage of the disease. This increases the known population eligible for coverage from the 250 annually assumed in the enacted budget. The caseload estimate assumes 2,100 individuals will receive treatment over a two-year period for FY 2019 and FY 2020. The policy change regarding covered services for those with Hepatitis C was made by the Executive Office sometime before July 1, 2018, but not reflected in the budget that was enacted around the same time. Prior limitations on eligibility for costly curative drug treatment to only those with more advanced cases were eliminated.

Testimony by the Executive Office at the November caseload conference assumed that for FY 2019 utilization would increase by approximately 200 individuals over the FY 2018 baseline level of 250 members in treatment, for a total of 450. This total is consistent with the number of individuals who tested positive for Hepatitis C previously but were denied treatment under the Executive Office's former protocols. Further, it assumed an initial 80 percent substitution factor of the preferred lower costing treatment over the status quo. The adopted November estimate assumes that of the 2,100 known Medicaid beneficiaries with Hepatitis C, which was provided in follow up to the initial testimony, 1,100 would be covered during FY 2018 and the remainder during FY 2020. Since the treatment is available and the number of individuals testing positive is known, the estimators assumed that coverage would be provided.

The FY 2019 enacted budget includes \$13.1 million in expenses, including \$3.5 million from general revenues. The November estimate assumes costs totaling \$35.5 million, including \$9.6 million from general revenues which is \$22.4 million more than enacted, including \$6.1 million from general revenues. The two-year increase from this change totals \$48.4 million, of which \$13.1 million is from general revenues including \$6.1 million in FY 2019 and \$7.0 million in FY 2020.

*The Governor's revised budget assumes savings of \$10.7 million, including \$2.9 million from general revenues, by changing the caseload conference estimate for Hepatitis C coverage. The estimate assumed an expansion of the number of individuals eligible for treatment but the Governor's revised budget assumes a lower per person cost as a result of new, lower cost generic drugs that have recently been made available. This savings is not the result of a distinct proposal; it appears to unilaterally alter the consensus estimate adopted in accordance with statute. Such a revision should only be considered as part of the next caseload conference in May along with updated information for all programs subject to the statutory consensus estimating process. The May Caseload Conference estimate lowered the cost of coverage by \$12.6 million, including \$3.2 million from general revenues and the Assembly concurred. This is inclusive of any savings assumed in the Governor's budget.*

### **Hospitals**

The November Caseload Estimating Conference estimate includes hospital expenses totaling \$195.1 million, \$93.1 million from general revenues. It includes \$39.9 million for direct medical services, \$16.7 million for supplemental hospital payments and \$138.5 million for uncompensated care payments to community hospitals. The Executive Office's revised request is consistent with the enacted budget and

does not reflect the adopted estimate. *The Governor recommended funding consistent with the caseload estimate. The Assembly provided \$198.5 million which is consistent with the May caseload estimate, and included \$92.1 million from general revenues and \$106.4 million from federal funds. This is \$3.4 million more than recommended, including \$1.0 million less from general revenues.*

**Hospitals.** The November Caseload Estimating Conference estimate includes FY 2019 expenditures at \$56.6 million, including \$25.9 million from general revenues. The estimate also includes the \$15.7 million upper payment limit reimbursement made to the community hospitals and \$1.0 million for general graduate medical education activities.

The estimate increases fee-for-service hospital spending by \$4.0 million from all funds, including \$1.9 million from general revenues, in the current fiscal year to reflect higher than anticipated inpatient and outpatient days. FY 2018 final expenses were \$52.7 million, or \$0.9 million above the final appropriation. The FY 2019 revised estimate adjusts for current expenditure trends.

The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommended funding consistent with the caseload estimate. The Assembly provided \$60.0 million, including \$24.9 million from general revenues, consistent with the May caseload conference. This is \$3.4 million more than recommended to reflect increased utilization.*

**Disproportionate Share Payments to Hospitals.** The November caseload estimate includes \$138.5 million for the disproportionate share payments for uncompensated care costs to the state's community hospitals. This includes \$67.3 million from general revenues and \$71.3 million from matching federal funds. The estimate adopted the known payment which is \$0.1 million less than assumed in the enacted budget. The Executive Office's revised request includes the enacted level. *The Governor recommended funding consistent with the caseload estimate. The Assembly concurred.*

| Hospital Payments                 | FY 2018<br>Reported   | FY 2019<br>Enacted    | FY 2019<br>Gov. Rev.  | FY 2019<br>May CEC    | FY 2019<br>Final      |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Community Hospitals</b>        |                       |                       |                       |                       |                       |
| State                             | \$ 68,418,383         | \$ 67,290,300         | \$ 67,251,070         | \$ 67,251,070         | \$ 67,251,070         |
| Federal                           | 71,267,984            | 71,309,700            | 71,276,768            | 71,276,768            | 71,276,768            |
| Subtotal                          | \$ 139,686,367        | \$ 138,600,000        | \$ 138,527,838        | \$ 138,527,838        | \$ 138,527,838        |
| <b>Upper Payment Limit</b>        |                       |                       |                       |                       |                       |
| State                             | \$ 9,963,213          | \$ 5,851,771          | \$ 5,786,775          | \$ 5,786,775          | \$ 5,786,775          |
| Federal                           | 10,505,262            | 9,819,982             | 9,884,978             | 9,884,978             | 9,884,978             |
| Subtotal                          | \$ 20,468,475         | \$ 15,671,753         | \$ 15,671,753         | \$ 15,671,753         | \$ 15,671,753         |
| <b>Graduate Medical Education</b> |                       |                       |                       |                       |                       |
| State                             | \$ 4,000,000          | \$ 1,000,000          | \$ 1,000,000          | \$ 1,000,000          | \$ 1,000,000          |
| <b>Total</b>                      | <b>\$ 164,154,842</b> | <b>\$ 155,271,753</b> | <b>\$ 155,199,591</b> | <b>\$ 155,199,591</b> | <b>\$ 155,199,591</b> |

**Upper Payment Limit Reimbursements.** The enacted budget includes \$15.7 million from all sources, of which \$5.8 million is general revenues, for the inpatient and outpatient upper payment limit reimbursement. The Executive Office's revised request and the November caseload estimate include the funding. *The Governor recommended funding consistent with the caseload estimate. The Assembly concurred.*

**Graduate Medical Education.** The enacted budget includes \$1.0 million from general revenues for graduate medical education activities at Lifespan. The Executive Office's revised request and the November caseload estimate include the funding. *The Governor recommended funding consistent with the caseload estimate. The Assembly concurred.*

**Hospital License Fee.** The Assembly included Section 2 of Article 7 of 2018-H 7200, Substitute A, as amended, which set the FY 2019 license fee at 6.0 percent based on 2017 revenues for all hospitals,

including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital which will pay a lower 4.02 percent fee. Collections total \$180.8 million including \$174.0 million from the community hospitals and \$6.8 million from the state payment made on behalf of Eleanor Slater Hospital. *The Governor included funding consistent with the FY 2019 enacted level. The Assembly concurred.*

| FY 2019 Hospital License Fee       | FY 2019<br>Enacted    | FY 2019<br>Gov. Rev.  | FY 2019<br>Final      | Change to<br>Gov. Rec |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Revenues</b>                    |                       |                       |                       |                       |
| Base Year                          | 2017                  | 2017                  | 2017                  |                       |
| Tax Rate                           | 6.000%                | 6.000%                | 5.856%                |                       |
| Community Hospital License Fee     | \$ 178,794,058        | \$ 178,794,058        | \$ 178,794,058        | \$ -                  |
| Washington County Hospitals Waiver | (4,748,735)           | (4,748,735)           | (4,748,735)           | -                     |
| Subtotal Licensing fee             | \$ 174,045,323        | \$ 174,045,323        | \$ 174,045,323        | \$ -                  |
| Slater License Fee                 | 6,759,342             | 6,759,342             | 6,759,342             | -                     |
| <b>Total</b>                       | <b>\$ 180,804,665</b> | <b>\$ 180,804,665</b> | <b>\$ 180,804,665</b> | <b>\$ -</b>           |

### Long Term Care

The November Caseload Estimating Conference estimate includes long term care expenses at \$402.0 million, of which \$193.5 million is from general revenues. This includes \$321.0 million for nursing facilities and hospice care and \$81.0 million for home and community care. The caseload estimate is \$5.7 million more than the enacted budget, including \$7.7 million more from general revenues.

The increase from the enacted level in FY 2019 is largely attributable to a more expansive application of a hospice rate increase contained in Article 13, Section 4 of the FY 2019 Appropriations Act. The Act provided for a base rate increase of 10 percent for home care providers, home nursing care providers, and hospice providers delivering personal care attendant services. It also provided for a base rate increase of 20 percent to providers delivering skilled nursing and therapeutic services and hospice care. As interpreted by the Executive Office, this rate increase was applied to all components of the hospice care payment, including the room and board rate paid to providers who deliver such care in a nursing facility. The value of this expanded application of the rate increase is estimated to be \$4.6 million in FY 2019 and is discussed separately.

The estimate also adds \$2.5 million for other home and community care rate adjustments because the Executive Office determined that some personal care services originally scheduled to receive the 10 percent increase were instead skilled services and should be raised by 20 percent. The estimate also includes updated projections based on current nursing home expenses.

*The Governor recommended \$2.3 million less than the conference estimate, including \$1.1 million less from general revenues, from the elimination of the rate increase applied for hospice care in a nursing facility and set the hospice payment at 95 percent of the rate paid for non-hospice care in a nursing facility as of July 1, 2019. Section 5 of Article 16 of 2019-H 5151 appears to try to fix a technical issue with language adopted in the 2018 session, but instead eliminates an intended increase to certain providers of skilled hospice care services. The section is effective July 1, 2019, but the savings included in the revised budget assume this change would be in effect January 1, 2019. The rate change received federal approval in January 2019 and is retroactive to July 1, 2018.*

**The Assembly provided \$377.4 million from all sources, including \$181.5 million from general revenues and \$195.9 million from federal funds consistent with the May caseload estimate. Combined with Rhody Health Options, the Assembly provided \$585.7 million, including \$281.5 million from general revenues in FY 2019 for long term care services.**

**The Assembly included Sections 5 and 15 of 2019-H 5151, Substitute A, as amended, to keep the pass through payment to the nursing facilities for a resident receiving hospice care at 95 percent of the daily rate. Since the Executive Office of Health and Human Services had paid the higher rate though FY 2019, the May caseload estimate included \$2.3 million, of which \$1.1 million is from general revenues, to recognize the payments that have already been made. The FY 2020 enacted budget reverts back to the 95 percent pass through payment.**

**Nursing Facilities and Hospice Care.** The Caseload Estimating Conference estimate includes FY 2019 expenditures of \$321.0 million, of which \$154.9 million is from general revenues for the state's 84 nursing facilities. The estimate increases nursing home costs by \$7.2 million in the current year, including \$5.5 million from general revenues. Most of this increase relates to the unbudgeted administrative decision and impacts of delayed payment processing.

The state continues to make advanced payments to nursing facilities and based on testimony from the Executive Office, the November caseload estimate assumes that ten percent of the \$33.0 million in advanced payments will not be eligible for Medicaid reimbursement once the payments are reconciled to the services provided. The impact of this assumption in the FY 2019 estimate is \$3.3 million. *The Governor recommended \$2.3 million less than the conference estimate, including \$1.1 million less from general revenues, from rescinding the 20 percent rate increase it recently approved for hospice care provided in a nursing facility because of a different interpretation of a 2018 law.*

**The Assembly included \$308.0 million, of which \$148.2 million is from general revenues, consistent with the May caseload estimate. This is \$10.7 million less than the Governor's recommendation and includes \$5.6 million less from general revenues and \$5.1 million less from federal funds. The estimate reflects current experience, including interim payments to address the applications that are pending for more than 90 days. The caseload estimate assumes that \$2.4 million in advanced payments will not be eligible for Medicaid reimbursement and adjusts state funding accordingly.**

**Hospice Care.** The Assembly included Section 4 of Article 13 of 2018-H 7200 Substitute A, as amended, to increase the rates paid for home care providers, home nursing care providers and hospice providers to deliver skilled nursing and therapeutic services and hospice care. Hospice care can be provided in different settings including a nursing facility. In that setting, once a nursing home resident has transitioned from a skilled nursing bed, for which the state pays a daily rate, to hospice under the care of a licensed hospice agency while still residing in the nursing home, the state payment goes to the hospice provider for the services based on a different method. This is because Medicaid rules prevent two mandatory providers, in this case a nursing facility and hospice provider, from both billing a state for the same Medicaid beneficiary. As a result of this rule, the state currently makes two separate payments to the hospice agency for the care provided to the nursing home resident: direct services provided by the hospice agency and a second payment for room and board to be passed through to the nursing facility that is no less than 95 percent of the nursing home daily rate.

The Assembly provided funding for the 20 percent rate increase for direct services and continued to fund the room and board at 95 percent of the daily rate since it is a pass through for the nursing homes. The Executive Office has interpreted that the 20 percent increase for hospice services also includes the room and board portion contrary to the intent of the legislation and appropriation provided to fund this increase. The state will be reimbursing nursing facilities 114 percent of the daily room and board rate for those residents whose payments flow through the hospice provider once the rates are approved. The November caseload estimate adds \$4.6 million, of which \$2.2 million is from general revenues, to account for this unbudgeted increase in the room and board payment.

*The Governor included savings of \$2.3 million, including \$1.1 million from general revenues from eliminating the disputed rate increase for the room and board payment. The savings appear to be based*

*on eliminating that rate increase retroactively to January 1, 2019. The Assembly concurred with the May caseload estimate that included \$4.6 million, of which \$2.2 million is from general revenues, to recognize the payments that have already been made. The budget includes the change, effective July 1, 2018.*

**Home and Community Care.** The November Caseload Estimating Conference estimate includes \$81.0 million for home and community care expenses, including \$38.6 million from general revenues in the FY 2019 estimate. This is \$1.5 million less than enacted, including \$2.1 million less from general revenues to reflect current spending projections. This includes the adjustment of some services originally assumed to receive the 10 percent rate increase and instead were deemed to qualify for the skilled nursing category and increased by 20 percent. The estimate also includes updated projections as well as \$3.0 million more from general revenues to restore unachieved savings from the Community First Choice Option, discussed separately. *The Governor recommended funding consistent with the caseload estimate.*

**The Assembly included \$69.4 million, of which \$33.3 million is from general revenues and \$36.1 million is from federal funds. This is \$11.6 million less than the Governor's recommendation to reflect decreased utilization in the fee-for-service program.**

**Community First Choice Option - Unachieved Savings.** The FY 2019 enacted budget includes savings of \$3.0 million from general revenues from the Governor's FY 2019 budget proposal to seek federal approval to provide the Community First Choice Option to individuals who require an institutional level of care. The federal option provides states the ability to make available home and community based attendant services and supports to eligible individuals, as needed, to assist with activities of daily living, such as bathing, eating, and ambulatory needs and instrumental activities of daily living, such as housekeeping and laundry, social activities and maintaining appointments, and health-related tasks through hands-on assistance or supervision. The Executive Office reported in its caseload testimony that this initiative would not be implemented and the savings could not be achieved this year; the estimate restores the general revenues. While the testimony was not definitive that the savings could never be achieved, the FY 2020 estimate also excludes the initiative. *The Governor recommended funding consistent with the caseload estimate. The Assembly concurred.*

### **Managed Care**

The November Caseload Estimating Conference estimate includes managed care expenses of \$723.7 million, including \$308.4 million from general revenues and \$415.3 from federal funds; the estimate reduces funding by \$8.4 million from all sources, including \$7.9 million from general revenues. The estimate includes RIte Care expenses of \$651.5 million, RIte Share expenses of \$4.8 million, and fee-for-service expenses of \$67.4 million; a discussion of each follows.

The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor reduced the caseload estimate by \$0.5 million from all sources, including \$0.2 million from general revenues, assuming a lower cost for treatment of Hepatitis C. The Assembly provided \$725.7 million, including \$308.5 million from general revenues consistent with the May caseload conference estimate. This is \$2.5 million more than the Governor's recommendation and reflects a higher average enrollment than estimated in November and increased utilization of services through the federally qualified health centers.*

**RIte Care.** The Caseload Estimating Conference estimated RIte Care expenditures of \$651.5 million including \$276.2 million from general revenues and revisions to the caseload enrollment and demographics that influence program costs. The estimate assumes lower than anticipated enrollment and adjustments to capitated rates. Functionality of the eligibility system continues to impact correct reporting and program costs. *The Governor reduced the caseload estimate by \$0.5 million from all sources, including \$0.2 million*

*from general revenues, assuming a lower cost for treatment of Hepatitis C. The Assembly included \$658.6 million consistent with the May conference estimate, which is \$4.0 million more than the Governor's recommendation for updated program costs. This includes increased enrollment and higher than projected utilization of services through the federally qualified health centers.*

**Hepatitis C Coverage.** The Executive Office of Health and Human Services modified the Medicaid program's Hepatitis C pharmaceutical prior authorization policy effective in July 2018 to cover treatment for all patients regardless of the stage of the disease. This increases the known population eligible for coverage from the 250 annually assumed in the enacted budget. The caseload estimate assumes 2,100 individuals will receive treatment over a two-year period for FY 2019 and FY 2020.

The policy change regarding covered services for those with Hepatitis C was made by the Executive Office sometime before July 1, 2018, but not reflected in the budget that was enacted around the same time. Prior limitations on eligibility for costly curative drug treatment to only those with more advanced cases were eliminated.

The FY 2019 enacted budget includes \$13.1 million in expenses, including \$3.5 million from general revenues. The November estimate assumes costs totaling \$35.5 million, including \$9.6 million from general revenues, which is \$22.4 million more than enacted, including \$6.1 million from general revenues.

For the RIte Care program, this is \$2.3 million, which is \$0.9 million more than enacted. *The Governor's recommendation lowers the cost by \$0.5 million based on an updated internal estimate. The Assembly concurred with the May estimate that lowered the cost of coverage.*

**RIte Share.** The Caseload Estimating Conference estimate includes RIte Share expenditures of \$4.8 million, including \$2.3 million from general revenues. This is \$2.0 million less than enacted, including \$1.0 million less from general revenues to reflect updated enrollment.

The RIte Share program allows families who are eligible for medical assistance to remain on their employer based health insurance plan. The state pays the health care premiums and co-payments of RIte Share eligible participants if the coverage is similar to the cost and services offered through RIte Care. Until October 1, 2011, the state also paid the co-pays and deductibles for prescriptions and doctor's visits when the charges exceeded the amount that the employer's insurance would pay. *The Governor recommended funding consistent with the caseload estimate. The Assembly included \$2.9 million, including \$1.4 million from general revenues, consistent with the May conference estimate and \$1.9 million less than recommended to reflect decreased enrollment in the premium assistance program.*

**Fee-Based Managed Care.** The Caseload Estimating Conference estimate includes fee-based managed care expenditures of \$63.8 million from all sources, of which \$32.1 million is general revenues. The estimate is \$4.6 million more than enacted, including \$2.2 million more from general revenues. Fee-based managed care provides additional services to those in the contracted managed care system. *The Governor recommended funding consistent with the caseload estimate. The Assembly included \$64.2 million, \$30.6 million from general revenues, consistent with the May conference estimate and \$0.4 million more than recommended.*

### Rhody Health Partners

**Rhody Health Partners.** The Caseload Estimating Conference estimate includes expenditures of \$254.5 million from all sources, including \$122.2 million from general revenues for FY 2019 for the managed care program for adults with disabilities. The Department's revised request is consistent with the enacted budget and does not reflect the adopted estimate.

The estimate is \$3.6 million less than enacted, including \$1.7 million more from general revenues. The estimate includes a 4.9 percent decrease in enrollment offset by a minimal increase in the monthly capitated payment. *The Governor reduced the caseload estimate by \$4.8 million from all sources, including \$2.3 million from general revenues, assuming a lower cost for treatment of Hepatitis C. The Assembly provided \$237.6 million, including \$114.1 million from general revenues, consistent with the May caseload estimate. This is \$12.1 million less than the recommendation and includes a \$15.0 million reduction in anticipated costs for Hepatitis C treatment, discussed separately. The estimate also includes reduced capitation payments based on fewer individuals transitioned from Rhody Health Options.*

Hepatitis C Coverage. The Executive Office of Health and Human Services modified the Medicaid program's Hepatitis C pharmaceutical prior authorization policy effective in July 2018 to cover treatment for all patients regardless of the stage of the disease. This increases the known population eligible for coverage from the 250 annually assumed in the enacted budget. The caseload estimate assumes 2,100 individuals will receive treatment over a two-year period for FY 2019 and FY 2020.

The policy change regarding covered services for those with Hepatitis C was made by the Executive Office sometime before July 1, 2018, but not reflected in the budget that was enacted around the same time. Prior limitations on eligibility for costly curative drug treatment to only those with more advanced cases, were eliminated.

The FY 2019 enacted budget includes \$13.1 million in expenses, including \$3.5 million from general revenues. The November estimate assumes costs totaling \$35.5 million, including \$9.6 million from general revenues which is \$22.4 million more than enacted, including \$6.1 million from general revenues. The two-year increase from this change totals \$48.4 million, including \$13.1 million from general revenues including \$6.1 million in FY 2019 and \$7.0 million in FY 2020.

For the Rhody Health Partners program, this is \$21.0 million, which is \$8.7 million more than enacted. *The Governor's recommendation lowers the cost by \$4.8 million based on an updated internal estimate. The Assembly concurred with the May estimate that lowered the cost of coverage.*

### **Medicaid Expansion**

**Medicaid Expansion for Certain Adults.** The November caseload estimate increases spending by \$10.8 million for total funding of \$480.0 million to provide Medicaid coverage to adults between ages 19 to 64, without dependent children, with incomes at or below 138 percent of poverty. This includes updated enrollment of approximately 76,000 enrollees. The estimate also includes \$31.3 million from general revenues for the state match, \$0.7 million less than included in the enacted budget. *The Governor reduced the caseload estimate by \$5.3 million from all sources, including \$0.3 million from general revenues, assuming a lower cost for treatment of Hepatitis C. The Assembly provided \$478.7 million which is consistent with the May caseload estimate and \$4.0 million more than the Governor's recommendation based on updated program costs.*

Hepatitis C Coverage. The Executive Office of Health and Human Services modified the Medicaid program's Hepatitis C pharmaceutical prior authorization policy effective in July 2018 to cover treatment for all patients regardless of the stage of the disease. This increases the known population eligible for coverage from 250 annually assumed in the enacted budget. The caseload estimate assumes 2,100 individuals will receive treatment over a two-year period for FY 2019 and FY 2020.

The policy change regarding covered services for those with Hepatitis C was made by the Executive Office sometime before July 1, 2018, but not reflected in the budget that was enacted around the same time. Prior

limitations on eligibility for costly curative drug treatment to only those with more advanced cases were eliminated.

The FY 2019 enacted budget includes \$13.1 million in expenses, including \$3.5 million from general revenues. The November estimate assumes costs totaling \$35.5 million, including \$9.6 million from general revenues, which is \$22.4 million more than enacted, including \$6.1 million from general revenues. The two-year increase from this change totals \$48.4 million, including \$13.1 million from general revenues, including \$6.1 million in FY 2019 and \$7.0 million in FY 2020.

For the Medicaid expansion program, this is \$23.4 million, which is \$9.7 million more than enacted. *The Governor's recommendation lowers the cost by \$5.3 million based on an updated internal estimate. The Assembly concurred with the May estimate that lowered the cost of coverage.*

### Rhody Health Options

**Rhody Health Options.** The state has a managed care contract with Neighborhood Health Plan of Rhode Island to manage acute care and long-term care services for individuals eligible for both Medicare and Medicaid. The caseload conference estimate includes \$205.3 million from all sources, including \$98.0 million from general revenues for the Rhody Health Options program.

The estimate is \$12.7 million more than enacted, including \$5.5 million more from general revenues. This includes the October 1, 2018 expiration of the Unity program, or Phase I of the managed care plan. The Department accelerated the ending of that program by three months; the Governor recommended and the Assembly concurred with a January 1, 2019 program elimination. The estimate includes higher anticipated enrollment of 14,723 enrolled in the Integrity program, or Phase II, an increase of 1,020. It also increases the projected monthly capitated payments for both the Integrity and Unity programs.

It should be noted that the Executive Office includes \$1.6 million from all sources, including \$0.8 million from general revenues in the medical assistance program, to contract with the Rhode Island Parent Information Network to provide care management and coordination services for high risk populations who were previously enrolled in Phase I of the Integrated Care Initiative, or the Unity program, through Neighborhood Health Plan. Phase I was eliminated on October 1, 2018 and shifted approximately 11,000 individuals to fee-for-service Medicaid. The contract, which started September 1, 2018 and ends June 30, 2020 with a one-year optional extension, pays a monthly administrative fee of \$187,500. Services are to be provided to 200 individuals from October 1 to December 31, 350 individuals through March 31, and 500 individuals beginning April 1, 2019. The Executive Office's revised request shows funding for this contract in the central management program; it is included in the November caseload estimate. Also included in the caseload estimate is \$0.8 million, including \$0.4 million from general revenues, for Automated Health Systems to handle consumer inquiries through the call center.

As discussed in the long-term care program section, spending on the elderly, including those eligible for Medicare and Medicaid is estimated to be \$607.3 million in the fee-for-service and Rhody Health Options programs. *The Governor reduced the caseload estimate by \$99,856 from all sources, including \$47,641 from general revenues, assuming a lower cost for treatment of Hepatitis C. She also shifted \$2.7 million from all sources, including \$1.3 million from general revenues, for the two contracts that are part of the Rhody Health Options redesign. The Assembly provided \$208.3 million, including \$100.0 million from general revenues and \$108.4 million from federal funds. This is \$5.8 million more than the recommendation to reflect updated enrollment in the managed care program. The increase is offset by the savings in the long-term care program. The number of individuals anticipated to enroll in Rhody Heath Options is higher than anticipated at the November caseload conference.*

Hepatitis C Coverage. The Executive Office of Health and Human Services modified the Medicaid program's Hepatitis C pharmaceutical prior authorization policy effective in July 2018 to cover treatment for all patients regardless of the stage of the disease. This increases the known population eligible for coverage from the 250 annually assumed in the enacted budget. The caseload estimate assumes 2,100 individuals will receive treatment over a two-year period for FY 2019 and FY 2020.

The policy change regarding covered services for those with Hepatitis C was made by the Executive Office sometime before July 1, 2018, but not reflected in the budget that was enacted around the same time. Prior limitations on eligibility for costly curative drug treatment to only those with more advanced cases were eliminated.

The FY 2019 enacted budget includes \$13.1 million in expenses, including \$3.5 million from general revenues. The November estimate assumes costs totaling \$35.5 million, including \$9.6 million from general revenues, which is \$22.4 million more than enacted, including \$6.1 million from general revenues. The two-year increase from this change totals \$48.4 million, including \$13.1 million from general revenues, including \$6.1 million in FY 2019 and \$7.0 million in FY 2020.

For the Rhody Health Options program, this is \$0.4 million, which is \$0.2 million more than enacted. *The Governor's recommendation lowers the cost by \$99,856 based on an updated internal estimate. The Assembly concurred with the May estimate that lowered the cost of coverage.*

### **Pharmacy**

The November Caseload Estimating Conference estimate includes pharmacy expenses of \$69.4 million; this includes direct pharmacy costs and the state's estimated Medicare Part D clawback payment. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. *The Governor recommended funding consistent with the caseload estimate. The Assembly included \$69.2 million, consistent with the May caseload conference.*

Fee-for-Service. The Caseload Estimating Conference estimate includes net savings of \$0.6 million for FY 2019 pharmacy expenses, which reflects fee-for-service pharmacy costs offset by federal rebates; this is \$0.1 million more than enacted. *The Governor recommended funding consistent with the caseload estimate. As a result of the ability to realize rebates that exceed expenses, the May caseload conference estimate includes net savings of \$0.3 million, including \$0.1 million more from general revenues. The Assembly concurred.*

Medicare Drug Benefit - Part D Clawback. The Caseload Estimating Conference estimate includes the state payment for the Medicare Part D clawback provision at \$69.4 million, \$3.4 million more than enacted. The Executive Office's revised request is consistent with the enacted budget and does not reflect the adopted estimate. The plan provides coverage with a series of deductibles and co-payments based on the recipient's income level. For individuals enrolled in Medicaid as well as Medicare, commonly referred to as dual eligibles, the state paid a portion of their drug costs matched by the federal participation rate. The state no longer directly pays for the drug costs; however, the state does pay a portion of the savings to the federal government, or a clawback, which has been calculated based on a nationwide formula. The dual eligibles do not pay any annual deductible but do pay a \$1 co-payment for generic drugs or \$3 co-payment for brand names. *The Governor recommended funding consistent with the caseload estimate. The Assembly included \$69.5 million, consistent with the May caseload estimate.*

### **Other Medical Services**

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

physicians and other practitioners. Similar to the pharmacy payments, a portion of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' adults with developmental disabilities and behavioral health clients are eligible for other medical services.

The November Caseload Estimating Conference estimate includes expenditures for other medical services at \$127.6 million, which includes \$50.2 million from general revenues, \$68.4 million from federal funds and \$9.0 million from restricted receipts. The estimate is \$5.0 million more than the enacted budget, including \$2.4 million more from general revenues.

Payments include the federal Medicare premiums made on behalf of qualified Medicare recipients so that they are able to retain the federal benefit and not be solely reliant on Medicaid for medical coverage that totals \$69.5 million from all sources, or \$2.7 million more than enacted. This payment is 55 percent of other medical services expenses. Other payments include rehabilitation services including physical and occupational therapy, dialysis, physician and optometry services, durable medical equipment and transportation services. Those payments increase by \$8.7 million to reflect projected spending. This includes \$4.1 million for transportation expenses which is \$1.4 million more than enacted to restore savings assumed in the enacted budget that will not be achieved through the new transportation contract that started January 1, 2019.

The Executive Office's revised request does not reflect the November caseload estimate. *The Governor recommended funding consistent with the caseload estimate. The Assembly provided \$126.8 million, including \$50.1 million from general revenues, \$67.6 million from federal funds and \$9.0 million from restricted receipts. This is consistent with the May caseload estimate which is \$0.8 million more than recommended based on updated program costs.*

### **Central Management**

**Unified Health Infrastructure Project.** Costs for the Unified Health Infrastructure Project are requested at \$112.2 million from all sources, including \$10.1 million from general revenues, \$85.9 million from federal funds and \$16.2 million from restricted receipts in the budgets for the Executive Office and Department of Human Services. Both budgets assume that the state will negotiate with the main vendor Deloitte to recoup some payments made in the development of the new eligibility system, which is still not fully functional that are intended to offset current general revenue expenses. As of December 1, 2018, negotiations were still ongoing.

The FY 2019 enacted budget assumes the use \$7.0 million from restricted receipts in the Department of Human Services that was part of the Governor's recommended budget submitted in January 2018. The Executive Office entered into negotiations with Deloitte nine months later in October 2018. The revised request includes \$16.2 million from these resources in the Executive Office of Health and Human Services' and Department of Human Services' budgets.

The Executive Office requested \$85.0 million from all sources, including \$6.1 million from general revenues in its revised budget. This is \$56.0 million more than enacted including \$49.9 million more from federal funds, \$5.3 million more from restricted receipts and \$3.5 million more from general revenues. This includes funding for the contact center through HealthSource RI, discussed separately.

It should be noted the federal government allowed states that embarked on a large technology project to leverage a federal match rate of 90 percent for project design and development costs until December 31, 2018. This enhanced rate is applied to all projects, not just Medicaid. Starting January 1, 2019, the match is lowered to the standard match rate for each program with only Medicaid specific projects still leveraging a 90 percent match. As an example, the match rate for the Supplemental Nutrition Assistance Program is 50 percent. The Executive Office submitted an updated plan in July 2018 that requested to maintain the

higher match rate for all programs noting that receiving the lower rates “will have a significant impact on the budget.” The FY 2019 revised and FY 2020 requests assume the approval of this state specific plan; as of January 1, 2019, no approval had been received.

The revised request includes \$78.6 million for contracted services, \$5.1 million for staffing and \$1.1 million for other operating expenses. Excluding contact center costs, the revised request is \$56.0 million more than enacted, including \$3.5 million more from general revenues.

The revised request for contracted services is \$55.0 million more than enacted. This includes \$15.1 million for a contract with KPMG, which is \$13.0 million more than assumed in the enacted budget, to provide assistance to agencies managing ongoing system issues, including verification and escalation support, development and implementation of an escalation process and quality assurance. The request also includes \$3.4 million for IBM for information technology staff support to assist with the state’s stabilization efforts, including project management and business analyst support. There is also \$3.5 million for a new contract with the Faulkner Group to provide ongoing system delivery and stabilization for non-complex Medicaid and the commercial insurance program. For other ongoing expenses, the revised request includes \$7.0 million for Northrup Grumman to support stabilization efforts of the unified eligibility system through information technology staff support, user assistance testing, provision of testers and enhanced maintenance of InRhodes, the system replaced by the Unified Health Infrastructure Project that is still required for some applications; this is \$3.0 million more than enacted.

The request also includes \$19.0 million for Deloitte Consulting for system development; the enacted budget did not include any funding for Deloitte as a result of the ongoing system issues. The Executive Office has not made the requested documentation available to explain the reason for the increase in contracted services.

The request includes \$5.1 million for salary and benefit expenses, \$0.1 million more than enacted. This includes \$0.6 million from general revenues, or \$0.4 million less than enacted. The FY 2019 enacted budget includes 16 new positions to support the project; 13 have been filled, are matched at the 90 percent Medicaid rate as services and are approved in the project’s planning document. The new positions total \$1.5 million from all sources. The revised request also includes \$1.9 million in project-related expenses for the Department of Administration and \$1.1 million in expenses for the Department of Human Services shown in the Executive Office’s budget.

The state has recently been approved for a project plan that totals \$647.7 million through the first quarter of federal fiscal year 2019. This includes \$509.5 million from federal funds and \$138.2 million from general revenues for design, development and implementation. This is \$451.5 million and \$196.3 million for maintenance and operations, respectively. The previous planning document dated August 17, 2017 indicated that the backlogs will be cleared by March 30, 2018 and the system will be fully compliant by September 28, 2018. The documents filed in July 2018 do not contain the same information as to when the system will be fully compliant.

*The Governor recommended total funding of \$116.9 million, including \$10.1 million from general revenues, \$78.0 million from federal funds and \$20.9 million from restricted receipts from recoveries, in the Executive Office, Department of Human Services and HealthSource RI’s revised budgets. The Governor also included \$0.6 million from the Information Technology Investment Fund in the Department of Administration’s budget. For the Executive Office, the revised recommendation is \$9.6 million less than requested, including \$2.1 million less from general revenues, excluding contact center costs, shown separately.*

| Unified Health Infrastructure Project/Contact Center | General Revenues     | Federal Funds         | Deloitte Settlement Funds | Other Restricted/IT Fund & HealthSource RI | Total                 |
|--|----------------------|-----------------------|---------------------------|--|-----------------------|
| <b>FY 2016 through FY 2018*</b>                      | <b>\$ 28,486,426</b> | <b>\$ 161,745,096</b> | <b>\$ -</b>               | <b>\$ 4,272,795</b>                        | <b>\$ 194,504,317</b> |
| <b>FY 2019 Enacted</b>                               |                      |                       |                           |  |                       |
| EOHHS  | \$ 5,072,074         | \$ 23,762,551         | \$ -                      | \$ -                                       | \$ 28,834,625         |
| DHS  | 1,791,312            | 6,658,460             | 6,952,634                 | -  | 15,402,406            |
| HealthSource RI/Contact Center                       | -                    | -                     | -                         | -  | -                     |
| <b>Total</b>   | <b>\$ 6,863,386</b>  | <b>\$ 30,421,011</b>  | <b>\$ 6,952,634</b>       | <b>\$ -</b>                                | <b>\$ 44,237,031</b>  |
| <b>FY 2019 Governor's Rev. Rec.</b>                  |                      |                       |                           |  |                       |
| EOHHS  | \$ 4,017,174         | \$ 66,123,285         | \$ 5,251,737              | \$ 616,924                                 | \$ 76,009,120         |
| DHS  | (320,201)            | 11,869,411            | 8,307,102                 | -  | 19,856,312            |
| HealthSource RI/Contact Center                       | -                    | -                     | 414,343                   | 4,046,490                                  | 4,460,833             |
| <b>Total</b>   | <b>\$ 3,696,973</b>  | <b>\$ 77,992,696</b>  | <b>\$ 13,973,182</b>      | <b>\$ 4,663,414</b>                        | <b>\$ 100,326,265</b> |
| <b>FY 2019 Final</b>                                 |                      |                       |                           |  |                       |
| EOHHS  | \$ 4,872,836         | \$ 66,123,285         | \$ -                      | \$ 616,924                                 | \$ 71,613,045         |
| DHS  | 7,986,901            | 11,869,411            | -                         | -  | 19,856,312            |
| HealthSource RI/Contact Center                       | -                    | -                     | -                         | 4,046,490                                  | 4,046,490             |
| <b>Total</b>   | <b>\$ 12,859,737</b> | <b>\$ 77,992,696</b>  | <b>\$ -</b>               | <b>\$ 4,663,414</b>                        | <b>\$ 95,515,847</b>  |
| <b>FY 2020 Governor's Rec.</b>                       |                      |                       |                           |  |                       |
| EOHHS  | \$ 2,822,709         | \$ 62,449,935         | \$ 7,490,531              | \$ -                                       | \$ 72,763,175         |
| DHS  | (694,831)            | 12,104,456            | 11,407,083                | -  | 22,816,708            |
| HealthSource RI/Contact Center                       | -                    | -                     | 1,500,493                 | 1,992,959                                  | 3,493,452             |
| <b>Total</b>   | <b>\$ 2,127,878</b>  | <b>\$ 74,554,391</b>  | <b>\$ 20,398,107</b>      | <b>\$ 1,992,959</b>                        | <b>\$ 99,073,335</b>  |
| <b>FY 2020 Enacted</b>                               |                      |                       |                           |  |                       |
| EOHHS  | \$ 1,967,047         | \$ 62,449,935         | \$ 6,614,152              | \$ -                                       | \$ 71,031,134         |
| DHS  | (2,502,646)          | 12,104,456            | 24,714,185                | -  | 34,315,995            |
| HealthSource RI/Contact Center                       | -                    | -                     | 1,914,836                 | 1,992,959                                  | 3,907,795             |
| <b>Total</b>   | <b>\$ (535,599)</b>  | <b>\$ 74,554,391</b>  | <b>\$ 33,243,173</b>      | <b>\$ 1,992,959</b>                        | <b>\$ 109,254,924</b> |

\*Funding in EOHHS and DHS

The Governor recommended \$9.1 million less than requested for contracted services including \$2.2 million for development expenses and \$1.1 million for maintenance and operations that were not identified as part of the revised request. She also reduced funding by \$1.7 million for services provided by KPMG, \$1.5 million for Northrup Grumman, \$0.8 million for DXC Technologies, \$0.4 million for asset verification implementation and eliminates \$0.4 million requested for security support through Beacon Systems. The Governor's budget includes \$19.0 million for Deloitte consistent with the revised request.

The following table shows the contracted services expenses in the Executive Office's budget request and the Governor's recommendation, including call center operations. It also includes examples of the activities performed by the contractors.

In April 2019 a settlement was reached with the project vendor, Deloitte, for a \$50.0 million payment to the state. As of early June, federal approval of the new contract and the state's proposal to maintain use of all settlement funds was still pending. The Executive Office of Health and Human Services also reported \$5.3 million in savings from updated payments to Deloitte which was offset by other project expenses in the current year. The Assembly lowered expenses by \$5.3 million based on updated expenses, shifted the use of the remaining \$0.9 million in settlement funds to FY 2020, subsequently adding \$0.9 million from general revenues.

| FY 2019                                       |  |                      |                      |                      |
|---|--|----------------------|----------------------|----------------------|
| Contractor                                    | Activities   | Enacted              | Gov. Rec.            | Final                |
| Deloitte Consulting                           | UHIP Design, Development & Implementation  | \$ -                 | \$ 18,971,200        | \$ 14,575,124        |
| Automated Health Solutions                    | Call Center Operations & other system support  | 10,122,321           | 11,154,869           | 11,154,869           |
| Conduent                                      | Reconcile program eligibility & provide call center support for SNAP customers   | -                    | 343,952              | 343,952              |
| Northrup Grumman                              | Support stabilization efforts, validates escalation efforts and prioritization support   | 4,080,731            | 5,471,044            | 5,471,044            |
| KPMG  | Implementation support and assistance to agencies managing ongoing system issues   | 2,125,063            | 13,427,772           | 13,427,772           |
| DXC Technology                                | Support transactions between UHIP and the Medicaid payment system (MMIS). To include tracking resolutions and identifying issues | -                    | 2,029,396            | 2,029,396            |
| IBM   | IT staff support, project management, and business analysis support  | 2,261,493            | 3,407,012            | 3,407,012            |
| KB Makers                                     | Consult and negotiate services related to vendor contracts and deliverables  |                      | 66,294               | 66,294               |
| Faulkner Consulting                           | Establish workarounds. Identifying gaps & determine solutions  | 2,096,142            | 3,085,404            | 3,085,404            |
| Freedman Healthcare                           | Build compliance reports & assist operations team with validating fixes  | 2,296,770            | 2,344,906            | 2,344,906            |
| MWC Consulting                                | Assist with IT issues related to UHIP stabilization  | -                    | 445,144              | 445,144              |
| ISG   | Assist with procuring new vendor for UHIP maintenance and operations   | -                    | 1,069,434            | 1,069,434            |
| CSG Government Solutions                      | Independent verification & validation review   | -                    | 1,567,011            | 1,567,011            |
| Redwing                                       | Project manager support  | 205,920              | 85,574               | 85,574               |
| NESCO   | Asset verification functionality   | -                    | 350,000              | 350,000              |
| Maintenance & Operating Vendor (TBD)          |  | -                    | 4,051,608            | 4,051,608            |
| Other   | Legal and interpreters   | 417,300              | 331,608              | 331,608              |
| To Be Determined                              |  | -                    | 1,316,863            | 1,316,864            |
| <b>Total</b>                                  |  | <b>\$ 23,605,740</b> | <b>\$ 69,519,091</b> | <b>\$ 65,123,016</b> |
| <i>General Revenue Share of the Total</i>     |  | \$ 4,114,335         | \$ 3,396,911         | \$ 4,252,573         |
| <i>Deloitte Recoveries Share of the Total</i> |  | \$ -                 | \$ 5,251,737         | \$ -                 |

**UHIP Related/Other Audit Issues.** The Executive Office continues to make advanced payments to long term care providers, specifically nursing facilities, because of the continuing issues regarding the functionality of the system. The Office of the Auditor General cited a finding for the reporting and internal control process over these advance payments and manual disbursements in its *Single Audit Report for Fiscal Year ended June 30, 2017*.

For FY 2018, the Executive Office made over \$200 million in advanced payments, including \$60 million for the nursing facilities as a result of system issues. The payouts and disbursements are authorized by the Executive Office. The Auditor General requested a report that would summarize these payments but a full report was not available. Instead, a consultant produced a limited summary of the payments. There was a finding that this process posed a significant risk to control over federal reporting and compliance. The Executive Office's corrective action plan was to submit a monthly report separating the payments but did not address discontinuing the practice.

There was also an audit finding that the state did not comply with Medicaid eligibility requirements because of the new system and an inconsistency in data between the RI Bridges eligibility system and the Medicaid claims payment system. This impacts the control the state has over payments being made to the providers.

**The Office of the Auditor General cited a similar finding in the following year's report, *Single Audit Report for Fiscal Year ended June 30, 2018*, released in April 2019. It has determined that the state is still not complying with timely determination of Medicaid eligibility requirements for applicants requiring long term care services and supports.**

**Health Source RI/Contact Center.** The Executive Office requested \$1.0 million more than enacted, including \$2.7 million less from general revenues, for HealthSource RI to support the contact center and other administrative activities.

For contact center operations, the FY 2019 enacted budget includes funding totaling \$14.8 million of which \$11.1 million is paid through the Executive Office's budget and \$1.5 million is from HealthSource RI through the Department of Administration's budget. The contract with Automated Health Systems for contact center operations was extended for an additional year until August 31, 2019 for a total cost is \$12.4 million, which reflects a reduction of \$2.4 million from the prior year. Revised funding includes \$11.3 million, or \$0.1 million more than enacted, for the Executive Office's portion and \$1.3 million for HealthSource RI which appears to overfund the contract by \$0.3 million; a portion of the overfunding for these expenses is requested in the Executive Office's budget.

Within the Executive Office's budget, \$2.6 million in general revenue expenses are shifted to restricted receipts that the Executive Office anticipates will be available once it completes its negotiations with Deloitte which began in the spring 2018. If the negotiations are not successful, and the state receives less than the \$2.6 million it projects in new resources to support the contact center program, those expenses will need to be paid from general revenues.

The revised request also adds \$0.8 million from federal Medicaid funds for operational activities for HealthSource RI. This is matched by current general revenues and restricted receipts in the Department of Administration's budget. *The Governor recommended funding as requested. The Assembly concurred.*

**State Innovation Models Grant.** The Executive Office included \$0.8 million more than enacted for total funding of \$5.4 million for the State Innovation Models Initiative federal grant. The request includes \$4.5 million for contracted financial services, \$0.7 million for grants and \$0.2 million for other operating expenses including one position. FY 2019 is the final full year of funding for state projects; the grant expires September 30, 2019, or FY 2020.

The revised request includes new contracts of \$0.3 million with OnPoint Health Data for a third entity to do evaluation activities, \$0.4 million with Freedman Healthcare for project management, and \$0.8 million with JSI Research and Training for staff development. The request also includes \$0.6 million more than enacted with Perfect Search Corporation for development and implementation of a healthcare quality measurement and reporting feedback system. This is offset by a reduction of \$1.3 million from projected expenses that were to be determined and have not been awarded.

Funding is also allocated in the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals and Health and the Office of the Health Insurance Commissioner. *The Governor recommended funding as requested. Subsequent to her recommendation, she requested an amendment to add the remaining \$2.1 million of federal funds. The Assembly concurred.*

**HealthFacts RI/All Payer Claims Database.** The Executive Office requested \$0.5 million more than enacted, including \$0.3 million from general revenues for total funding of \$1.7 million to support the state's All Payer Claims Database, known as HealthFacts RI. This is consistent with FY 2018 actual spending to support the website that allows data collected from health insurance payment systems to be used to analyze healthcare use, quality, and spending, and identify opportunities for improvement. The website is operated by the Department of Health; the revised request includes \$450,000 from restricted receipts that are collected from fees charged to use the website.

The request includes \$1.3 million for services provided by OnPoint Health for data enhancements and analytic functions and Freedman Healthcare for analytics and reporting activities in addition to the \$0.4

million for staffing and other operating costs. The Executive Office has four staff assigned to the project. The Department of Health's budget also supports the OnPoint Health contract.

*The Governor recommended \$0.2 million less than requested to fund three positions; one has recently been vacated. She also adjusted expenses for statewide benefit savings and included \$16,177 less from general revenues. It appears there are statewide savings from non-general revenue sources not taken. The Assembly concurred.*

**CurrentCare.** The Executive Office's FY 2019 revised request includes \$1.0 million more from federal Medicaid funds to make the \$4.2 million payment for the state's share for medical assistance recipients in CurrentCare, the state's electronic health information exchange. The electronic network gives medical professionals access to their patients' health information and is operated by the Rhode Island Quality Institute. The state match is ten percent, and the Executive Office includes the enacted level of \$0.3 million from general revenues in its revised request and is assuming that \$0.1 million from the Department of Health's restricted receipts will serve as the remainder of the match. This is contingent on those funds being available, otherwise this will be a general revenue expense that is not budgeted. *The Governor recommended funding as requested. Subsequently, she requested an amendment to add \$0.2 million from federal funds to support the health information exchange. The Assembly concurred.*

**Health System Transformation Program.** The Executive Office requested \$35.4 million from federal funds for implementation of the Health System Transformation program, which is \$2.5 million more than enacted including \$1.6 million more for contracted services and \$0.9 million to support seven positions. The revised request includes \$23.5 million in the medical assistance programs for the Accountable Entities initiative through the Health System Transformation Program. The program, initially referred to as the hospital and nursing home incentive programs, started with legislation presented to the 2015 Assembly by the Governor as part of her Reinventing Medicaid initiative. The Executive Office spent \$7.0 million in FY 2017 for incentive payments to the nursing facilities and \$14.6 million for payments to hospitals for FY 2018.

The request also includes \$11.9 million in administrative and management costs, \$2.5 million more than enacted. The Executive Office has identified administrative and management expenses totaling \$5.6 million but has not identified how it will spend the remainder of the funding request. Identified costs include \$3.2 million for its investment in the 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, and \$1.4 million for contracted evaluation and other oversight services through Conduent and DXC. The request includes \$0.3 million to the Department of Health and Commission on the Deaf and Hard of Hearing to provide a Medicaid match to state only expenses in both agencies. The request also includes \$0.9 million for staffing for project management, financial operations, analysis, evaluation and federal compliance. *The Governor recommended \$3,603 more than requested for updated staffing expenses. The Assembly concurred.*

**Health Information Technology Projects.** The revised request includes \$0.2 million less than enacted, including \$20,407 less from general revenues for funding totaling \$1.8 million, including \$48,140 from general revenues to support non-Unified Health Information Project information technology projects. *The Governor added \$225,000 from federal funds and \$25,000 from Rhode Island Foundation funds to develop a health information technology roadmap and implementation plan. She also reduced general revenues by \$29 for statewide savings. The Assembly concurred.*

**Health Information Technology Enhancements - Opioid Reporting.** The revised request includes \$1.3 million from federal funds and \$0.1 million from restricted receipts received via the Rhode Island Foundation awarded to the Rhode Island Quality Institute for the technical design, development, and implementation of four activities that will leverage the existing health information enhancements to focus

on several interventions that can assist with helping individuals with opioid and other substance use disorders. Funding was included in the FY 2018 final budget but not spent and carried forward to FY 2019. The contract with Rhode Island Quality Institute was not finalized until December 12, 2018.

This includes advanced alerts or notifications using Health Information Exchange data to identify patients who come into the emergency room and are at risk of certain conditions, like substance use disorders. A medical services integration project would support the Department of Health's Emergency Medical Systems data system to notify primary care and other providers that the patient called emergency medical services and what the outcome was. Another focus will be integrating the prescription drug monitoring program data into hospital systems emergency health records so that providers can get this data directly from within their records system. Finally, there will be a focus on developing and implementing a documented methodology for how an overdose is identified in the exchange, and then alerting certain providers about an event. *The Governor recommended funding as requested. The Assembly concurred.*

**Electronic Health Records Incentive.** In July 2011, the Executive Office began the Electronic Health Records Incentive program where eligible medical providers and acute care hospitals with at least 30 percent and 10 percent of Medicaid patients in the prior calendar year, respectively, may be eligible for these incentive payments to adopt and upgrade certified health records technology. All incentive payments to providers and hospitals are paid with federal funds. The Executive Office includes \$2.6 million from federal funds to support the electronic health records initiative which is \$1.1 million less than enacted for projects costs for FY 2019. *The Governor recommended funding as requested. The Assembly concurred.*

**Long Term Care Services - Asset Verification.** The revised request includes \$1.5 million from all sources, including \$0.2 million from general revenues to implement an asset verification system which is consistent with the enacted budget. The 2018 Assembly included legislation to direct the Executive Office of Health and Human Services to implement an automated asset verification system no later than August 1, 2018, that uses electronic data sources to verify ownership, the value of countable assets held in financial institutions, and any real property subject to resource or asset tests. Funding was awarded to the New England Consortium System Organization to implement the project for a system to be operational by November 1, 2018. The FY 2019 enacted budget assumes savings of \$5.2 million, including \$2.5 million from general revenues in the medical assistance program from this new system; the November caseload estimate includes those same savings. *The Governor recommended \$1.3 million less than requested, including \$0.1 million less from general revenues to reflect project costs for year one of the five-year contract. The Assembly concurred.*

**Rhody Health Options Redesign.** The Executive Office requested \$1.6 million more from all sources, including \$0.8 million more from general revenues to contract with the Rhode Island Parent Information Network to provide care management and coordination services for high risk populations who were previously enrolled in Phase I of the Integrated Care Initiative, or the Unity program, through Neighborhood Health Plan. Phase I was eliminated on October 1, 2018 and shifted approximately 11,000 individuals to fee-for-service Medicaid. The contract which started September 1, 2018 and ends June 30, 2020 with a one-year optional extension, pays a monthly administrative fee of \$187,500. Services are to be provided to 200 individuals from October 1 to December 31, 350 individuals through March 31, and 500 individuals beginning April 1, 2019. The Executive Office's revised request shows funding for this contract in the central management program; it is included in the November caseload estimate.

The FY 2019 enacted budget and November caseload estimate includes this funding in the medical assistance program. The Executive Office added the expense to central management in its revised and FY 2020 requests. The medical assistance program also includes \$0.8 million for Automated Health Systems to assist with consumer inquiries through its call center. This funding was not added in the Executive Office's revised request. *The Governor's revised recommendation shifts \$2.4 million, including \$1.3*

*million from general revenues, from the medical assistance program to central management for the two contracts. The Assembly concurred.*

**HIV Services and Administration.** The Executive Office's revised request is \$3.6 million more than enacted for HIV services and administration expenses totaling \$17.9 million. The revised request is \$1.0 million more than FY 2018 actuals. The revised request increases the use of funding from drug rebates by \$3.3 million to \$12.4 million and through the Ryan White federal grant by \$0.3 million to \$5.5 million. The FY 2019 revised request assumes collections of \$9.6 million in receipts from drug rebates and uses a projected balance of \$2.9 million to support services leaving a \$0.1 million balance for FY 2020. The collections assumed for FY 2020 are \$10.0 million. It should be noted that annual collections totaled \$8.4 million for FY 2015, \$6.6 million for FY 2016, \$7.3 million for FY 2017 and \$5.6 million for FY 2018. The Executive Office has been asked but did not report on how it determined the increase in collections for FY 2019 and FY 2020 compared to FY 2018. The following table shows the Executive Office's request and the Governor's recommendation. It also shows an alternate projection if FY 2019 and FY 2020 rebate collections are consistent with FY 2018. This would result in a deficit of \$3.9 million for FY 2019 that grows in FY 2020.

| HIV Drug Rebate Program |                     |                     |                     |                     |                       |                       |
|-------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|
| EOHHS                   | FY 2015             | FY 2016             | FY 2017             | FY 2018             | FY 2019               | FY 2020               |
| Balance Forward         | \$ -                | \$ 4,556,041        | \$ 5,309,613        | \$ 8,626,145        | \$ 2,893,894          | \$ 113,959            |
| Receipts                | 8,389,399           | 6,641,427           | 7,286,993           | 5,552,079           | 9,615,933             | 10,000,000            |
| Expenses                | 3,833,358           | 5,887,855           | 3,970,461           | 11,284,330          | 12,395,868            | 10,006,239            |
| <b>Total</b>            | <b>\$ 4,556,041</b> | <b>\$ 5,309,613</b> | <b>\$ 8,626,145</b> | <b>\$ 2,893,894</b> | <b>\$ 113,959</b>     | <b>\$ 107,720</b>     |
| Alternate Projections*  | FY 2015             | FY 2016             | FY 2017             | FY 2018             | FY 2019               | FY 2020               |
| Balance Forward         | \$ -                | \$ 4,556,041        | \$ 5,309,613        | \$ 8,626,145        | \$ 2,893,894          | \$ (3,949,895)        |
| Receipts                | 8,389,399           | 6,641,427           | 7,286,993           | 5,552,079           | 5,552,079             | 5,552,079             |
| Expenses                | 3,833,358           | 5,887,855           | 3,970,461           | 11,284,330          | 12,395,868            | 10,006,239            |
| <b>Total</b>            | <b>\$ 4,556,041</b> | <b>\$ 5,309,613</b> | <b>\$ 8,626,145</b> | <b>\$ 2,893,894</b> | <b>\$ (3,949,895)</b> | <b>\$ (8,404,055)</b> |

\*Assumes same receipts collected for FY 2019 and FY 2020 as FY 2018

Based on available resources from drug rebates, the Executive Office has expanded services available to individuals with HIV starting in FY 2018. This includes a new initiative, Co-Exist, an agreement between the Executive Office, Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, Rhode Island College, University of Rhode Island, and community providers to expand services to individuals who are HIV positive and in need of other services, such as residential and outpatient treatment for those with substance abuse issues, and training and evaluation services that total \$19.5 million over three years. It was noted for the FY 2018 and FY 2019 budgets that if the collections are less than projected, there may be an impact on the availability of funding for this program, including the new initiative which would leave the contracts underfunded; however, the contracts are subject to available funding.

The Executive Office's revised request is \$0.7 million more for staffing and funds positions in the Departments of Health, Behavioral Healthcare, Developmental Disabilities and Hospitals and Administration.

*The Governor recommended \$1.4 million less than requested and shifted \$1.0 million in pharmaceutical expenses from restricted receipts to the federal Ryan White grant. This is \$2.2 million more than enacted, including \$1.5 million more from federal grants and \$0.7 million more from rebate resources.*

| HIV Drug Rebate Program   |                     |                     |                     |                     |                    |                     |
|---------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
| Governor's Recommendation | FY 2015             | FY 2016             | FY 2017             | FY 2018             | FY 2019            | FY 2020             |
| Balance Forward           | \$ -                | \$ 4,556,041        | \$ 5,309,613        | \$ 8,626,145        | \$ 2,893,894       | \$ (20,740)         |
| Receipts                  | 8,389,399           | 6,641,427           | 7,286,993           | 5,552,079           | 5,552,079          | 5,552,079           |
| Expenses                  | 3,833,358           | 5,887,855           | 3,970,461           | 11,284,330          | 8,466,713          | 5,792,490           |
| <b>Total</b>              | <b>\$ 4,556,041</b> | <b>\$ 5,309,613</b> | <b>\$ 8,626,145</b> | <b>\$ 2,893,894</b> | <b>\$ (20,740)</b> | <b>\$ (261,151)</b> |

*The Executive Office reported that it has reviewed its ability to collect \$9.6 million from rebates and the Governor's budget reduces requested funding in anticipation of lower receipts. It should be noted that the Executive Office notified the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals that it will not be receiving the funding to support the two employees or its original award for residential services.*

*The Governor also reduced funding by \$0.4 million to Rhode Island College supporting the Co-Exist project. This is also \$0.9 million less than requested for other activities, including intensive case management services and programs operated by community agencies. In order to accomplish this, the Executive Office amended its contracts to lower the grant awards with those agencies that include: AIDS Care Ocean State, Community Care Alliance, the Rhode Island Public Health Institute, and Family Services of Rhode Island. The Assembly concurred.*

**Aging and Disability Resource Center.** The 2018 Assembly enacted legislation establishing the Aging and Disability Resource Center within the Division of Elderly Affairs. The center would assist Rhode Islanders and their families in making informed decisions regarding long-term care services and support options. The center would also streamline access to long-term supports and services for the elderly, persons with disabilities, family caregivers, and providers. It would work towards diverting people, when appropriate, from institutional care to home and community-based services and prevent short-term institutional care from becoming permanent through counseling and eligibility screening for other services.

The enacted budget did not include funding for the center as the Executive Office of Health and Human Services explored funding mechanisms, including the use of federal Money Follows the Person reinvestment funds. *The Governor recommended \$0.2 million for both FY 2019 and FY 2020 from those federal reinvestment funds for a website. The Assembly concurred.*

**Community Enhancement Grants.** The Executive Office issued a Request for Proposals on December 14, 2018 to support innovative programs and services that promote quality of life and help older adults and adults with disabilities to remain living in, or return to the community. The Executive Office's revised request did not include any funding for the proposal. *The Governor recommended \$350,000 from federal Money Follows the Person funds for these activities. The Assembly concurred.*

**Financial and Management Services.** The revised request includes \$66,613 more from all sources, including \$17,517 more from general revenues, for contracted financial and management services. Total funding is \$3.8 million, including \$1.9 million from general revenues. The state's contract with Conduent ended December 31, 2018. It is in the process of awarding three new contracts to replace this one. *The Governor recommended \$0.1 million more than requested to fund three contracts: HCH Enterprises for health services staff support, Milliman for actuarial services and financial analysis and one that has yet to be awarded for external quality review organization services. It should be noted that HCH also supports early intervention activities, discussed separately. She also included \$0.2 million from federal Money Follows the Person funds to contract for evaluation of the strategies to rebalance long term care services and supports; a contractor has not been identified. The Assembly concurred.*

**Early Intervention Services.** The Executive Office requested \$2.2 million from all sources, including \$0.3 million from general revenues for early intervention program costs. The request is \$10,443 less than enacted including \$56,287 less from general revenues. Early Intervention expenses include \$1.5 million for contracted services that includes \$0.4 million to the Rhode Island Parent Information Network to support parent consultants at ten provider sites, \$0.5 million to the Sherlock Center at Rhode Island College, and \$0.1 million for Conduent support staff and other contracted administrative support. The request to fund Conduent staff is \$72,004 less than enacted for the contract which ended December 1, 2018. *The Governor added \$0.1 million for services provided by HCH Enterprises that started January 1, 2019 to provide staff support for departmental programs, including Early Intervention. The Assembly concurred.*

**Medicaid Management Information System Expenses.** The revised request includes \$22.5 million from all sources, including \$5.1 million from general revenues, for Medicaid Management Information system expenses through DXC Technology. This is \$2.0 million more than enacted, including \$1.2 million more from general revenues. The Executive Office increased spending to be consistent with FY 2018 expenses and reports that the enacted budget underfunded the claims processing and administrative expenses.

The request totals \$17.0 million for claims processing and \$4.2 million for the multi-state collaborative for the Medical Assistance Provider Incentive Repository Resources and other technology and system enhancements. *The Governor recommended funding as requested. The Assembly reduced general revenues by \$0.5 million to bring funding more in line with the enacted level.*

**Predictive Modeling.** The enacted budget includes \$0.8 million, of which \$0.2 million is from general revenues for a predictive modeling initiative to make enhancements to the Medicaid management information system to incorporate the use of real-time predictive modeling of Medicaid claims allowing the claims to be disqualified before being paid and disqualifying Medicaid providers. The FY 2019 revised request is \$167,000, including \$41,750 from general revenues, which is \$0.6 million less than enacted including \$0.2 million less from general revenues. The Executive Office reported that it has entered into a contract with LexisNexis at a lower cost. *The Governor recommended funding as requested. The Assembly concurred.*

**Department of Justice Consent Decree Court Monitor.** The Executive Office requested \$450,000, including \$225,000 from general revenues, to pay for a court monitor as part of the state settlement with the Department of Justice. This is \$150,000 more than enacted, including \$75,000 from general revenues, to reflect costs for the contract with Charles Moseley that ends June 30, 2019.

It should also be noted that the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' FY 2019 revised and FY 2020 requests include \$100,000 for a consent decree coordinator. *The Governor recommended funding as requested. The Assembly concurred.*

**Legal Staff.** The FY 2019 enacted staffing authorization includes 36.0 legal staff, 5.0 legal assistants and 1.0 paralegal as part of the centralized legal services in the Executive Office's budget. The legal staff is then assigned to the agencies under the Executive Office's umbrella. The Departments of Children, Youth and Families, Human Services, Behavioral Healthcare, Development Disabilities and Hospitals, and Health staffing authorizations do not include attorneys or legal support staff. The Executive Office's revised request includes \$0.2 million, including \$0.1 million from general revenues, for two vacant, unidentified positions at the Department of Children, Youth and Families.

*The Governor added three new legal positions in the Executive Office's budget to support the Department of Children, Youth and Families. Two are funded in the revised request through an interagency agreement and were identified as vacant in the supporting documentation and the third is authorized but not funded in the recommendation and will be assigned to the Department of Health.*

*The revised and FY 2020 requested budgets submitted by the Department of Children, Youth and Families include two new senior legal positions despite those services being centralized in the Executive Office. The positions were supported by the funding included in the Executive Office's revised request. The positions were filled in February 2019 and are transferred to the Executive Office in the Governor's recommendation. The Assembly did not increase the staffing authorization to accommodate the transfer from the Department of Children, Youth and Families and did not include the new position to be assigned to the Department of Health.*

**Central Management Staffing.** The Executive Office's revised request reduces salary and benefit expenses by \$0.9 million, including \$1.3 million less from general revenues and offset by an increase from federal funds for the remaining 164.0 positions. The Executive Office has shifted \$0.5 million for staffing expenses for approximately 45 staff to the HIV rebate account, previously discussed. This is the result of the new cost allocation plan that the Executive Office uses to fund staff costs across its programs and fund sources. In certain circumstances, it is unclear why employee costs are assigned to certain programs. The Executive Office reported that the distribution is done through its cost allocation plan and even though it has provided a copy of the cost allocation plan, it cannot provide a detailed explanation as to how some employees are paid through other sources that do not explicitly work on those programs.

The revised request fully funds the 192.0 authorized positions and also funds at least a portion of another 11 positions in the Departments of Administration and Health totaling \$0.3 million and two vacant senior legal counsel positions at the Department of Children, Youth and Families that total \$0.6 million, including \$0.3 million from general revenues. *The Governor recommended \$32,257 less than requested, including \$151,239 less from general revenues, which includes \$84,847 from statewide benefit savings. It appears there are statewide savings from non-general revenue sources not taken. The Governor also included statewide savings of \$81,937 from turnover. The Assembly included saving of \$0.5 million from general revenues from keeping positions vacant consistent with the Executive Office's third quarter report.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. The Executive Office requests \$2.1 million from all sources, including \$0.9 million from general revenues for its share of centralized services. This is \$0.4 million more than enacted and \$0.1 million more from general revenues. The revised request includes the enacted level of \$1.1 million for facilities management, \$0.4 million for human services, and \$0.4 million more for information technology, to align expenditures with FY 2018 spending. The Budget Office instructed agencies to include the enacted amount for these expenses. *The Governor recommended \$78,680 less than requested and included \$114,244 less from general revenues than requested based on billings through November and December, as well as the renewal cost increase for Microsoft 365. The total recommendation is \$127,020 less than FY 2018 expenditures. The Assembly concurred.*

**Central Management Other Expenses.** The Executive Office requested \$0.7 million less than enacted including \$0.2 million more from general revenues for all other central management expenses totaling \$1.1 million, including \$0.4 million from general revenues. This includes \$1.7 million for other contracted financial and legal services, \$0.1 million for a grant to the Brain Injury Association of Rhode Island, \$0.1 million for nursing facilities education and training programs and \$0.1 million for new computers and other office supplies. *The Governor recommended \$39,607 more than requested, including \$21,649 less from general revenues. She also included \$22,612 in estimated savings based on three separate statewide savings initiatives designed to reduce operating costs. It appears there are statewide savings from non-general revenue sources not taken. The Assembly concurred.*

## Department of Children, Youth and Families

|                                   | FY 2018<br>Reported   | FY 2019<br>Enacted    | FY 2019<br>Revised    | FY 2019<br>Final      |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenditures by Program</b>    |                       |                       |                       |                       |
| Central Management                | \$ 13,088,621         | \$ 13,191,289         | \$ 14,369,074         | \$ 13,605,931         |
| Child Welfare                     | 188,552,414           | 173,576,951           | 186,448,163           | 198,739,932           |
| Juvenile Corrections              | 22,683,637            | 28,292,342            | 24,504,602            | 23,299,299            |
| Children's Behavioral Health      | 13,025,326            | 12,658,072            | 13,498,199            | 13,372,365            |
| Higher Education Incentive Grants | 200,000               | 200,000               | 200,000               | 200,000               |
| <b>Total</b>                      | <b>\$ 237,549,998</b> | <b>\$ 227,918,654</b> | <b>\$ 239,020,038</b> | <b>\$ 249,217,527</b> |
| <b>Expenditures by Category</b>   |                       |                       |                       |                       |
| Salaries and Benefits             | \$ 70,257,954         | \$ 73,361,436         | \$ 70,662,596         | \$ 69,969,623         |
| Contracted Services               | 5,656,301             | 4,903,543             | 5,545,357             | 5,545,357             |
| <b>Subtotal</b>                   | <b>\$ 75,914,255</b>  | <b>\$ 78,264,979</b>  | <b>\$ 76,207,953</b>  | <b>\$ 75,514,980</b>  |
| Other State Operations            | 11,532,449            | 12,897,565            | 12,780,276            | 12,313,969            |
| Aid to Local Units of Government  | -                     | -                     | -                     | -                     |
| Assistance, Grants, and Benefits  | 149,398,814           | 134,856,110           | 148,266,778           | 160,558,547           |
| Capital                           | 704,480               | 1,900,000             | 1,765,031             | 830,031               |
| Capital Debt Service              | -                     | -                     | -                     | -                     |
| Operating Transfers               | -                     | -                     | -                     | -                     |
| <b>Total</b>                      | <b>\$ 237,549,998</b> | <b>\$ 227,918,654</b> | <b>\$ 239,020,038</b> | <b>\$ 249,217,527</b> |
| <b>Sources of Funds</b>           |                       |                       |                       |                       |
| General Revenue                   | \$ 173,652,189        | \$ 161,614,041        | \$ 173,630,931        | \$ 177,445,681        |
| Federal Aid                       | 60,989,212            | 61,730,191            | 61,241,572            | 68,559,311            |
| Restricted Receipts               | 2,469,050             | 2,674,422             | 2,422,535             | 2,422,535             |
| Other                             | 439,547               | 1,900,000             | 1,725,000             | 790,000               |
| <b>Total</b>                      | <b>\$ 237,549,998</b> | <b>\$ 227,918,654</b> | <b>\$ 239,020,038</b> | <b>\$ 249,217,527</b> |
| <b>FTE Authorization</b>          | <b>616.5</b>          | <b>631.5</b>          | <b>629.5</b>          | <b>629.5</b>          |
| <b>FTE Average</b>                | <b>554.4</b>          |                       |                       |                       |

**FY 2019 Revised Request.** The Department of Children, Youth and Families requested \$14.4 million more than enacted from all sources, including \$14.9 million more from general revenues, \$0.3 million less from federal funds, and \$0.2 million less from restricted receipts. The increased request primarily reflects caseload growth, and unachieved savings mostly in foster care and congregate care. The revised request for 631.0 positions is 0.5 less than the current authorized staffing.

*The Governor recommended \$11.1 million more than enacted, including \$12.0 million more from general revenues; this is \$3.3 million less than requested, including \$2.9 million less from general revenues. The Governor recommended 629.5 positions which is 2.0 less than authorized. The recommendation includes \$1.0 million in statewide adjustments, noted below where appropriate. The Governor subsequently requested several amendments, updating capital project schedules and adjusting expenditures for caseload, staffing and centralized services. The Assembly included \$249.2 million, including \$177.4 million from general revenues which is \$10.2 million more than recommended from all sources.*

**Staffing.** The Department requested 631.0 positions which is 0.5 full-time equivalent positions less than authorized for FY 2019. The request shifted positions among programs, lowering the allocation for Juvenile Corrections and Child Welfare by 9.6 and 1.5 full-time equivalent positions, respectively and increasing Central Management and Children's Behavioral Health by 7.1 and 3.0 positions, respectively. The overall staffing total is reduced by 0.5 to reconcile a reduction that was not assigned to a division in the enacted budget. Changes in Juvenile Corrections reflect staffing needs for an all-time low caseload at the Training School. These essentially allow for increased staffing for the rest of the Department. As of the pay period ending September 1, 2018, there were 573.0 filled positions and 58.5 vacancies.

*The Governor recommended 629.5 positions which is 1.5 fewer positions than requested and 2.0 fewer than enacted. This included 3.1 fewer central management positions and 1.1 more child welfare positions than requested. It also added an unallocated 0.5 position. As of January 19, 2019, the Department had 585.0 positions filled and 47.5 vacancies.*

*The enacted authorization, Department's request and Governor's recommendation along with the changes to the enacted budget are shown in the following table. The Assembly concurred.*

| Division                     | FY 2019<br>Enacted | FY 2019<br>Rev. Req. | Revised<br>to Enacted | Revised<br>Governor/<br>Assembly | Governor/<br>Assembly<br>to Enacted | Governor/<br>Assembly<br>to Request |
|------------------------------|--------------------|----------------------|-----------------------|----------------------------------|-------------------------------------|-------------------------------------|
| Central Management           | 69.0               | 76.1                 | 7.1                   | 73.0                             | 4.0                                 | (3.1)                               |
| Children's Behavioral Health | 14.0               | 17.0                 | 3.0                   | 17.0                             | 3.0                                 | -                                   |
| Child Welfare                | 375.0              | 373.5                | (1.5)                 | 374.6                            | (0.4)                               | 1.1                                 |
| Juvenile Corrections         | 174.0              | 164.4                | (9.6)                 | 164.4                            | (9.6)                               | -                                   |
| Unidentified                 | (0.5)              | -                    | 0.5                   | 0.5                              | 1.0                                 | 0.5                                 |
| <b>Total</b>                 | <b>631.5</b>       | <b>631.0</b>         | <b>(0.5)</b>          | <b>629.5</b>                     | <b>(2.0)</b>                        | <b>(1.5)</b>                        |

**Supplemental Security Income Recovery.** Supplemental Security Income are funds administered by the federal Social Security Administration. These funds are awarded for any child who is disabled either physically or mentally to a point in which the child's ability to function is impaired. When the Department becomes the representative payee for the child and receives Supplemental Security Income funds, it uses these funds to offset costs of care while the child is in a placement. Not all children are eligible for these funds, but the Department stated that through a reimbursement hierarchy in its child welfare system, it is able to determine whether or not a child is eligible for these funds. When the child is eligible, the Department always elects to use Supplemental Security Funds in place of Title IV-E as these funds are 100 percent federal and require no state match. The Department noted that it cannot use both Supplemental Security Income funds and Title IV-E funds, so when the child is eligible for both, the Department chooses to use Supplemental Security Income for costs of care and Title IV-E is foregone.

The enacted budget assumes collections of \$1.6 million for the children's trust account from increased claiming of Supplemental Security Income funds administered by the Social Security Administration. The Department's request restores \$0.6 million of the savings that will not be achieved.

Despite the caseload growth in FY 2018 from FY 2017, the Supplemental Security Income collections have continued to decrease. The Department has asserted that the FY 2018 budget included unachievable reimbursement rates. However, the FY 2018 Supplemental Security Income collections of \$2.2 million were only \$0.1 million less than the enacted budget assumptions. They were \$0.2 million less than FY 2017 despite a significant growth in caseload. The revised request decreased collections to \$1.0 million which is \$1.2 million less than FY 2018 and \$1.0 million less than FY 2017 despite a higher caseload. *The Governor recommended \$7,421 more from these receipts than requested. The Assembly concurred.*

**Parental Contributions.** Parental contributions for disabled children voluntarily given to the Department are mandated to pay financial support under Rhode Island General Law, Section 15-9-1(a). This includes the amount to be paid to the Department based on calculations that include parental income and the amount necessary to support the child.

The Department requested to decrease parental contributions by \$0.2 million and transfer the expenses covered by these contributions to general revenues. Parental contributions are used to offset costs for disabled children voluntarily given to the Department which are otherwise paid by the Department. Despite a growing caseload in FY 2018 from FY 2017, the overall parental collections decreased by \$23,066. It is unclear why this is the case. *The Governor's recommendation assumes contributions as requested. The Assembly concurred.*

**Congregate Care.** The Department requested \$1.9 million more than enacted from all sources, including \$2.1 million more from general revenues, \$0.2 million less from federal funds, and \$15,423 less from restricted receipts for congregate care costs. Congregate care refers to services in residential based settings, as opposed to home based settings. Under current law, the Department may only continue placements and services to serious emotionally disturbed or developmentally disabled individuals age 18 through 21. Anyone not meeting that criteria is supposed to exit Department care on their 18th birthday, but may receive transitional services.

The Department indicated that the additional costs relate to unachievable federal revenue enhancements and estimates assumed in the enacted budget. The enacted budget assumed \$3.3 million in savings, including \$2.5 million from general revenues through a reduction in the number of congregate care placements. Despite the growth in the Department's overall caseload in FY 2018, the number of individuals in congregate care has continued to decrease at a relatively consistent rate. According to the Department's census, the number of congregate care placements has decreased by 24, or 5.6 percent, between July 1, 2018 and October 1, 2018.

However, despite the decline in the overall congregate care caseload, overall spending is increasing. The Department specifically notes this to be the case with residential treatment centers which account for the largest share of growth in congregate care costs. However, while the overall population is declining, the number of these placements has grown to 75; an increase of 27 placements from enacted assumptions. These centers are for children who are deeply troubled and are more costly than normal congregate care placements. The Department requested \$3.5 million more for these centers specifically of which \$2.9 million is from general revenues. This reflects both the increased overall cost and a realignment of expectations for federal reimbursement for these placements in general.

*The Governor recommended \$1.6 million less than requested including \$1.4 million less from general revenues. This is related to an initiative proposed in the Department's first quarter corrective action plan to accelerate the movement of individuals aged 18 to 21 from congregate settings into the Voluntary Extension of Care program which was established by the 2018 Assembly as an option for more comprehensive transition services for youth exiting state care. The savings is based on moving 57 individuals from congregate care settings which average a monthly cost of \$6,589 per person to the Voluntary Extension of Care which averages a cost of \$1,200 per month; an average savings of \$5,398 per youth per month. The Voluntary Extension of Care began accepting admissions in the second quarter of FY 2019. As of February 1, the Family Court has approved movement of one individual.*

*This savings proposal suggests that there are many more individuals who have remained in care past their 18<sup>th</sup> birthday, that do not meet the disability criteria for service beyond that age.*

*The Governor requested an amendment adding \$8.8 million, including \$5.2 million from general revenues for congregate care based on spending through the third quarter, primarily for residential treatment*

*placements and out-of-state high end residential placements and the restoration of \$1.0 million in unachieved savings included for the acceleration of youth into the Voluntary Extension of Care program because of a slow program rollout. The Assembly concurred.*

**Foster Care.** The Department requested \$4.0 million more than enacted from all sources, including \$5.0 million more from general revenues, \$1.2 million less from federal funds, and \$0.1 million more from restricted receipts for foster care. The increase reflects caseload from the final quarter of FY 2018 through September 2018. Given the lack of traditional foster home availability, the Department has had to place youth with private agency families which is costlier than traditional placements. It should be noted that the enacted budget provided \$1.4 million to pay for increased rates for traditional placements. Actual rate changes differed from enacted assumptions with the rates impacting the most populous age groups set higher than expected.

**Foster Care Rates Per Diem**

|              | FY 2019  |          | FY 2019  |
|--------------|----------|----------|----------|
|              | Prior    | Enacted  | Final    |
| Birth to 3   | \$ 17.95 | \$ 21.92 | \$ 23.00 |
| Age 4 to 11  | \$ 19.26 | \$ 24.71 | \$ 25.50 |
| 12 and Older | \$ 21.01 | \$ 26.26 | \$ 26.50 |

For FY 2018, there were an average of 1,518 children in foster care. Through October 1, 2018, the Department has averaged 1,656 placements, an increase of 138 placements. The Department reports that the existing private agency foster contracts are intended to support children and youth with more intensive needs. *The Governor recommended funding as requested.*

*The Governor requested an amendment to lower expenditures by \$0.7 million, including \$0.4 million from general revenues for foster care spending through the third quarter. The Assembly concurred.*

**Foster Care Home Studies.** The Department requested \$0.6 million less than enacted from general revenues for foster care home studies which is more consistent with prior year spending. This funding was provided to increase the availability of foster care families by increasing the Department's capability to evaluate and process potential foster care families in a more efficient and timely manner. It is not clear why there is not a plan to increase spending in this area above prior years given the stated shortage of foster homes and cost implications of that. Currently there are four community providers that perform the home study services: Community Care Alliance, Family Service of Rhode Island, Devereux Foundation and Children's Friends and Services. The contracts include a \$50 hourly rate for services not to exceed 20 hours for one potential foster family unless approved by the Department. *The Governor recommended funding as requested. The Assembly concurred.*

**Adoption and Guardianship.** The Department requested \$1.1 million more than enacted from all funds, including \$0.7 million more from general revenues for adoption and guardianship expenses. This includes adoption subsidies to 18 year olds, adoption subsidies until age 21, pre-adoption placements, and both relative and non-relative guardianships. The revised request assumes expenses based on the average of the final month of FY 2018 and the first quarter of FY 2019. The Department notes that its focus is on achieving permanency, and thus is working toward moving more placements from foster homes and congregate care homes to permanent homes. This could increase permanent placement subsidies above the estimate. *The Governor's recommendation added \$0.2 million from federal funds for adoption assistance for children with special needs.*

*The Governor requested an amendment adding \$1.0 million, including \$0.6 million from general revenues for adoption and guardianship spending through the third quarter. The Assembly concurred.*

**Daycare.** The Department requested \$0.5 million more than enacted from all sources for daycare, including \$0.6 million more from general revenues, \$0.1 million less from federal funds, and \$1,857 more from restricted receipts for daycare expenses for children in foster care totaling \$6.7 million, including \$5.5 million from general revenues. The Department reports the increase is related to increased foster care placements, as the Department pays for daycare; this corresponds to an increase in foster care cases, as daycare subsidies are provided to foster children. *The Governor recommended funding as requested. The Assembly shifted \$2.5 million from general revenue expenditures to federal funds available through the Department of Human Services.*

**Community Based Services.** The Department requested \$6.7 million more than enacted from all sources, including \$3.6 million more from general revenues for community based services primarily to reflect the increased foster care caseload. These services include counseling, education programs, family support services for preparation for reunification, family centered treatment, parent aides, and the Positive Parenting Program. While the services primarily relate to foster care placements, they also include children in congregate care and in-home populations.

*The Governor recommended savings of \$1.0 million, including \$0.6 million from general revenues, from reducing the service renewal interval from six to two months. The Department estimates that children receiving support services need approximately eight months of service but were receiving twelve months because of the six-month renewal interval. The new intervals will begin at the time that each youth's authorization expires. The recommendation also includes \$0.3 million more from federal Title IV-B funds to support child abuse prevention services.*

*The Governor requested an amendment adding \$3.3 million, including \$2.0 million from general revenues for community based services. This includes restoring \$0.4 million from general revenues for unachieved savings from changing the service renewal interval. The Governor's proposal had assumed all authorizations would occur in January, but the new intervals begin at the expiration of each youth's authorization which are spread over the second half of FY 2019. The Assembly concurred.*

**Foster Care Service Realignment.** The Department's FY 2020 budget request includes savings of \$2.1 million, including \$1.9 million from general revenues from terminating five contracts for community based services to families that are underutilized. While the Department only pays for services provided, it plans to terminate contracts where the utilization is between 30 and 35 percent of capacity and bring services in-house to be delivered by current staff. This was not requested as part of the revised budget changes.

*The Governor recommended this initiative effective January 2019 and assumed savings of \$1.0 million, including \$0.9 million from general revenues. At the time of the Governor's budget recommendation, the Department had terminated five provider contracts.*

*The Governor requested an amendment reducing general revenue savings by \$19,108 to reflect actual savings included in the Department's third quarter report. The Assembly concurred.*

**Voluntary Extension of Care.** The Department requested \$764 less than enacted from all sources including \$54,708 less from general revenues and \$53,943 more from federal funds for a Voluntary Extension of Care initiative approved by the 2018 Assembly. These services are open to individuals who had not been in state care for two years and those exiting state care at age 18. Foster Forward previously provided transition services to youth age 18 to 21. These services were ineligible for federal matching funds as they were for individuals no longer under the direct care of the Department. By extending the length of Department care, the target population became eligible for Title IV-E funds. Unlike traditional Title IV-E claims, which is tied to family income, the eligibility is tied to the individual's income which significantly increases the likelihood of qualifying.

The Department reported that there are about 100 youth in various stages of review who likely qualify for the Voluntary Extension of Care. However, the enacted budget assumed approximately 180 youth would be eligible for these services. The revised request is for 80 fewer individuals than estimated in the enacted budget which assumed the Department would phase out its contract with Foster Forward for the Youth Establishing Self-Sufficiency transition program; this has not been the case.

In the Department's first quarter corrective action plan, the Department indicated that it will accelerate the federal claiming opportunities under this program for youth who meet eligibility criteria.

*The Governor recommended \$0.2 million more than requested, including \$0.1 million more from general revenues. This is based on a proposal in the Department's first quarter corrective action plan to accelerate the movement of individuals age 18-21 currently in congregate care placements into the Voluntary Extension of Care. The savings is based on moving 57 individuals from congregate care settings which average a monthly cost of \$6,589 per person to the Voluntary Extension of Care which averages a cost of \$1,200 per month; an average savings of \$5,398 per youth per month. To achieve these savings, 57 children would need to be moved by January 2019. As of February 1, the Family Court had approved one individual. The Assembly concurred.*

**18-21 Year Olds - Youth Establishing Self-Sufficiency (YESS) program.** The Department requested \$1.4 million more than enacted for a 12 month contract extension with Foster Forward to provide services through the Youth Establishing Self-Sufficiency (YESS) program to individuals 18 through 21 who are exiting the Department's care and oversight. Funding for this program was to be phased out with the implementation of the Voluntary Extension of Care. However, the Department entered into a contract beginning in September 2018 for 133 youth in the Youth Establishing Self-Sufficiency program.

The Department reported that it was working towards phasing out the program, but it still provides services to individuals who would not be eligible for the federal match under the new Voluntary Extension of Care program. If these individuals are moved to the more costly new program, their expenses would need to be paid from general revenues. Therefore, the Department plans to keep the program until participants age out of it. *The Governor recommended funding as requested. The Assembly concurred.*

**18 - 21 Year Olds.** The Department's request includes \$0.5 million more than enacted from all sources, including \$0.3 million more from general revenues for services to serious emotionally disturbed or developmentally disabled individuals age 18 to 21. Anyone not meeting that criteria are removed from the Department's caseload on their 18th birthday and may receive services through the Youth Establishing Self-Sufficiency program. The Department was unable to provide data on how many individuals qualify and are receiving services through this authorization but reports that its request is based on spending through FY 2018 and the first quarter of FY 2019. *The Governor recommended funding as requested. The Assembly concurred.*

**Children's Rights Settlement.** The Department requested \$0.1 million more than enacted from general revenues for a data validator in compliance with the state's settlement with Children's Rights. In May 2018, the case was settled in the Court of Appeals for the First Circuit. The Department entered into an agreement to fulfill mutually agreed upon commitments for improvement. The settlement included commitment areas in which the Department must address and report on. These commitments are: performing an assessment of every child that enters foster care or upon a placement or change; not placing a child in a shelter under any circumstances; limiting the placement of children in congregate care; striving to place siblings together; developing mechanisms to track visitation between siblings and parents; reassessing the base rates for foster care maintenance payments and review these base rates every three years; establishing targets for the Department to comply for timeliness of investigations; conducting an annual assessment of events of abuse or neglect occurring in Department foster care; and developing and implementing an annual recruitment and retention plan for foster homes.

For each of these commitments, the Department is required to submit proof of compliance to an independent data validator who will determine if the Department data is unbiased, reliable and statistically valid. The data validator will then submit findings and assessment to the Office of the Child Advocate who will determine whether or not the Department has fulfilled the agreed upon criteria. Upon completion of each assessment criteria for two consecutive six month periods, the Department may file with the District Court of Rhode Island to exit from monitoring for that specific commitment. If the Department fails to comply with these requirements, the data validator and the Office of the Child Advocate will put forward a corrective action plan to help guide compliance. If such action fails, a second corrective action will be decided between the parties once again in court. The first six month period of data collection began on July 1, 2018. *The Governor recommended funding as requested. The Assembly concurred.*

**Yale University Evaluation Services.** The Department requested \$0.4 million less than enacted for foster care evaluation services provided by Yale University. Yale University provides services to the Department including reporting on child welfare outcomes, continuation and completion of the Rhode Island National Youth Transition Database data analytics, analyses of adolescent needs, strength assessment, analysis and data brief on placement stability, and staff reviews. This reduction is based on anticipated costs for service usage in FY 2019.

As part of its FY 2018 constrained request, the Department included savings of \$0.5 million through a proposal to eliminate the Department's contract with Yale University. However, this initiative was not recommended by the Governor, nor was it approved by the General Assembly, as eliminating the contract would cause the Department to fall out of compliance with numerous federal guidelines, requirements, and agreements surrounding federal grant initiatives and federal funding opportunities. In addition, it would have limited the ability to conduct data and evaluation activities. *The Governor recommended funding as requested. The Assembly concurred.*

**All Other Placements and Services.** The Department requested \$1.5 million more than enacted from all sources, including \$1.9 million more from general revenues, for all other placements and services. These costs include intensive supervision for troubled children, client rents, and training for nursing and religious chaplains. These placements also include medical treatments provided to children, a first month rent payment when it is the last barrier to reunification, purchasing of bus passes for parents when necessary, parent aide services including education (tutoring, SATs, unfunded summer school), among other costs that are not covered by any other source of payment. The request is based on FY 2018 actual spending. *The Governor's recommendation added \$0.1 million to reflect the most recent grants awarded for payment assistance for previous Department youth enrolled in higher education.*

*The Governor requested an amendment reducing expenditures by \$0.2 million, including \$0.1 million from general revenues to reflect spending through the third quarter. The Assembly concurred.*

### **Juvenile Corrections**

**Staffing.** The Department requested \$1.4 million less than enacted for staffing at the Rhode Island Training School, including \$1.3 million less from general revenues primarily from eliminating vacant positions. The request is for 164.4 full-time positions which is 9.6 less than the 174.0 authorized positions to reflect an all-time low Training School population. The revised request would fund approximately 163 of the 164.4 requested positions. The request also includes \$0.1 million less for overtime expenses and an additional \$0.1 million in turnover savings. At the time of the budget submission, the Department had 156.0 positions filled at the Training School. *The Governor concurred with the reduction and further reduced funding by \$0.5 million, including \$0.3 million from statewide benefit adjustments and \$0.2 million from additional turnover savings. As of January 19, 2019, the Department had 149.0 positions filled at the Training School.*

*The Governor requested an amendment to reflect spending through the third quarter which includes additional turnover savings of \$0.3 million. The Assembly concurred.*

**Education Services.** The Department requested \$0.1 million less than enacted including \$84,391 less from general revenues, \$64,819 less from federal funds and \$28,675 more from restricted receipts for education expenses at the Rhode Island Training School. The changes reflect the lower population, primarily a reduction in the need for temporary staff. The increase from restricted receipts is from an award given to the Department by the Rhode Island Foundation to support the education program at the training school.

Educational services are provided to all residents of the Rhode Island Training School, both detained and adjudicated. Each teacher's class size is capped at twelve students. The services adhere to all Department of Elementary and Secondary Education regulations. Courses include academic, co-curricular and career/technical work. The Community College of Rhode Island offers on-site courses and vocational classes to post-secondary students. *The Governor recommended funding as requested. The Assembly concurred.*

**Institutional Support Services.** The Department requested \$0.2 million less than enacted from general revenues for institutional support services at the Rhode Island Training School based on FY 2018 spending. This reduction includes legal costs, repairs and maintenance, food, non-prescription medicine, and clothing expenses for juveniles. This also includes an additional \$1,700 from federal funds for compliance with the Prison Rape Elimination Act. *The Governor recommended \$55,423 less than requested from three separate statewide initiatives designed to reduce operating costs. The Assembly concurred.*

**Juvenile Probation and Parole.** The Department requested \$16,815 more than enacted from general revenues for Juvenile Probation and Parole to more closely reflect FY 2018 spending. These services include the supervision of adolescents that are placed on probation by the Family Court. These costs include utilities and monthly maintenance to its internal system. *The Governor recommended funding as requested. The Assembly concurred.*

### **Other Operations**

**Other Salaries and Benefits.** The Department requested \$0.3 million less than enacted from all sources including \$1.3 million more from general revenues, \$1.7 million less from federal funds, and \$0.1 million more from restricted receipts for salaries and benefits for the remainder of the Department's staff. This covers 466.6 full-time equivalent positions which is 8.6 more than authorized for FY 2019. The Department's request would fund 460.0 of those positions and at the time of the budget request, the Department had 446.0 positions filled. The revised request includes \$0.3 million in additional turnover savings.

The Department's request reflects a change in methodology that determines what percentage of salaries and benefits are reimbursable with federal funds. Based on this new methodology, the Department shifted \$1.3 million of expenses assumed to be paid from federal funds in the enacted budget to general revenues.

*The Governor recommended \$0.5 million less than requested. The recommendation includes \$0.5 million less from general revenues from statewide benefit adjustments, and shifts \$0.3 million from federal funds to general revenues to correct the allocation methodology used in the request.*

*The Governor requested an amendment to reflect spending through the third quarter which includes additional turnover savings of \$0.4 million. The Assembly concurred.*

**RICHIST System Maintenance.** The Department requested \$0.4 million more than enacted from all sources, including \$35,866 more from general revenues for system maintenance for its Rhode Island

Children's Information System based on FY 2018 spending. This system provides a number of services including a state central registry for child abuse and neglect, costs for vendor payroll, tracking Title IV-E spending, family court cases, and whether a child is eligible for Supplemental Security Income or Medicaid federal reimbursement. The maintenance contractor is Network Six. *The Governor recommended funding as requested. The Assembly concurred.*

**RICIST Mobilization Pilot.** The Department's request is \$0.4 million less than enacted from general revenues for a mobilization pilot for its upgrade to its child tracking system. In an effort to reduce general revenue expenses, the Department is seeking \$0.3 million from the Information Technology Investment Fund for the purchase of technology that is compatible with the Department's tracking system. The Department included a similar project in its FY 2020 capital request. *The Governor recommended general revenue funding as requested and included \$101,075 from the Information Technology Investment Fund for FY 2019 only. The Assembly concurred.*

**Rent.** The Department requested \$0.1 million more than enacted mostly from general revenues for rental payments and related costs for its main office at 101 Friendship Street. The enacted budget assumes \$50,000 in savings from costs to move staff, including management and budget, and communications and licensing, to the Pastore Center in Cranston. The Department reported that it does not have any plan to move staff to the Pastore Center and requests to restore the \$50,000. The lease agreement also includes increased costs to base rent, utility costs and ancillary costs which accounts for the remaining \$87,364 increase. *The Governor recommended funding as requested. The Assembly concurred.*

**Cost Allocation Plan Consultant.** The Department requested \$0.2 million more than enacted from federal funds for cost-allocation plan consulting based on FY 2018 actual spending. The Department uses a consultant, Public Consulting Group Incorporated, for the development and maintenance of a cost-allocation plan. The plan determines what portion of staff costs can be charged to Title IV-E and Medicaid and what other administrative federal claiming is reasonable and appropriate for the Department. *The Governor recommended funding as requested. The Assembly concurred.*

**Child Welfare Institute Contract.** The Department requested \$0.1 million less than enacted to reflect half year costs of the Child Welfare Institute contract signed in the first quarter of FY 2019. The purpose of this contract is for social caseworker training through the Child Welfare Institute at Rhode Island College to prepare caseworkers for field work before taking on a client caseload. *The Governor recommended funding as requested. The Assembly concurred.*

**Security Services.** The Department requested \$0.1 million more than enacted from general revenues for contracted security guards at its headquarters at 101 Friendship Street as well as other Department facilities such as its Bristol Office based on FY 2018 spending. *The Governor recommended funding as requested. The Assembly concurred.*

**Centralized Services.** The Department requested \$0.7 million less than enacted for its centralized services including \$0.7 million from federal funds which is partially offset by an additional \$19,350 from general revenues. 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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. The revised request is \$2.6 million more than spent in FY 2018.

*The Governor recommended \$1.1 million more than requested, including \$983,112 more from general revenues based on billings through November and December and \$79,689 for an increase in renewal costs*

*for Microsoft Office 365. The Governor requested an amendment removing \$0.5 million from information technology services to reflect spending through the third quarter. **The Assembly concurred.***

**Capital Projects.** The Department requested \$1.9 million from Rhode Island Capital Plan funds for projects at the Rhode Island Training School consistent with the enacted budget and the Department's capital budget request. This includes installation of a generator and facility repairs. *The Governor recommended \$175,000 less to reflect changes to the Training School repairs schedule.*

*The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. The revisions to the initial recommendations align the Governor's recommendation to her priorities given available resources. For the Department, changes include a further reduction of \$750,000 for FY 2019.*

*The Governor requested an amendment to shift \$0.2 million from FY 2019 to FY 2020 to reflect an updated schedule for the installation of a generator at the Training School. **The Assembly concurred.** A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**Other Operations.** The Department requested \$0.1 million more than enacted primarily from general revenues for all other expenses. The largest increase is \$0.2 million from general revenues for temporary staff to fill critical vacant positions until full-time staff are hired which is \$0.1 million more from general revenues than enacted. This is partially offset by a reduction from federal funds for these services. This is reflective of actual vacancies and which temporary positions qualify for federal assistance. These temporary positions usually support staff or clerical. Other noteworthy changes include an additional \$0.1 million for in-state travel, and \$36,403 for electricity costs based on FY 2018 spending. *The Governor recommended \$0.2 million less from general revenues for three separate statewide initiatives designed to reduce operating costs. **The Assembly concurred.***

## Department of Health

|                                    | FY 2018<br>Reported   | FY 2019<br>Enacted    | FY 2019<br>Revised    | FY 2019<br>Final      |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenditures by Program</b>     |                       |                       |                       |                       |
| Central Management                 | \$ 11,256,926         | \$ 12,319,785         | \$ 14,997,661         | \$ 14,608,311         |
| Community Health and Equity        | 94,621,050            | 103,746,864           | 108,626,590           | 108,402,433           |
| Environmental Health               | 11,938,702            | 13,273,872            | 13,342,909            | 13,342,909            |
| Health Lab. & Medical Examiner     | 11,641,043            | 12,578,985            | 12,373,922            | 12,373,922            |
| Customer Services                  | 11,623,608            | 12,118,579            | 12,630,093            | 12,860,116            |
| Policy, Info. & Communications     | 4,396,788             | 4,690,126             | 5,761,984             | 5,494,963             |
| Preparedness, Response, Infectious |                       |                       |                       |                       |
| Disease & Emergency Services       | 14,083,328            | 15,383,478            | 20,326,608            | 20,326,608            |
| <b>Total</b>                       | <b>\$ 159,561,445</b> | <b>\$ 174,111,689</b> | <b>\$ 188,059,767</b> | <b>\$ 187,409,262</b> |
| <b>Expenditures by Category</b>    |                       |                       |                       |                       |
| Salaries and Benefits              | \$ 54,335,090         | \$ 59,099,534         | \$ 58,468,904         | \$ 58,174,456         |
| Contracted Services                | 9,129,448             | 10,007,686            | 14,578,313            | 14,616,683            |
| <b>Subtotal</b>                    | <b>\$ 63,464,538</b>  | <b>\$ 69,107,220</b>  | <b>\$ 73,047,217</b>  | <b>\$ 72,791,139</b>  |
| Other State Operations             | 54,684,438            | 63,533,324            | 67,508,569            | 67,202,478            |
| Aid to Local Units of Government   | -                     | -                     | -                     | -                     |
| Assistance, Grants, and Benefits   | 40,800,811            | 40,902,910            | 46,638,393            | 46,515,745            |
| Capital                            | 611,658               | 568,235               | 865,588               | 899,900               |
| Capital Debt Service               | -                     | -                     | -                     | -                     |
| Operating Transfers                | -                     | -                     | -                     | -                     |
| <b>Total</b>                       | <b>\$ 159,561,445</b> | <b>\$ 174,111,689</b> | <b>\$ 188,059,767</b> | <b>\$ 187,409,262</b> |
| <b>Sources of Funds</b>            |                       |                       |                       |                       |
| General Revenue                    | \$ 26,323,503         | \$ 28,963,829         | \$ 30,094,507         | \$ 30,324,530         |
| Federal Aid                        | 93,523,083            | 101,214,203           | 110,670,928           | 110,492,058           |
| Restricted Receipts                | 39,714,859            | 43,933,657            | 47,294,332            | 46,592,674            |
| Other                              | -                     | -                     | -                     | -                     |
| <b>Total</b>                       | <b>\$ 159,561,445</b> | <b>\$ 174,111,689</b> | <b>\$ 188,059,767</b> | <b>\$ 187,409,262</b> |
| <b>FTE Authorization</b>           | <b>506.6</b>          | <b>514.6</b>          | <b>517.6</b>          | <b>517.6</b>          |
| <b>FTE Average</b>                 | <b>480.2</b>          |                       |                       |                       |

**FY 2019 Revised Request.** The Department requested \$11.7 million more and 0.2 full-time equivalent positions less than enacted. The revised request includes the enacted amount of general revenues and increases of \$8.9 million from federal funds based on anticipated awards and \$2.8 million from restricted receipts.

*The Governor recommended \$2.2 million more than requested from all sources, of which \$1.1 million is from general revenues. This includes \$456,747 of statewide savings, noted below where appropriate. She recommended staffing of 517.6 full-time equivalent positions, 3.0 more than enacted. The Governor subsequently requested several amendments to adjust restricted receipt expenditures related to the Rhode Island Quality Institute, correct overfunded salary expenses and add \$90,000 for a new federal award.*

**The Assembly concurred, with the exception of including the new award, as the Department generally underspends federal funds. The Assembly also provided general revenue funding in lieu of establishing a restricted receipt account to support staff conducting inspections of state facilities and investigating complaints.**

**Indirect Cost Recovery.** The Department uses its indirect cost recovery restricted receipts to offset costs associated with administering federally funded programs. Revenues for the indirect cost recovery account are based on the expenditure of certain federal grants and exclude some expenditures such as assistance and grants. A portion of the Department's federal grants allow a percent cost recovery charge on the actual amount expended.

At the end of FY 2018, the Department reported a surplus of \$912,682. The revised request assumes \$5.9 million in revenues from a recovery rate of 17.8 percent, for total resources of \$6.8 million. The recovery rate assumed is 17.9 percent higher than the enacted budget. The revised request assumes expenditures of \$6.0 million, \$0.2 million less than enacted. This assumes \$0.4 million more for salaries and benefits and \$0.2 million for grants to community-based organizations, offset by \$0.8 million less for centralized services, reflective of FY 2018 expenditures. The Department projected an FY 2019 ending balance of \$856,143. *The Governor concurred and assumed use of additional \$122,202 for centralized information technology services.*

**The Assembly reduced expenses by \$0.4 million based on the Department's spending projection; these funds would be available to offset general revenue expenses in FY 2020.**

**Reappropriation.** The Governor included the discretionary reappropriation of \$69,000 from FY 2018 residual internal service fund charges resulting from turnover savings from staff assigned to the Division of Information Technology. This includes \$24,000 for work on the Electronic Test Ordering and Results System and \$45,000 for a new Laboratory Information Management System. Funds will be used to support a temporary position. These expenditures do not appear to meet the requirement for a reappropriation and were not included in the Department's revised request. *The Governor's budget did not include the reappropriation. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The Department requested \$0.9 million less than enacted from all sources, including \$0.8 million less from restricted receipts for its share of centralized services. This includes the enacted amount of \$1.1 million for facilities management, \$59,405 more for human resources, offset by \$1.0 million less for information technology, to better align expenditures with FY 2018. The Budget Office instructed agencies to include the enacted amount for these expenses.

*The Governor recommended \$1.7 million more from all sources than requested, including \$122,202 from restricted receipts for information technology services based on billings through November and \$1.5 million from general revenues for facilities management based on billings through December. The increase includes \$0.7 million for costs to adjust the rate for prior years' experience. The Division of Capital Asset Management and Maintenance also indicated that maintenance costs for the Chapin and Cannon buildings have increased and projected expenses are based on emergency responses for boiler repairs, electrical wiring and rental of equipment for the morgue. The Assembly provided \$0.3 million less based on the Department's spending projection.*

**Health Equity Zones.** The revised request includes new expenditures of \$0.2 million from restricted receipts budgeted as grants; the Department indicated that this is a placeholder and would likely be used to fund an epidemiologist position to track data relating to its Health Equity Zones initiative. The zones are geographical areas designed to achieve health equity by eliminating health disparities using place-based strategies to promote healthy communities. A total of ten zones were created throughout the state in 2015. They are currently located in Providence, Pawtucket, Central Falls, West Warwick, Woonsocket, Bristol and Newport. The Department stated its intent to add more zones; the FY 2020 budget assumes use of \$500,000 from indirect cost recovery receipts to fund two to three new zones. *The Governor recommended funding as requested. The Assembly provided \$0.1 million less based on the Department's spending projection.*

**Real ID Implementation.** The 2018 Assembly provided the Department with \$0.3 million from general revenues and 1.0 new position for costs and staffing associated with issuing more vital records for implementation of federal Real ID requirements. It also provided funding to set up a satellite location at the Division of Motor Vehicles branch in Cranston that will provide customers the ability to obtain their vital records onsite.

The position has been filled and the Department indicated that the individual has gone through the training process. The infrastructure at the registry is complete; the Department reported that the satellite office opened on December 3. The enacted budget assumes revenues of \$0.4 million from fees associated with obtaining copies of birth and marriage certificates. *The Governor concurred. The Assembly concurred.*

**Office of State Medical Examiners.** The revised request includes \$0.1 million less from all sources, including \$0.2 million less from general revenues for the Office of State Medical Examiners. This includes \$0.3 million less for salaries and benefits from turnover savings. As of the last pay period in November 2018, the Office had three vacancies, including the chief medical examiner. The request adds \$87,500 for contracted medical examiners, for which the enacted budget included \$37,500. Expenditures for the first quarter of FY 2019 are \$92,275; they were \$213,451 in FY 2018 and \$223,481 in FY 2017. The revised request includes minor adjustments from federal funds for medical supplies and travel based on FY 2018 expenditures. It also adds \$60,450 to purchase instruments for the office.

*The Governor recommended \$44,589 less from general revenues than requested including \$12,183 from statewide benefit savings and \$32,406 from three statewide savings initiatives designed to reduce operating costs. It appears that statewide benefit savings from non-general revenue sources were not taken. The Assembly concurred.*

**Minority Health Program.** The Department requested the enacted amount of \$0.4 million from general revenues for the Minority Health Program, which works to eliminate racial and ethnic health disparities. The request shifts \$82,135 of salary and benefit expenses from general revenues to available federal funds elsewhere in the Department and assumes additional expenditures of \$80,585 budgeted as grants to support existing community-based organizations. The request also includes an additional \$2,000 for program evaluation services. *The Governor recommended \$1,361 less than requested including \$330 for statewide benefit savings and \$1,031 from the distribution of statewide turnover savings. The Assembly concurred.*

**Blood Lead Poisoning Prevention.** The Department requested \$155,188 more than enacted from all sources for blood lead poisoning prevention activities. This includes \$12,137 less from general revenues offset by increases of \$70,325 from federal funds and \$97,000 from restricted sources, reflecting receipts that the Department indicated the Office of Attorney General is providing from the Volkswagen Settlement. The Office allocated a total of \$130,000 to the Department, including \$97,000 in the current year and \$33,000 in FY 2020 to fund five lead poisoning prevention projects, including referrals and other assistance to foster families about remediation of lead hazards identified in foster homes for children under

six years of age and increasing screening compliance statewide and enhanced work with municipalities to ensure that lead remediation projects in older homes are done by certified lead professionals. *The Governor recommended \$564 less from general revenues than requested from two statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

**Healthcare Information Technology.** The 2004 Assembly adopted legislation establishing a Healthcare Information Technology and Infrastructure Development Fund to be administered by the director of the Department of Health in coordination with the Healthcare Information Technology and Infrastructure Advisory Committee. The fund is supported by grants or donations that the Department receives and must be used for projects that support healthcare information technology projects shown to improve healthcare quality. The legislation requires that the director prepare and issue an annual report by January 30th of each year, detailing the amount of funds spent in the previous year; FY 2019 is the first year that the Department has received funding for this purpose. The Department indicated that additional contributions over the next couple of years are expected.

The request includes restricted receipts of \$175,000 in contributions from Lifespan and Care New England. The funds are transferred to the Executive Office of Health and Human Services to support the Rhode Island Quality Institute. The legislation states that the receipts would be deposited into a fund. The request assumes that the receipts are deposited into restricted accounts and does not assume the 10.0 percent indirect cost surcharge.

*The Governor recommended funding as requested. She also proposed legislation in Article 2 of 2019-H 5151 establishing this as a restricted receipt account instead of the fund and exempted it from the 10.0 percent indirect cost recovery. She subsequently requested an amendment decreasing current year expenditures by \$36,998, reflective of the amount projected to support the Rhode Island Quality Institute. The Assembly concurred.*

**Health Systems Monitoring.** The revised request includes new expenditures of \$107,500 in restricted receipt funding that the Department indicates is from hospital administrative fees or penalties imposed as compliance orders. It appears that there is no statutory authority for the creation of this account and \$450,000 was received in FY 2018. Of the requested amount, \$80,000 will be used for clerical services. The remaining funds are budgeted as grants. Subsequently, the Department indicated that the funds would be used to partially fund six positions to conduct inspections of state facilities as well as investigate complaints. The Department indicated that the backlog of state facility complaints has continued to grow because of a staffing shortage.

*The Governor recommended \$230,023, which is \$122,523 more than requested, and will be used to support 3.0 new inspector positions. She also proposed legislation in Article 2 of 2019-H 5151 to establish this restricted receipt account; the account is not exempt from indirect cost recovery. The legislation does not specify the uses of the funds.*

**The Assembly did not concur with the Governor's proposal; consistent with current law, the receipts will be deposited as general revenues. The Assembly provided general revenue funding in lieu of restricted receipts to support the additional staff.**

**Other Salaries and Benefits.** Excluding items previously mentioned, the Department requested \$0.3 million less from all sources for all other salaries and benefits. The request includes \$0.8 million less from federal funds, reflective of staff time dedicated to various grants. It also includes increases of \$97,911 from general revenues and \$418,576 from restricted receipts, of which \$436,740 is from indirect cost recovery receipts primarily for 3.0 new positions within the Department's current staffing authorization level. The Department anticipated filling the positions in January 2019. The request includes benefit rates consistent

with FY 2019 revised planning values and savings from medical insurance. As of the last pay period in November 2018, there were 37.7 positions vacant.

*The Governor recommended \$24,882 less than requested from all sources. This includes \$249,039 less from general revenues, of which \$130,571 is from statewide benefit savings. It also includes \$0.1 million from the distribution of statewide turnover savings, a like amount was shifted to other sources. Subsequently, the Budget Office indicated that it inadvertently overfunded salary expenses by \$0.2 million in error likely caused by the new budgeting system. The Governor requested an amendment to correct this. The Assembly concurred.*

**Opioid Prevention Programs.** Excluding salaries and benefits, the Department requested \$3.2 million more than enacted for opioid prevention programs. This includes a carry-forward of \$0.6 million to reflect three foundation grants that the Department received for an opioid overdose prevention campaign called the Truth Initiative to deter the use of opioids among youth. The request also includes \$2.6 million from new federal funds, which will be used to provide assistance to various organizations and municipalities on a competitive basis. Funds will also be used to provide training to first responders. *The Governor recommended funding as requested. The Assembly concurred.*

**Immunization Programs.** The Department requested \$0.4 million more than enacted from all sources for immunization expenses based on vaccine purchasing projections. This includes \$1.2 million less from federal funds based on the anticipated amount of free vaccines provided by the Centers for Disease Control and Prevention's federal immunization program and \$1.6 million more from restricted receipt expenditures for children and adults; FY 2019 projected expenditures are \$6.9 million more than FY 2018. *The Governor recommended funding as requested. The Assembly concurred.*

**Maternal, Infant and Early Childhood Home Visiting.** Excluding salaries and benefits, the Department requested \$2.8 million more than enacted from federal funds for the Maternal, Infant and Early Childhood Home Visiting program based on available funding. This includes \$2.7 million to community-based organizations for various services and \$0.1 million for program expenses, including the development of a statewide needs assessment. The program focuses on screening and referring children from birth to three years of age to appropriate services and provides families with resources and services such as preventive health and prenatal practices, promoting positive parenting techniques, and finding employment and child care solutions. *The Governor recommended funding as requested. The Assembly concurred.*

**WIC Nutrition Assistance.** The Department requested \$0.7 million more than enacted from federal funds for the Women, Infants, and Children nutrition assistance program, which provides supplemental foods, nutrition education and information, referral and coordination services for eligible women and children under the age of five, who are at risk of poor health and development because of inadequate nutrition or health care or both. Based on anticipated work, the request recategorizes certain expenditures previously budgeted as grants to contracted services and includes \$1.4 million less for benefit payments, offset by program expenses including electronic benefit transfer processing services and vendor payments. FY 2018 expenditures were \$20.6 million, and the revised request is \$4.1 million above that. *The Governor recommended funding as requested. The Assembly concurred.*

**Home Asthma Response Program.** The Department administers a Home Asthma Response program, which is designed to reduce emergency department visits and hospitalization. The program seeks to improve asthma outcomes for high risk pediatric asthma patients in the state. Services are provided by eight community health centers, providing home visits to find, manage and fix asthma triggers in the home. The program also teaches individuals how to properly use inhalers and other medication.

As part of the Volkswagen Settlement, the state will receive a total of \$18.5 million, \$14.4 million of which will be used for projects to reduce diesel emissions from vehicles and to install electric vehicle

infrastructure. The remaining \$4.1 million in settlement funds were awarded to the Office of the Attorney General and will be spent on “environmentally beneficial projects” as directed by the Attorney General. The Department entered into a memorandum of understanding with the Attorney General to provide the Department with \$0.3 million to fund the program. Funding for this was not included in the Department’s revised request. *The Governor recommended \$0.3 million from the settlement for the program. The Assembly concurred.*

**Customer Services - Operations.** The Department requested \$0.3 million more than enacted from all sources, including \$0.2 million more from general revenues for operating expenses for the Division of Customer Services. This includes \$0.1 million for postage, consistent with FY 2018 expenses for mailing of certain professional licenses and vital records. It includes \$0.1 million for clerical services, which the Department indicated is based on turnover. The request also includes \$20,000 for software maintenance costs associated with the medical marijuana regulation system and \$26,500 to adjust indirect cost surcharges. *The Governor recommended \$36,935 less than requested from three statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

**Infectious Disease & Emergency Response Grants.** The revised request includes \$2.3 million more from federal funds than enacted to reflect new and supplemental awards. The Department receives federal grant funding for a variety of programs. This includes \$1.0 million more for Bioterrorism Preparedness, which provides financial support to develop and expand capabilities in three key areas of bioterrorism preparedness and response, and \$1.3 million for the prevention of tuberculosis, HIV and other sexually transmitted diseases. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Federal Grant Adjustments.** The revised request includes \$2.3 million more than enacted from federal funds with more than half of the funding in the Division of Community Health and Equity, which provides leadership, planning and infrastructure to eliminate health disparities, to assure healthy child development, and to reduce, prevent and control chronic diseases and disabilities. This includes \$0.5 million to support programs to prevent post-partum depression and \$0.4 million for the Drinking Water Quality Program. It also includes adjustments for suicide and rape prevention and wellness programs. The Department routinely overestimates its ability to spend federal funds.

*The Governor concurred and recommended an additional \$0.3 million to reflect updated awards. This includes \$90,000 for two new grants and adjustments of \$251,140 for three existing grants. The Assembly concurred.*

**Other Expenses.** The Department requested \$0.3 million more than enacted from all sources for all other operating expenses. This includes \$0.4 million more from restricted receipts including \$0.1 million from newborn screening and \$0.2 million for the All Payer Claims Database, which is funded from a \$100 fee that the Department charges per certain requests. The revised request also includes \$69,506 less from general revenues primarily to reflect updated expenditures for operations of laboratories, including medical supplies and maintenance of equipment. *The Governor recommended \$81,479 less from general revenues than requested from three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

## Department of Human Services

|                                  | FY 2018<br>Reported   | FY 2019<br>Enacted    | FY 2019<br>Revised    | FY 2019<br>Final      |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenditures by Program</b>   |                       |                       |                       |                       |
| Central Management               | \$ 8,195,356          | \$ 8,652,225          | \$ 9,805,824          | \$ 9,805,824          |
| Child Support Enforcement        | 10,406,850            | 10,007,734            | 9,137,403             | 9,137,403             |
| Individual and Family Support    | 120,346,001           | 140,828,188           | 148,692,384           | 144,934,168           |
| Office of Veterans' Affairs      | 47,414,180            | 34,424,736            | 37,969,226            | 38,337,676            |
| Health Care Eligibility          | 21,690,032            | 15,464,476            | 14,330,398            | 18,298,592            |
| Supplemental Security Income     | 19,906,658            | 20,022,000            | 19,944,100            | 19,238,650            |
| Rhode Island Works               | 90,617,286            | 99,246,253            | 97,550,309            | 93,997,905            |
| Other Programs                   | 261,580,525           | 283,314,417           | 266,301,998           | 266,165,318           |
| Elderly Affairs                  | 19,095,844            | 20,870,630            | 21,193,658            | 21,193,658            |
| <b>Total</b>                     | <b>\$ 599,252,732</b> | <b>\$ 632,830,659</b> | <b>\$ 624,925,300</b> | <b>\$ 621,109,194</b> |
| <b>Expenditures by Category</b>  |                       |                       |                       |                       |
| Salaries and Benefits            | \$ 94,117,739         | \$ 101,715,942        | \$ 100,474,722        | \$ 100,474,722        |
| Contracted Services              | 18,258,695            | 16,305,466            | 25,456,797            | 25,456,797            |
| <b>Subtotal</b>                  | <b>\$ 112,376,434</b> | <b>\$ 118,021,408</b> | <b>\$ 125,931,519</b> | <b>\$ 125,931,519</b> |
| Other State Operations           | 27,088,763            | 22,171,536            | 26,758,727            | 27,124,877            |
| Aid to Local Units of Government | -                     | -                     | -                     | -                     |
| Assistance, Grants, and Benefits | 444,975,640           | 487,129,385           | 466,863,459           | 462,681,203           |
| Capital                          | 11,115,082            | 502,192               | 641,538               | 641,538               |
| Capital Debt Service             | -                     | -                     | -                     | -                     |
| Operating Transfers              | 3,696,813             | 5,006,138             | 4,730,057             | 4,730,057             |
| <b>Total</b>                     | <b>\$ 599,252,732</b> | <b>\$ 632,830,659</b> | <b>\$ 624,925,300</b> | <b>\$ 621,109,194</b> |
| <b>Sources of Funds</b>          |                       |                       |                       |                       |
| General Revenue                  | \$ 100,775,122        | \$ 97,999,785         | \$ 107,333,790        | \$ 114,018,408        |
| Federal Aid                      | 490,216,146           | 521,070,844           | 502,965,046           | 500,402,974           |
| Restricted Receipts              | 3,658,465             | 8,996,552             | 9,817,009             | 1,878,357             |
| Other                            | 4,602,999             | 4,763,478             | 4,809,455             | 4,809,455             |
| <b>Total</b>                     | <b>\$ 599,252,732</b> | <b>\$ 632,830,659</b> | <b>\$ 624,925,300</b> | <b>\$ 621,109,194</b> |
| <b>FTE Authorization</b>         | <b>981.1</b>          | <b>1,020.1</b>        | <b>1,030.1</b>        | <b>1,030.1</b>        |
| <b>FTE Average</b>               | <b>874.6</b>          |                       |                       |                       |

**FY 2019 Revised Request.** The Department of Human Services requested \$8.6 million less than enacted from all sources of funds for FY 2019, including \$18.8 million less from federal funds offset by \$0.9 million more from general revenues, \$4.6 million more from restricted receipts and \$4.7 million more from other sources.

The revised request includes \$27.2 million from all sources, including \$4.0 million from general revenues for the Unified Health Infrastructure Project; this is \$11.8 million more than enacted from all sources, including \$2.2 million more from general revenues. *The Governor recommended \$0.7 million more than requested, including \$8.4 million more from general revenues offset by \$0.7 million less from federal funds,*

*\$4.8 million less from restricted receipts and \$4.6 million less from other sources. Excluding centralized services, the revised budget is \$0.3 million less than requested from all sources, including \$7.1 million more from general revenues. She included authorization for 12.0 more full-time equivalent positions than requested for the Office of Veterans' Affairs. As of the pay period ending February 2, the Department had 115.5 vacancies.*

**The Assembly provided \$3.8 million less than recommended from all sources, primarily reflecting savings in the cash assistance programs. The Assembly also shifted \$8.3 million from restricted receipts anticipated from a recent settlement with Deloitte to general revenues. As of late June, federal approval for use of the funds has not been received and the budget shifts use of settlement proceeds to FY 2020. It concurred with the recommended staffing authorization.**

**Federal Poverty Guidelines.** The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office of Health and Human Services. The 2019 guidelines are as follows.

| Percent of Federal Poverty Level Based on Annual Income |           |           |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Family Size   | 100%      | 133%      | 138%      | 150%      | 180%      | 185%      | 225%      | 250%      |
| 1   | \$ 12,490 | \$ 16,612 | \$ 17,236 | \$ 18,735 | \$ 22,482 | \$ 23,107 | \$ 28,103 | \$ 31,225 |
| 2   | 16,910    | 22,490    | 23,336    | 25,365    | 30,438    | 31,284    | 38,048    | 42,275    |
| 3   | 21,330    | 28,369    | 29,435    | 31,995    | 38,394    | 39,461    | 47,993    | 53,325    |
| 4   | 25,750    | 34,248    | 35,535    | 38,625    | 46,350    | 47,638    | 57,938    | 64,375    |
| 5   | 30,170    | 40,126    | 41,635    | 45,255    | 54,306    | 55,815    | 67,883    | 75,425    |
| 6   | 34,590    | 46,005    | 47,734    | 51,885    | 62,262    | 63,992    | 77,828    | 86,475    |
| 7   | 39,010    | 51,883    | 53,834    | 58,515    | 70,218    | 72,169    | 87,773    | 97,525    |
| 8   | 43,430    | 57,762    | 59,933    | 65,145    | 78,174    | 80,346    | 97,718    | 108,575   |

*For families with more than 8 members, add \$4,420 for each additional member for the 100 percent calculation.*

**Staffing.** The Department requested 1,018.1 full-time equivalent positions in FY 2019, 2.0 fewer positions than enacted. The request shifts 2.0 positions to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to align actual work performed by the staff members with the appropriate state agency. The enacted budget includes authorization for 1,020.1 positions and provides funding for approximately 985 positions, leaving approximately 35 positions unfunded.

As of December 8, 2018, the Department had 910.0 filled positions and was averaging 908.1 filled positions in FY 2019. The Department averaged 873.4 filled positions in FY 2018 and 835.7 positions in FY 2017. The number of filled positions had been slowly increasing from a low of 781.2 in November 2011, though declined in FY 2017 with the implementation of the Unified Health Infrastructure Project, which was assumed to reduce the number of staff needed and resulted in the elimination of 99.0 positions in the Governor's FY 2018 recommended budget. System issues have since resulted in a staffing increase. The FY 2018 enacted budget added 143.0 positions related to the Unified Health Infrastructure Project, of which 66.0 were to be permanent and 77.0 term-limited. *The Governor recommended 1,030.1 full-time equivalent positions, 12.0 more than requested for the Office of Veterans' Affairs. The Assembly concurred.*

### **Unified Health Infrastructure Project**

The Department requested a total of \$27.2 million from all sources for the Unified Health Infrastructure Project, including \$7.0 million from general revenues and \$10.9 million from restricted receipts to be collected from Deloitte, for all project related expenses. The request is \$11.8 million more than enacted, which is offset by reductions to the program eligibility administration, discussed separately. Across these programs, the Department requested a total of \$77.1 million, or \$9.7 million more than enacted.

*The Governor recommended a total of \$19.9 million for the Unified Health Infrastructure Project, which is \$7.3 million less than requested and \$4.5 million more than enacted. Combined with costs associated with program eligibility administration, the Governor recommended \$78.4 million, including \$23.6 million from general revenues. The recommendation is \$11.0 million more than enacted across both programs, \$3.5 million more from general revenues.*

*The following table shows all expenditures for the Unified Health Infrastructure Project and program eligibility administration included in the enacted budget, as well as the Department's revised request and Governor's revised budget recommendation. It is followed by a description of each component.*

| Staff & Other Expenses | General Revenues |         |         | All Sources |         |         |
|------------------------|------------------|---------|---------|-------------|---------|---------|
|                        | Eligibility      |         |         | Eligibility |         |         |
|                        | UHIP             | Admin.  | Total   | UHIP        | Admin.  | Total   |
| Enacted                | \$ 1.8           | \$ 18.3 | \$ 20.1 | \$ 15.4     | \$ 52.0 | \$ 67.4 |
| Revised Request        | 7.0              | 15.8    | 22.8    | 27.2        | 49.9    | 77.1    |
| Governor Rev. Rec.     | (0.3)            | 23.9    | 23.6    | 19.9        | 58.5    | 78.4    |
| Gov. Chg. To Enacted   | \$ (2.1)         | \$ 5.6  | \$ 3.5  | \$ 4.5      | \$ 6.5  | \$ 11.0 |

*\$ in millions*

**The Assembly concurred with total funding as recommended but shifted \$8.3 million from restricted receipts to be collected from Deloitte to general revenues. A settlement was reached in April that included a \$50 million payment. As of late June, federal approval of the new contract and the state's proposal to maintain use of all settlement funds was still pending. The Assembly shifted the use of any settlement funds to FY 2020.**

**Staffing.** The Department requested \$4.9 million more than enacted, including \$2.2 million more from general revenues and \$2.3 million more from federal funds, for Unified Health Infrastructure Project related staffing expenses. The additional funding supports portions of 322 eligibility and casework staff for whom an enhanced Medicaid match is available. It should be noted that the FY 2018 enacted budget added 143.0 full-time equivalent positions specifically to support ongoing efforts to resolve system issues and application backlogs. While the enacted budget included authorization for the additional personnel, it did not add funding for these positions as it anticipated the Department could fund them with existing resources. This assumption was based on a budget amendment requested by the Governor subsequent to her FY 2018 budget recommendation. The amendment indicated that funding for the positions would be made available through concessions with the contractor.

The Department reported all 143.0 full-time equivalent positions were hired within the first quarter of FY 2018. It should be noted that the enacted budget assumes 77.0 positions would be term-limited, with the remaining positions to be permanent. However, based on more recent information from the Department, it has had 50 more field staff in FY 2019 than in FY 2017. The Department previously reported that all positions would be permanent by the end of FY 2018. The revised request includes \$5.7 million from restricted receipts, essentially consistent with the enacted budget. The Governor's recommended FY 2019 budget proposed collecting receipts from a credit provided by Deloitte for ongoing work on the new computer system. As of December 2018, the state has not collected any receipts from the credit, and negotiations are ongoing.

*The Governor recommended \$5.8 million less than requested from all funds, including \$43,644 less from general revenues, of which \$21,860 is from statewide benefit adjustments and \$15,365 is from turnover savings. The reduction is offset by additional funding for personnel in the program eligibility administration, noted separately, and the disability determinations unit. Anticipated receipts to be collected from Deloitte are shifted to cover other project operating expenses, described below. The Assembly concurred. It should be noted that in response to the House Finance Subcommittee hearing*

**on the budget in April, the Department indicated it has maintained approximately 50 of the original 143.0 positions authorized as noted above.**

**Other Expenses.** The Department requested \$6.9 million more from all sources, including \$2.9 million more from federal funds and \$4.0 million more from restricted receipts, for all other operating expenses related to the Unified Health Infrastructure Project. The revised request reflects \$5.0 million more for management consultants and \$1.9 million more for contracted information technology services. The revised request includes a total of \$1.4 million from general revenues, consistent with the enacted budget.

It should be noted that the revised request includes \$5.2 million from restricted receipts, \$4.0 million more than enacted. The Governor's recommended FY 2019 budget proposed collecting receipts from a credit provided by Deloitte for ongoing work on the new computer system and that was included in the enacted budget. As of December 2018, the state has not collected any receipts from the credit and negotiations are ongoing.

*The Governor recommended \$1.6 million less than requested, including \$4.3 million less from general revenues. Compared to the enacted budget, this is \$5.3 million more from all sources, including \$4.3 million less from general revenues. The general revenue savings primarily reflects the shift of expenditures from general revenues to restricted receipts to be collected from Deloitte. As previously noted, the recommendation shifts restricted receipts assumed in the enacted budget for personnel expenditures, to be used for other project related expenses. The recommendation includes a total of \$8.3 million from anticipated receipts, \$1.4 million more than included in the enacted budget and \$2.6 million less than requested. It should be noted, as of February 1, negotiations with the contractor are still ongoing. If funding from the contractor cannot be secured, additional general revenues will be needed to support the expenses. The reduction of funding for project expenses is offset by additional funding for administration of the eligibility programs, noted separately.*

**The Assembly provided total funding as recommended but shifted the \$8.3 million of restricted receipts anticipated from Deloitte to general revenues. A settlement was reached in April that included a \$50 million payment. As of late June, federal approval of the new contract and the state's proposal to maintain use of all settlement funds was still pending. The Assembly shifted use of any settlement funds to FY 2020.**

### **Cash Assistance Programs**

The Caseload Estimating Conference estimate includes \$118.0 million from all sources, including \$31.7 million from general revenues for cash assistance programs, including Rhode Island Works, child care, state only supplemental security income program payments and general public assistance bridge program benefits. The caseload estimate is \$2.0 million less than enacted, including \$0.2 million less from general revenues. The Department's request is essentially consistent with the enacted level for cash assistance and does not reflect the estimate adopted at the November caseload conference.

*The Governor recommended funding essentially consistent with the November caseload estimate. The Assembly provided \$113.7 million from all sources, including \$30.0 million from general revenues, consistent with the May caseload estimate.*

The following table itemizes cash assistance expenditures in FY 2017 and FY 2018, as enacted by the 2018 Assembly, adopted by the caseload estimators, recommended by the Governor and enacted by the 2019 Assembly. Each category is discussed separately.

| Cash Assistance                     | FY 2017<br>Actual | FY 2018<br>Actual | FY 2019<br>Enacted | FY 2019<br>Gov. Rev. | FY 2019<br>May CEC | FY 2019<br>Final |
|-------------------------------------|-------------------|-------------------|--------------------|----------------------|--------------------|------------------|
| <b>Rhode Island Works</b>           |                   |                   |                    |                      |                    |                  |
| Persons                             | 10,652            | 9,831             | 10,025             | 9,700                | 9,250              | 9,250            |
| Monthly Cost per Person             | \$ 184.67         | \$ 193.10         | \$ 193.00          | \$ 194.65            | \$ 188.00          | \$ 188.00        |
| <b>Total Costs/Federal Funds</b>    | <b>\$ 25.6</b>    | <b>\$ 24.9</b>    | <b>\$ 25.3</b>     | <b>\$ 24.8</b>       | <b>\$ 23.1</b>     | <b>\$ 23.1</b>   |
| <b>Child Care</b>                   |                   |                   |                    |                      |                    |                  |
| Subsidies                           | 8,880             | 8,895             | 9,300              | 9,125                | 9,040              | 9,040            |
| Annual Cost per Subsidy             | \$ 7,313          | \$ 7,316          | \$ 7,912           | \$ 7,912             | \$ 7,800           | \$ 7,800         |
| General Revenue                     | \$ 9.9            | \$ 9.9            | \$ 10.7            | \$ 10.7              | \$ 9.9             | \$ 9.9           |
| Federal Funds                       | 55.1              | 55.2              | 62.9               | 61.5                 | 60.6               | 60.6             |
| <b>Total Costs</b>                  | <b>\$ 64.9</b>    | <b>\$ 65.1</b>    | <b>\$ 73.6</b>     | <b>\$ 72.1</b>       | <b>\$ 70.5</b>     | <b>\$ 70.5</b>   |
| <b>SSI</b>                          |                   |                   |                    |                      |                    |                  |
| Persons                             | 33,610            | 35,118            | 35,000             | 34,500               | 33,750             | 33,750           |
| Monthly Cost per Person             | \$ 46.29          | \$ 47.68          | \$ 47.50           | \$ 48.00             | \$ 47.33           | \$ 47.33         |
| <b>Total Costs/General Revenues</b> | <b>\$ 18.7</b>    | <b>\$ 20.2</b>    | <b>\$ 20.0</b>     | <b>\$ 19.9</b>       | <b>\$ 19.2</b>     | <b>\$ 19.2</b>   |
| <b>SSI Transition/Bridge</b>        |                   |                   |                    |                      |                    |                  |
| Persons                             | 355               | 256               | 270                | 210                  | 162                | 162              |
| Monthly Cost per Person             | \$ 119.70         | \$ 153.11         | \$ 137.00          | \$ 164.00            | \$ 150.00          | \$ 150.00        |
| <b>Total Costs/General Revenues</b> | <b>\$ 1.2</b>     | <b>\$ 1.1</b>     | <b>\$ 1.1</b>      | <b>\$ 1.0</b>        | <b>\$ 0.9</b>      | <b>\$ 0.9</b>    |
| General Revenue                     | \$ 29.8           | \$ 31.1           | \$ 31.8            | \$ 31.7              | \$ 30.0            | \$ 30.0          |
| Federal Funds                       | 80.6              | 80.1              | 88.2               | 86.3                 | 83.7               | 83.7             |
| <b>Total Cash Assistance</b>        | <b>\$ 110.4</b>   | <b>\$ 111.3</b>   | <b>\$ 120.0</b>    | <b>\$ 117.9</b>      | <b>\$ 113.7</b>    | <b>\$ 113.7</b>  |

\$ in millions

**Maintenance of Effort Requirement.** The Department is required to spend \$60.4 million from general revenues as its maintenance of effort requirement for the \$95.0 million temporary assistance to needy families' block grant, assuming it meets its work participation rates. The state has separate one-parent and two-parent participation rates, but receives the penalty if either rate is not met. For Rhode Island, this increases by \$4.0 million to \$64.4 million if one or both of the work participation rates are not met. The state has not met its 90 percent two-parent participation rate, so it must maintain the higher maintenance of effort.

Work participation rates are the percent of qualified parents that are participating in work, work-like activities or the individualized employment plan. Almost all individuals receiving Rhode Island Works are required to immediately enter into individualized employment plans, which can include job search and readiness, vocational or adult education, on-the-job training and subsidized employment. The Department has not met its 90 percent two-parent work participation rate, which requires one parent to engage in work activities for 35 hours a week, because families who are in non-compliance with their work plan remain on the active caseload. The rules and regulations call for individuals and families to be sanctioned and have benefits reduced or eliminated when they are not in compliance with the individual employment plan, miss appointments, or refuse or quit employment.

The state can report any spending for its maintenance of effort requirement as long as it meets one of the four temporary assistance to needy families purposes: assisting needy families so that children can be cared for in their own homes; reducing the dependency of needy parents by promoting job preparation, work and marriage; preventing out-of-wedlock pregnancies; and encouraging the formation and maintenance of two-parent families. The state uses the circuit breaker program, earned income tax credit, administrative expenses through the Department of Human Services, and services provided through the Departments of Children, Youth and Families and Labor and Training. The Department's request assumes that the higher \$64.4 million requirement will be met. *The Governor's recommendation meets the requirement. The Assembly concurred.*

**Rhode Island Works.** The November Caseload Estimating Conference estimate includes program expenditures of \$24.8 million entirely from federal funds. The estimate lowered the monthly caseload by 325 cases to a level of 9,700. The cost per case is estimated to increase by \$1.65 to a \$194.65 monthly cost per person. The estimated program expenditures are \$0.5 million less than the enacted budget, primarily from the decreased number of persons, along with minor adjustments for transportation, clothing and other supportive services. The Department's request is essentially consistent with the enacted level for the Rhode Island Works program and does not reflect the estimate adopted at the November caseload conference. *The Governor recommended funding consistent with the caseload estimate. Consistent with the May estimate, the Assembly reduced expenses by \$1.7 million reflecting a reduction to the number of people by 450 to 9,250 and \$6.65 per month for an average monthly cost of \$188.00.*

**Child Care.** The November Caseload Estimating Conference estimate includes child care expenditures of \$72.2 million, of which \$10.7 million is from general revenues. This is \$1.7 million less than enacted from federal funds and includes the enacted amount from general revenues. The estimate reflects 275 fewer child care subsidies for a monthly level of 9,125 and an annual cost of \$7,912, consistent with the enacted budget. The Department's request is essentially consistent with the enacted level for the child care program and does not reflect the estimate adopted at the November caseload conference.

A family is eligible for child care assistance either through the Rhode Island Works program (if they qualify for Rhode Island Works they are automatically eligible for child care assistance) or if they qualify as low income, which is at or below 180 percent of federal poverty. The 2013 Assembly passed legislation for a pilot program allowing families eligible for subsidized child care because their income is at or below 180 percent of poverty to remain eligible until the family income exceeds 225 percent of poverty, from October 1, 2013 through September 30, 2014. The 2014 Assembly extended the pilot through September 30, 2016, and the 2016 Assembly provided another one-year extension until September 30, 2017. The 2017 Assembly enacted legislation to make the child care transition program permanent.

The 2018 Assembly enacted legislation to increase rates paid for subsidized infant, toddler, and pre-school age child care from an average of the 2002 and 2004 market rate surveys to a tiered reimbursement system based on the state's quality rating system. The rate change applies to licensed child care centers only; family care providers received separate rate increases. Child care centers will be reimbursed based on the rating the provider has achieved in the state's quality rating system. Those providers with higher rankings will receive additional funding compared to those in the lower tiers. *The Governor's recommendation inadvertently excluded \$47,700 from federal funds included in the caseload estimate. Consistent with the May estimate, the Assembly reduced funding by \$1.6 million reflecting a reduction to the number of subsidies by 85 to 9,040 and to the cost per subsidy by \$112 to \$7,800.*

**Supplemental Security Income Payments.** The November Caseload Estimating Conference estimate includes FY 2019 direct supplemental security income expenditures at \$19.9 million from general revenues, or \$0.1 million less than enacted. The caseload decreased by 500 persons to a monthly level of 34,500 and the estimators increased the monthly cost per person by \$0.50 to \$48. The estimate also includes transaction fees of \$77,000, \$5,000 more than the enacted level. The Department's request is consistent with the enacted level and does not reflect the estimate adopted at the November caseload conference. *The Governor recommended funding consistent with the caseload estimate. Consistent with the May estimate, the Assembly reduced funding by \$0.7 million reflecting a decrease to the number of people by 750 to 33,750 and cost per case by \$0.67 for an average monthly cost of \$47.33.*

**Assisted Living State Supplemental Payment.** The Department requested \$400,000 from general revenues, consistent with the enacted budget, for additional state supplemental payments of \$206 per month to individuals who receive the state supplemental security income payment and live in a state licensed assisted living facility that is not eligible to receive Medicaid. The 2014 Assembly expanded the payment to individuals living in an assisted living facility that was financed by Rhode Island Housing prior to January

1, 2006, beginning on October 1, 2014. *The Governor recommended funding as requested. The Assembly concurred.*

**Supplemental Security Income Transition/Bridge Program.** The November Caseload Estimating Conference estimate lowered the supplemental security income transition/bridge program spending by \$0.1 million for total funding of \$1.0 million, from general revenues. The estimate includes \$0.4 million for cash payments and \$0.6 million for burials. The estimate lowered the number of persons by 60, for a total caseload of 210 persons at \$164 for the monthly costs, \$27 more than enacted. The Department's request does not reflect the conference estimate and is consistent with the enacted level. This program is designed for individuals who maintain an active application for the supplemental security income program. *The Governor recommended funding consistent with the caseload estimate. Consistent with the May estimate, the Assembly provided \$0.1 million less reflecting a reduction to the number of people by 48 to 162 and cost per case by \$14.00 to \$150.00*

**Hardship Payments.** The Department requested the enacted amount of \$90,000 from general revenues for hardship contingency payments, which provide temporary support to persons who do not qualify for the supplemental security income or Rhode Island Works programs. Payments from the program have been declining annually; in FY 2018 the Department spent \$53,400, meanwhile it spent \$151,675 for FY 2013. It has indicated that the rules and criteria for the program are strict and applicants often do not want to fill out the paperwork for the \$100 payment, especially since the applicants must reapply each month in which they request the payment. *The Governor recommended funding as requested. The Assembly concurred.*

### **Other Programs**

**Rhode Island Works Pilot/Workforce Training.** The Department requested \$120,000 less from federal temporary assistance for needy families block grant funds for on-the-job training programs, job search and placement services, disability assessments and services, and overall service delivery redesign. The revised request lowers federal funding based on the FY 2018 experience. *The Governor recommended funding as requested. The Assembly concurred.*

**Eligibility Administration.** The Department requested \$2.2 million less from all sources, including \$2.5 million less from general revenues for staffing and operating expenses related to the eligibility administration of assistance programs, including cash assistance, health determination services, and the Supplemental Nutrition Assistance Program. The revised request reflects the allocation of personnel costs across programs based on anticipated expenditures, as well as additional funding for personnel in the Supplemental Nutrition Assistance Program.

Staff time is typically allocated to specific programs based on the amount of time spent on each; however, the revised request includes reductions in these program areas, which are offset by increased expenses for the Unified Health Infrastructure Project. Funding for portions of 322 eligibility staff and operating costs are shifted to the project in order to receive an enhanced Medicaid match rate for staff, as well as anticipated restricted receipts to be collected from a Deloitte credit. The enhanced Medicaid match rate is 75.0 percent, 25.0 percent more than the regular match rate of 50.0 percent. Through the end of 2018, no funds have been collected from the credit and negotiations are ongoing.

The following table shows expenditures for the Unified Health Infrastructure Project and program eligibility administration included in the enacted budget, as well as the Department's revised request and Governor's revised budget recommendation.

| Staff & Other Expenses | General Revenues |         |         |         |         | All Sources |  |  |  |  |
|------------------------|------------------|---------|---------|---------|---------|-------------|--|--|--|--|
|                        | Eligibility      |         |         |         |         | Eligibility |  |  |  |  |
|                        | UHIP             | Admin.  | Total   | UHIP    | Admin.  | Total       |  |  |  |  |
| Enacted                | \$ 1.8           | \$ 18.3 | \$ 20.1 | \$ 15.4 | \$ 52.0 | \$ 67.4     |  |  |  |  |
| Revised Request        | 7.0              | 15.8    | 22.8    | 27.2    | 49.9    | 77.1        |  |  |  |  |
| Governor Rev. Rec.     | (0.3)            | 23.9    | 23.6    | 19.9    | 58.5    | 78.4        |  |  |  |  |
| Gov. Chg. To Enacted   | \$ (2.1)         | \$ 5.6  | \$ 3.5  | \$ 4.5  | \$ 6.5  | \$ 11.0     |  |  |  |  |

\$ in millions

*The Governor recommended \$8.7 million more than requested, \$8.1 million of which is from general revenues. Compared to the enacted budget, the recommendation is \$6.5 million more from all sources, including \$5.6 million more from general revenues. The additional general revenues included in the recommendation are offset by reductions to the Unified Health Infrastructure Program, shown in the table above and described separately. The recommendation includes \$3.5 million more than enacted for staffing, including \$2.9 million from general revenues. It also includes \$2.8 million more from all sources for operating expenses, \$2.7 million of which is from general revenues, based on actual FY 2018 spending. The Assembly concurred.*

**Child Support Services.** The Department's revised request is \$1.8 million less than enacted, including \$1.6 million less from federal funds and \$0.2 million less from general revenues, for child support services. Consistent with the Governor's FY 2019 recommended budget, the enacted budget shifted \$1.0 million from general revenue operating expenditures to federal funds from a proposal to establish paternity in order to improve collections of outstanding child support, which would in turn impact custodial parents' eligibility for child care assistance and Medicaid. The Department reported that it would not pursue the initiative nor achieve the enacted savings and removes associated federal funds, but did not restore general revenues. Therefore, the Department's revised request does not properly reflect the impact of this change and is understated by \$1.0 million from general revenues and \$2.0 million from all sources of funds; however, restoring general revenues will result in additional available federal funds based on the federal match rate.

*The Governor recommended \$1.0 million more than requested from general revenues to restore funding from the savings initiative that will not be achieved. The recommendation also includes general revenue savings of \$15,254 from statewide benefit adjustments and \$9,406 from three statewide proposals to reduce operating savings. The Assembly concurred.*

**Supplemental Nutrition Assistance Program - Benefits.** The Department requested \$17.0 million less from federal funds for direct benefit payments for the Supplemental Nutrition Assistance Program. The revised request reflects anticipated program participation and is closer to actual FY 2018 spending, which was \$260.4 million or \$4.7 million less than the revised request. *The Governor recommended funding as requested. The Assembly concurred.*

**LIHEAP and Weatherization Assistance Programs.** The Department requested \$1.1 million more than enacted from federal sources, reflecting carry-forward of unspent funds, for a total of \$30.2 million for expenses related to the low income home energy assistance and weatherization assistance programs. The revised request is \$3.4 million more than spent in FY 2018. *The Governor recommended funding as requested. The Assembly concurred.*

**Paratransit Services for the Elderly.** The Department requested \$6.0 million more than enacted from all sources of funds for elderly transportation services. It inadvertently included \$4.5 million from gas tax proceeds and \$0.3 million from federal funds that are not available. Adjusted for this, the request is \$1.2 million more from general revenues and \$0.1 million more from federal funds than enacted, reflecting program participation and a new transportation contract. The Executive Office of Health and Human

Services entered into a new contract with Medical Transportation Management, Inc., which increased the rate paid for elderly transportation. The transportation contract was reprocured for FY 2019 as a savings initiative in the Executive Office's enacted budget.

The Department submitted a corrective action plan that proposes eliminating rides to three areas: elderly nutrition sites, INSIGHT service locations, and general medical care. These program areas represent approximately one-third of all rides and could produce general revenue savings of \$0.9 million. *The Governor recommended \$4.8 million less than requested from all sources, which adjusts for \$4.5 million from gas tax proceeds and \$0.3 million from federal funds that were inadvertently included in the revised request. The recommendation includes the requested amount from general revenues, except for savings of \$37,733 from a statewide initiative to reduce the cost of certain commodities. The Assembly concurred.*

**Vocational Rehabilitation Services.** The Department requested \$6.5 million less than enacted for vocational rehabilitation services, including \$0.4 million more from general revenues and \$6.1 million from federal funds. The revised request reflects anticipated grant awards, which were overstated in its initial FY 2019 request upon which the enacted budget was based. Revised total funding of \$16.3 million is closer to actual FY 2018 expenditures of \$16.6 million. *The Governor recommended \$11,458 more than requested, including \$31,780 more from available federal funds offset by \$20,322 less from general revenues. The recommendation includes general revenue savings of \$29,267 from statewide benefit adjustments, distribution of turnover savings, and three separate proposals to reduce operating costs, as well as \$8,945 more for overtime expenses. The Assembly concurred.*

**Medicaid Rehabilitative Services.** The Department requested \$58,987 less from federal funds for three programs managed by the Office of Rehabilitation Services that provide services eligible for federal matching funds under provisions of the global Medicaid waiver. The services include social services for the blind, personal care attendants, and home modifications; these services are aimed at helping an individual maintain independence. The revised request adjusts anticipated federal funding based on current match rates. *The Governor recommended funding as requested. The Assembly concurred.*

**Services for Blind and Visually Impaired.** The Department requested \$0.7 million more from all sources for total funding of \$1.1 million for services to the blind and visually impaired. This includes \$0.6 million more from general revenues and \$0.1 million more from federal funds. The revised request is \$0.3 million more than actual FY 2018 expenditures, primarily reflecting new contracts entered into with Adil for client services. *The Governor recommended \$9,433 less than requested from general revenues, reflecting \$8,647 less for staffing expenses including \$4,639 from statewide benefit adjustments and \$4,008 from turnover savings, and \$786 less from three statewide savings proposals to reduce operating costs. The Assembly concurred.*

**Community Services Block Grant.** The Department requested authorization to spend \$0.5 million more from federal Community Services Block Grant funds available from unspent funds from prior years. This is \$0.7 million more than FY 2018 actual expenses, with funds supporting local community agencies and programs. *The Governor recommended funding as requested. The Assembly concurred.*

**Refugee Assistance Programs.** The Department requested \$1.3 million less from federal funds for refugee assistance programs totaling \$0.7 million in the revised request. The Department inadvertently increased grant expenses for personnel in the FY 2019 request based on its cost-allocation plan. The refugee services grant cannot support these personnel costs and costs have been shifted to other program areas based on an updated cost-allocation plan. The revised request more closely aligns with historical expenditures and is \$0.2 million more than actual FY 2018 expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

**Preschool Development Grant.** In December 2018, after submitting its budget request, the Department was awarded a \$4.2 million grant from the federal Administration for Child and Families Office of Child Care designed to support development, planning, and coordination of the state's early childhood system, specifically from birth to age five. It is working with the Departments of Health, Elementary and Secondary Education, and Children, Youth and Families on this initiative and anticipated issuing a request for proposals in February 2019.

Funding is available for calendar year 2019 and will be used to provide educational services and supports for children from birth through age five, as well as resources for families. Proposed uses for the funding are consistent with the Governor's third-grade reading initiative, the goal of which is that 75 percent of third-graders will be reading at grade level by 2025. *The Governor included \$1.4 million from this one-time award for FY 2019 and \$2.8 million for FY 2020. The Assembly concurred.*

**Other Staffing.** The Department requested \$2.3 million less than enacted for all other staffing expenses, including \$2.5 million less from federal funds and \$0.1 million less from restricted receipts, offset by \$0.3 million more from general revenues. The request reflects shifting personnel expenses to program areas expected to incur the costs, primarily the Unified Health Infrastructure Project. *The Governor recommended \$0.9 million more than requested from all sources, including \$9,281 less from general revenues from statewide benefit adjustments and the distribution of statewide turnover savings. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. Consistent with the enacted budget, the Department requested \$7.2 million for its share of centralized services, including \$4.8 million from general revenues. *The Governor recommended \$1.2 million more than requested, including \$1.3 million more from general revenues and \$0.2 million less from federal funds based on billings through November and December. The Assembly concurred.*

**Other Expenses.** The Department requested \$0.9 million more from all sources, including \$0.1 million less from each general revenues and restricted receipts, offset by \$1.2 million more from federal funds for all other operating expenses. Federal funds changes include \$1.2 million more from supplemental nutrition assistance program employment and training and nutrition education, \$0.1 million more from disability determinations, and \$0.2 million more from the Social Services Block Grant, offset by reductions to several other grants. The Department unintentionally removed \$520,000 from general revenues for a grant and inadvertently double counted another; adjusted for this, the general revenue request should total \$4.1 million, which is \$130,000 more than the revised request and \$9,819 less than the enacted budget. *The Governor recommended \$0.1 million more than requested from general revenues, including \$130,000 to correct grant funding to the enacted level and savings of \$5,460 from two separate statewide initiatives to reduce operating expenses. The Assembly concurred.*

**Capital - Blind Vending Facilities.** The Department requested \$0.2 million more than enacted from Rhode Island Capital Plan funds for the ongoing construction and renovation of statewide vending facilities. There are currently 15 facilities that operate under the name COFFEE PLUS. The staff is trained through the Department's Office of Rehabilitation Services. The request is \$0.2 million more than the Department's capital budget request, as it inadvertently doubled funding for FY 2019. *The Governor recommended funding consistent with the capital budget request. The Assembly concurred. A detailed analysis of the project is included in the Capital Budget section of this publication*

## Office of Veterans' Affairs

**Restricted Receipts.** The Office of Veterans' Affairs collects restricted receipts from residents at the Veterans' Home, located in Bristol. Residents pay a per diem fee based on their net income. Net income is defined as a resident's gross income minus applicable federal and state taxes and minus \$150 per month of residency and 50.0 percent of any sum received due to wounds incurred under battle conditions for which the resident received the purple heart, and minus amounts paid to support their spouse, parents, minor children, or children who are blind or permanently disabled. Fees are paid monthly to the Home and any failure to make payments when due can be cause for dismissal from the facility, though prior to dismissal, the resident is afforded administrative due process. Along with general revenues and federal funds, the Office uses these restricted receipts for maintenance and operational costs for the Veterans' Home.

In FY 2018, the Office collected \$1.2 million from restricted receipts and is anticipated to collect a similar amount for FY 2019. However, it spent \$2.7 million from restricted receipts in FY 2018, \$1.5 million more than it collected, drawing on its account balance. The Department subsequently reported that the revised request overstated restricted receipts but did not provide information on the impact to expenditures. While sufficient funding is available for FY 2019, operating costs outpace income and may require supplemental general revenues in future years. *The Governor recommended a total of \$1.0 million from restricted receipts based on anticipated collections. The Assembly concurred.*

**Veterans' Home Personnel.** The Office's revised request includes \$0.9 million more than enacted from all sources for personnel expenses at the Veterans' Home located in Bristol. This reflects funding for its 228.1 positions and nursing pool expenditures. This includes \$0.1 million less from general revenues and \$1.2 million more from federal funds, offset by \$0.2 million less from restricted receipts. The increase is primarily for nursing pool expenses; the Home uses pooled nurses to fill scheduling gaps. *The Governor recommended \$0.3 million less than requested from all sources of funds, including \$1.1 million more from general revenues. This primarily reflects the shift of expenses from restricted receipts to general revenues based on anticipated collections and includes additional funding for overtime expenses based on actual FY 2018 spending. The recommendation also includes general revenue savings of \$0.2 million from statewide benefit adjustments and the distribution of statewide turnover savings. The Assembly concurred.*

**Veterans' Home Operations.** The Office requested \$0.5 million more than enacted from all sources for other expenses at the Veterans' Home. This includes \$0.2 million less than enacted from general revenues and \$0.3 million less from federal funds, offset by \$1.0 million more from restricted receipts for contracted medical services, such as doctors and pharmacy services. The reduction from general revenues primarily reflects \$166,000 less for pharmaceuticals, offset by several other adjustments for operating supplies. In FY 2018, the Home overspent its final appropriation by \$2.0 million from all sources, \$1.3 million of which was spent on contracted services, largely for medical and janitorial services. *The Governor recommended \$1.2 million more than requested, primarily from general revenues, based on FY 2018 actual spending. The recommendation also includes general revenue savings of \$0.1 million from two separate statewide proposals to reduce operating costs and shifts \$0.2 million for grants to veterans' organizations from the Home to the Office. The Assembly concurred.*

**Other Operations.** The Office's revised request includes \$0.2 million more than enacted from general revenues for all expenses for the Office of Veterans' Affairs. This includes \$227,759 more for the remaining 18.0 full-time equivalent positions that staff the Office and the Veterans' Cemetery and \$12,008 for other operations, including \$6,624 for utilities and \$3,228 for mobile phones. Based on an average position cost of \$94,684, the revised request would fully fund the remaining 18.0 full-time equivalent positions. *The Governor recommended \$0.2 million more than requested reflecting the shift of grant funding for veterans' organizations from the Home to the Office. The Assembly concurred.*

**Capital.** The Office's revised request inadvertently excludes funding for its capital projects. The capital budget submission includes \$100,000 from federal funds to complete construction of the new Veterans' Home in Bristol and \$0.4 million from restricted receipts for capital projects at the Rhode Island Veterans' Memorial Cemetery.

*The Governor's revised recommendation includes \$100,000 from federal funds to complete the Veterans' Home project and inadvertently excludes restricted receipts for projects at the Cemetery. The capital budget includes these funds, correcting the error. The Governor subsequently requested an amendment to add \$0.4 million from restricted receipts for projects at the Cemetery. The Assembly concurred with the amended recommendation. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

#### **Division of Elderly Affairs**

**Volunteer Guardianship Program.** The Division requested \$4,373 more from general revenues for the volunteer guardianship program to reflect actual FY 2018 expenditures. The program was previously operated by a contracted vendor; in FY 2017, the Division began directly overseeing the program. *The Governor recommended \$2,198 less than requested from two statewide initiatives expected to reduce operating expenses. The Assembly concurred.*

**Pharmaceutical Assistance to the Elderly.** The Division's revised request includes \$30,491 more than enacted from restricted receipts for total funding of \$33,000 for administration expenses of the pharmaceutical assistance program. The Department reported that the revised request was based on FY 2017 spending. The revised request appears to be overstated as the program spent \$8,306 in FY 2018 and the Department has previously reported that the program continues to experience declining participation and utilization. Staff time required is minimal, and there are nominal operating expenses included with the Division's other operating expenditures for this program. *The Governor recommended funding as requested. The Assembly concurred.*

**Home and Community Care Program Expenses.** The Division requested \$0.1 million more from federal funds for home care, adult day and case management services for total funding of \$6.4 million, including the enacted amount of \$3.1 million from general revenues. The request reflects the anticipated federal medical assistance match rate for FY 2019. These programs serve low-income elderly who pay a portion of the costs of the services, which include bathing, dressing, household chores, ambulatory needs, adult day activities, and case management services based on needs assessments in physical, cognitive, social, emotional, financial, nutritional, and environmental domains. *The Governor recommended funding as requested. The Assembly concurred.*

**Integrated Care Initiative.** The Division was awarded a \$0.4 million federal grant to be spent between FY 2017 and FY 2019 to support the state health insurance assistance program and to provide options counseling for individuals who are eligible for Medicare and Medicaid, also called "dual eligible." This grant is available to states that have an integrated care initiative agreement with the federal government; for Rhode Island that is the Rhody Health Options program operated through the Executive Office of Health and Human Services. The Division programmed \$0.2 million for FY 2019 in its revised request, \$8,364 less than enacted, and available carry-forward in its FY 2020 request. *The Governor recommended funding as requested. The Assembly concurred.*

**Salaries and Benefits.** The Division requested \$0.3 million less than enacted from all sources for salaries and benefits in the Division. This includes \$0.1 million less from general revenues, \$0.2 million less from federal funds, and \$42,276 less from restricted receipts. The revised request includes turnover savings equivalent to 2.8 full-time positions. The Division has several vacancies, including the Director, which had

been vacant since the start of FY 2019. *The Governor recommended \$20,495 less than requested reflecting \$9,717 of statewide benefit adjustments and \$10,778 of turnover savings. The Assembly concurred.*

**Aging and Disability Resource Center.** The 2018 Assembly enacted legislation establishing the Aging and Disability Resource Center within the Division of Elderly Affairs. The Center would assist Rhode Islanders and their families in making informed decisions regarding long-term care services and support options. The Center would also streamline access to long-term supports and services for the elderly, persons with disabilities, family caregivers, and providers. It would work towards diverting people, when appropriate, from institutional care to home and community-based services and prevent short-term institutional care from becoming permanent through counseling and eligibility screening for other services.

The enacted budget did not include funding for the Center as the Executive Office of Health and Human Services explored funding mechanisms; it did not include funding in its revised request. *The Governor recommended \$0.2 million in each FY 2019 and FY 2020 from federal Money Follows the Person funds in the Executive Office's budget for a website. The Assembly concurred.*

**Other Operations.** The Division requested \$0.4 million more than enacted, primarily from federal funds, for other expenses within the Division, including \$16,976 less from general revenues. The revised request is \$0.4 million more from federal funds, \$0.3 million of which reflects additional Title III grant funding for preventative health, family caregivers, supportive services, and home delivered meals. The request includes \$0.6 million more for grants to local organizations providing supportive services for the state's elderly, offset by \$0.2 million less for other operating expenses, including print and radio advertising, and eliminates expenses from indirect cost recoveries collected for administration of its Medicaid programs. *The Governor recommended \$0.1 million more than requested from available Title III funds offset by general revenue savings of \$15,110 from three statewide initiatives designed to reduce operating expenses. The Assembly concurred.*



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

|                                  | FY 2018<br>Reported   | FY 2019<br>Enacted    | FY 2019<br>Revised    | FY 2019<br>Final      |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenditures by Program</b>   |                       |                       |                       |                       |
| Central Management               | \$ 4,178,621          | \$ 2,709,660          | \$ 4,136,097          | \$ 4,136,097          |
| Services for the Dev. Disabled   | 265,132,642           | 271,714,489           | 273,106,380           | 274,654,913           |
| Hosp. & Comm. System Support     | 1,724,028             | 2,914,415             | 2,125,501             | 2,125,501             |
| Hospital & Comm. Rehab. Services | 120,418,583           | 117,509,814           | 123,719,578           | 123,087,629           |
| Behavioral Healthcare Services   | 24,282,631            | 27,603,577            | 39,033,645            | 35,875,273            |
| <b>Total</b>                     | <b>\$ 415,736,505</b> | <b>\$ 422,451,955</b> | <b>\$ 442,121,201</b> | <b>\$ 439,879,413</b> |
| <b>Expenditures by Category</b>  |                       |                       |                       |                       |
| Salaries and Benefits            | \$ 124,641,953        | \$ 121,086,553        | \$ 124,632,568        | \$ 124,432,568        |
| Contracted Services              | 2,555,587             | 2,825,719             | 6,599,800             | 6,199,800             |
| <b>Subtotal</b>                  | <b>\$ 127,197,540</b> | <b>\$ 123,912,272</b> | <b>\$ 131,232,368</b> | <b>\$ 130,632,368</b> |
| Other State Operations           | 20,455,454            | 27,987,184            | 26,060,814            | 26,060,814            |
| Aid to Local Units of Government | -                     | -                     | -                     | -                     |
| Assistance, Grants, and Benefits | 263,023,311           | 267,125,339           | 283,134,847           | 280,209,888           |
| Capital                          | 3,857,411             | 3,427,160             | 1,693,172             | 2,976,343             |
| Capital Debt Service             | -                     | -                     | -                     | -                     |
| Operating Transfers              | 1,202,789             | -                     | -                     | -                     |
| <b>Total</b>                     | <b>\$ 415,736,505</b> | <b>\$ 422,451,955</b> | <b>\$ 442,121,201</b> | <b>\$ 439,879,413</b> |
| <b>Sources of Funds</b>          |                       |                       |                       |                       |
| General Revenue                  | \$ 190,690,753        | \$ 188,091,966        | \$ 194,621,346        | \$ 193,925,853        |
| Federal Aid                      | 214,718,015           | 226,187,567           | 240,819,991           | 237,990,525           |
| Restricted Receipts              | 5,529,182             | 5,072,422             | 5,614,502             | 5,614,502             |
| Other                            | 4,798,555             | 3,100,000             | 1,065,362             | 2,348,533             |
| <b>Total</b>                     | <b>\$ 415,736,505</b> | <b>\$ 422,451,955</b> | <b>\$ 442,121,201</b> | <b>\$ 439,879,413</b> |
| <b>FTE Authorization</b>         | <b>1,319.4</b>        | <b>1,302.4</b>        | <b>1,304.4</b>        | <b>1,304.4</b>        |
| <b>FTE Average</b>               | <b>1,018.6</b>        |                       |                       |                       |

**FY 2019 Revised Request.** The Department requested \$38.5 million more than enacted, including \$9.4 million more from general revenues, \$16.4 million more from federal funds, \$12.2 million more from Rhode Island Capital Plan funds and \$0.5 million more from restricted receipts. The request also adds two licensing positions transferred from the Department of Human Services.

The Department's revised request adds \$16.8 million for services provided to adults with developmental disabilities, \$4.6 million for Eleanor Slater Hospital, and \$10.6 million for behavioral health care services. These increases are partially offset by \$0.2 million less for administrative expenses.

*The Governor recommended \$18.9 million less than requested, including \$2.8 million less from general revenues which includes \$0.5 million of statewide savings, noted below where appropriate. She also transferred 2.0 licensing positions; as of January 19, the Department had 159.0 vacant positions. It should be noted that the Department filled 54.4 positions since July 7. The Assembly provided \$2.2 million less*

**than recommended, including \$0.7 million less from general revenues, \$2.8 million less from federal funds, and \$1.3 million more from Rhode Island Capital Plan funds.**

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. The Department requested \$0.3 million less than enacted including \$0.4 million less from general revenues and \$0.1 million more from federal funds for centralized services to reflect FY 2018 expenses. The Office of Management and Budget provided instructions for the agencies to keep funding at the enacted level.

*The Governor recommended \$0.2 million more than requested from all funds, including \$0.8 million more from general revenues. This is based on billings through November and December, which is \$1.8 million more than FY 2018 actual expenditures, as well as the renewal cost increase for Microsoft Office 365. The Assembly concurred.*

**Cost Allocation Plan.** The Department, in coordination with the Executive Office of Health and Human Services, entered into a cost allocation plan to spread staffing costs across administrative services and funding sources. This excludes the two 24-hour facilities, the state-run Rhode Island Community Living and Assistance program for adults with developmental disabilities and Eleanor Slater Hospital. The agreement, which as of December 2018 had not been federally approved, was estimated to add \$2.0 million of new Medicaid administrative expenses to current Department staffing costs. The revised request adds \$2.0 million, including \$0.9 million from general revenues, in the administrative divisions.

It should be noted that entering into a cost allocation plan that leverages federal Medicaid funds should have been offset by general revenue savings but this did not happen. Instead the Department leverages Medicaid for its licensing units and uses available general revenues for other staffing needs. *The Governor's recommendation assumes expenses essentially as requested through this new cost allocation plan adjusted for statewide benefit savings. The Assembly concurred.*

### **Division of Developmental Disabilities**

**Developmental Disabilities Programs.** The Department's revised request includes \$286.8 million from all sources, of which \$133.1 million is from general revenues, for programs to support adults with developmental disabilities. It includes \$4.9 million from Rhode Island Capital Plan funds for the upkeep and maintenance of the state-owned group homes and day programming sites in the privately-operated community-based system. The total excludes centralized services.

The Department's revised request is \$18.5 million more from all sources, including \$8.5 million more from general revenues. This includes \$11.9 million more from all sources to restore unachieved savings, including \$7.1 million more from general revenues. The remainder of the request funds projected increased authorizations through the SIS-A assessments and changes in the caseload mix.

The revised request is also \$19.6 million more than spent for FY 2018 and \$26.9 million more than spent for FY 2017 from all sources and is \$5.1 million more from general revenues compared to FY 2018 and \$8.0 million more than FY 2017 spending.

The request funds the contract and activities to satisfy the requirement of the consent decree the state entered into with the Department of Justice regarding individuals whose day activities were at sheltered workshops. The court monitor is paid from the Executive Office of Health and Human Services' budget. Also included

in the revised request is funding for the person centered supported employment performance program and additional authorizations.

*The Governor recommended \$270.9 million, including \$128.1 million from general revenues, which is \$15.9 million less than requested, including \$5.4 million less from general revenues. The recommendation includes \$5.5 million less for capital projects and shifts funding and oversight to the Department of Administration's Division of Capital Asset Management and Maintenance.*

*The recommendation lowers requested spending for community based services by \$9.3 million, including \$4.5 million from general revenues. Supporting documentation notes that as part of the process that the Department and the Executive Office of Health and Human Services used to project current year expenses, an error was introduced into the data that increased the historical data used to project current year expenses. The historical data used included medical benefit expenses for this population that are paid through the Executive Office of Health and Human Services' Medicaid program. This increased the base spending for the services and inflated the cost of expenses. The Governor's recommendation adjusts for this and lowers current year spending to reflect corrected projections. **The Assembly concurred.***

**Privately Operated Community Programs.** The Department requested \$241.5 million from all sources, including \$115.2 million from general revenues for programs operated through community-based agencies providing residential and day programming services to approximately 3,600 adults with developmental disabilities. It also provides day program activities to approximately 60 of the 126 individuals residing in the state-run facility. The providers are AccessPoint RI, Blackstone Valley, Bridges, The Cove, Frank Olean Center, the Fogarty Center, Living Innovations, Perspectives and Seven Hills. The revised request includes \$6.0 million from Rhode Island Capital Plans funds for three projects for state operated group homes used by the private providers.

The revised request is \$12.4 million more than enacted, including \$6.1 million more from general revenues and is \$14.0 million above FY 2018 expenses, including \$4.8 million from general revenues, and \$24.6 million above FY 2017 actual expenses, including \$9.0 million from general revenues. The revised request restores \$11.9 million, of which \$7.1 million is from general revenues, in savings taken from proposals that will not be achieved in FY 2019.

*As previously mentioned, the Governor's recommendation lowers projected spending by \$9.3 million, including \$4.5 million from general revenues. That reflects a correction to the spending data used that erroneously included medical expenses for this population. **The Assembly concurred.***

Office of Internal Audits Review. The Office of Management and Budget's Office of Internal Audits performed a limited scope audit of programs administered by the Division of Developmental Disabilities to determine if this was being done in an efficient and effective manner according to all applicable state statutes and rules and regulations. The report was completed in January 2019 and included findings and recommendations that addressed implementing controls to assure that services are provided, enforcing billing standards and integrating an electronic approval process through a case management system. The Division is currently working on updating the provider billing manual, which will be a single document available to all providers and will include standards for documentation, as well as documented policies and procedures for the Division's fiscal unit. The document will be updated as necessary and communicated to providers. This document will be published on the Department's provider information website by the end of calendar year 2019, or FY 2020.

The audit finding also cited lack of control or processes to oversee and monitor claims submitted by providers for services provided and to ensure that services were delivered. The Department responded that it would need two new positions to enhance its monitoring and oversight capabilities and anticipated that would happen for FY 2020.

*The Governor's recommended budget includes a new investigative auditor position and deputy chief financial officer in the Division of Hospital and Community Services Support for FY 2019 and FY 2020. This is part of a restructuring for fiscal oversight and compliance. These are currently vacant positions being repurposed. **The Assembly concurred.***

Health Homes/Case Management. The FY 2019 enacted budget assumes \$6.5 million for case management services for adults with developmental disabilities. The Assembly included Article 13 of 2018-7200, Substitute A, as amended, for the Department to pursue an opportunity to leverage 90 percent federal funding through a health home initiative for conflict-free case management services. Under the new federal rules for conflict-free case management effective for FY 2020, the agency providing the services cannot also act as the case manager that helps determine the services to be provided. Rhode Island is working toward separating the case management services and the direct services. Currently, a provider can do both of these activities.

Based on this enhanced funding opportunity, the budget includes general revenue savings of \$1.5 million starting January 1, 2019. As of January 1, 2019, the state had not submitted the necessary documents to the Centers for Medicare and Medicaid Services for this initiative and requested that the savings be restored in its revised budget. The Executive Office reported that the formal submission will be made in June 2019 after a public hearing and informal discussions with the Centers for Medicare and Medicaid Services which will be in mid-April. It added back \$1.7 million to restore the savings, \$0.2 million more than included in the enacted budget. The Department assumed the savings were higher than what was included in the enacted budget. This would allow for FY 2020 implementation. *The Governor recommended the request and restored \$1.7 million from general revenues. **The Assembly concurred.***

Person Centered Supported Employment Performance Program. The Department requested the enacted level of \$6.8 million from all sources, including \$3.4 million from general revenues, to make payments to the community-based providers who are participating in the person centered supported employment performance program as part of the state's consent decree. This includes certification payments, supplemental authorization and payments for meeting benchmarks in the consent decree.

The Department reported that it cannot separate the services that the community-based providers are billing. The first quarter report noted that the \$6.8 million will be spent in the current year. This will support 600 individuals enrolled in the program and the rest is for payments to the providers for other services. *The Governor recommended funding as requested. **The Assembly concurred.***

Transition Funding. The enacted budget allocates \$1.5 million, including \$0.8 million from general revenues, to provide adequate resources so that agencies can transition to providing integrated services that comply with the consent decree. The Assembly also designated three positions within the existing staffing authorization be available exclusively for a quality improvement team to ensure that community-based agencies transition to providing services that comply with the consent decree. The Department's request appears to meet those intentions.

The Department's request includes \$0.5 million to contract for a systemwide rate review, discussed separately. The remainder fully funds seven positions including: an administrator for community services to assist youth in transition, a program planner to monitor quality control, a health home administrator, two data clerks, a clerk, a policy writer and a community relations liaison officer. The request also partially funds an eligibility technician, policy writer and communications/media relations positions in the Division's budget; the remaining costs are in central management and hospital and community support. These positions are shown elsewhere in the budget. *The Governor recommended funding as requested. **The Assembly concurred.***

**Department of Justice Consent Decree - Transition Activities.** Consistent with the enacted budget, the request includes \$1.5 million, including \$0.7 million from general revenues to provide adequate resources as community-based agencies transition to providing integrated services that comply with the consent decree. The revised request includes \$0.5 million of this funding to contract with New England States Consortium Systems Organization (NESCO) to conduct a systemwide rate review as part of the requirement of the consent decree. As previously noted, the request fully funds seven positions and partially funds another four. *The Governor recommended funding as requested. The Assembly concurred.*

**Department of Justice Consent Decree - Monitor.** The FY 2019 enacted budget includes \$300,000 for consent decree costs for the monitor, Charles Moseley in the Executive Office of Health and Human Services' budget. The Executive Office's revised request adds \$150,000 for funding of \$450,000 from all sources. *The Governor recommended funding as requested. The Assembly concurred.*

**Department of Justice Consent Decree - Coordinator.** The Department entered into a one-year contract on January 11, 2018 that ended January 14, 2019 totaling \$100,000 for a consent decree coordinator. The revised request includes \$50,000 from general revenues matched by Medicaid funds for an individual to be responsible for coordinating and reporting to the Executive Office the work done by the consent decree monitor and is consistent with the enacted budget. *The Governor recommended funding as requested. The Assembly concurred.*

**Department of Justice Consent Decree - Conversion Institute.** The Department included \$500,000 from all sources, including \$150,000 from general revenues for the Workshop Conversion Trust Fund that is administered by the Paul V. Sherlock Center on Disabilities at Rhode Island College. This is an increase of \$50,000 for updated project activities. *The Governor recommended funding as requested. The Assembly concurred.*

**Case Management System.** The FY 2019 enacted budget includes \$0.5 million from the Information Technology Investment Fund in the Department of Administration's budget to purchase an electronic case management system to track the services that are provided to individuals with developmental disabilities to comply with the consent decree. It also includes \$0.1 million from general revenues and \$0.1 million from federal funds for associated operating costs. The revised request totals \$0.6 million, including \$0.3 million from the Information Technology Investment Fund, \$0.2 million from federal funds and \$0.1 million from general revenues.

The Department entered into an agreement with Therap, which provides electronic records and documentation in long-term care services; it has been asked what the cost of the contract is and what will be the ongoing maintenance for this program. The Department reported the operating costs associated with the contract might be \$0.4 million annually, and for FY 2018 those costs were covered by the original outlay of information technology funds. *The Governor recommended funding as requested. The Assembly concurred.*

**Developmental Disabilities Day Programming - Rehabilitation Option.** The Department requested \$0.4 million from all sources, including \$0.2 million from general revenues for services provided through the Medicaid rehabilitation option. The Department eliminated this funding in its original FY 2019 request because it was determined that services funded from these payments were part of the providers' standard service authorizations. The Department now reported that the services are for individuals who are not eligible for the Medicaid waiver but still receive day programming services.

From FY 2010 through FY 2014, an average of \$1.2 million was spent annually. The Department spent \$0.9 million in FY 2015 and \$0.6 million each in FY 2016 and FY 2017 on these services. Expenses in these fiscal years paid for community-based services for individuals who were disabled but not approved for services through the Medicaid waiver. Beginning in FY 2015, a significant number of individuals

applied and were approved for services through the Medicaid waiver so expenses shifted to another program. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Medicaid Funded Services.** The Department requested \$214,351 from all sources for day programs through the Medicaid global waiver for services provided to individuals who are not otherwise eligible for Medicaid. This is \$120,095 more than enacted, including \$56,572 more from general revenues to provide services to five individuals. The Department reported its request is consistent with both FY 2018 and 2019 spending, but those expenses include general revenue adjustments for prior year expenses that may not be Medicaid eligible. The Department has not determined if those payments are necessary; the request appears to inflate the cost of providing direct services. *The Governor recommended funding consistent with the enacted level. The Assembly concurred.*

**Developmental Disabilities Administration and Other Services.** The Department requested \$0.9 million more than enacted for other state services for adults with developmental disabilities, including \$0.6 million more from general revenues. Total funding of \$9.4 million, including \$4.9 million from general revenues, supports administrative costs in the Division as well as state funded services to individuals who are not Medicaid eligible or for services that are not eligible for Medicaid reimbursement. The revised request is \$8.0 million for 70 staff, including \$4.1 million from general revenues, which is \$0.7 million more than enacted and \$1.9 million more than spent in FY 2018. The revised request adds \$0.6 million from general revenues in error for staffing expenses.

The increase for staffing expenses includes funding for 3.0 positions that the 2018 Assembly designated within the existing staffing authorization and the 11.0 positions previously discussed for the consent decree transition activities. The request also includes leaving 17.0 positions vacant.

The Department requested \$0.9 million, including \$0.5 million from general revenues for other contracted services including \$0.4 million for Advocates in Action. The revised request also includes the enacted level of \$0.2 million for family subsidies and \$0.4 million for other various operating expenses.

*The Governor recommended \$0.6 million less than requested from general revenues to correct for the error in the revised request. This includes \$0.1 million from statewide benefit savings and \$18,644 to reflect three separate statewide initiatives designed to reduce operating costs. The Assembly concurred.*

**Rhode Island Community Living and Supports Program (RICLAS).** There are 22 state-run group homes and apartments that provide overnight care, of which two are special needs facilities that have the capacity to provide residential services to 167 clients. As of November 2018, there were 126 clients in the state-run facilities. Of that amount, approximately 60 attend day programs operated by private providers including AccessPoint, Blackstone Valley, Bridges, Cove, Frank Olean Center, Fogarty Center, Living Innovations, Perspectives and Seven Hills. The Department established a policy that clients would be admitted into the state-run system in emergency situations only.

The FY 2019 enacted budget assumes savings of \$1.8 million from all sources, including \$1.0 million from general revenues from closing units in the special care facilities consistent with federal guidance that will require these facilities to be phased out by FY 2020 and reducing overtime costs from more closely managing workers' compensation incidents. The Department has been closing wings in the two remaining special care facilities, University Fields and Smithfield Commons. Each have two remaining wings with one wing at University Fields closed in May 2017, and one wing at the Smithfield Commons facility closed in October 2017. As of January 2019, Smithfield Commons has closed and University Fields will close with the remaining residents transferring to a renovated, previously unoccupied, state-run group home.

The Department's revised request is \$0.2 million less than enacted, primarily from general revenues and for updated staffing expenses in the state-run system. The Department requested \$17,198 more than enacted

for all other operations, including \$7,908 less from general revenues. Of this amount, \$16,050 is requested above the enacted budget for collections from restricted receipts to reflect updated client resources that support their living costs, such as rent, food, utilities and other daily living expenses in the state-run system.

*The Governor recommended \$0.4 million less than requested, including \$0.3 million less from general revenues of which \$0.2 million is from statewide savings, including \$15,116 to reflect three separate statewide initiatives designed to reduce operating costs. The recommendation includes a reduction of 2.0 vacant full-time equivalent positions and \$0.2 million, of which \$0.1 million is from general revenues. The Assembly concurred.*

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

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

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

The FY 2019 final budget includes \$478.7 million to provide Medicaid coverage to adults between ages 19 to 64, without dependent children, with incomes at or below 138 percent of poverty. This reflects an updated enrollment of approximately 77,400 enrollees.

**State Opioid Response Grant.** The state was recently awarded a two-year, \$25.2 million federal State Opioid Response grant and includes \$6.5 million in its revised request and \$12.6 million for FY 2020. This includes \$6.1 million for community support and activities and \$0.3 million for administrative expenses. The Department submitted its plan for federal approval and it includes 26 separate activities to address the opioid crisis. This includes residential support, recovery and peer support and also involves other state agencies including the State Police and the Department of Children, Youth and Families. Of this, the Department has committed \$0.9 million for the Behavioral Health Link Triage and Call Center program, discussed separately. *The Governor recommended funding as requested. The Assembly concurred.*

**Behavioral Health Link Triage and Call Center (BH Link).** The Department included the enacted level of \$650,000 from general revenues and \$700,000 from mental health and substance abuse federal funds for total funding of \$1,350,000 for a contract with Horizon Healthcare Partners to operate the Behavioral Healthcare Link Triage and Call Center, known as BH Link. As noted above, \$900,000 of the new State Opioid Response funding will also be used to support this program for total funding \$2.3 million in FY 2019.

This is a statewide resource to provide 24-hour community-based assessment and treatment for those experiencing a behavioral health care crisis. Individuals needing comprehensive behavioral health or addiction services, including screening and evaluation, crisis management, assessment, treatment coordination and discharge planning may seek care in a specialized facility.

The Assembly included Section 7 of Article 13 of 2018-H 7200, Substitute A, as amended to seek Medicaid funding for the specific services provided by Horizon Healthcare Partners through a new bundled rate. The state has received approval allowing the Horizon Healthcare Partners to bill Medicaid. It should be noted that any additional Medicaid funding that may be required to support services billed is not included in the Executive Office of Health and Human Services' FY 2019 budget. *The Governor recommended funding as requested. The Assembly concurred.*

**Overdose Prevention and Intervention.** The Department requested \$1.5 million more than enacted for total funding of \$3.5 million from federal State Targeted Response funds to support the state's Overdose Prevention and Intervention Action Plan that includes access to treatment and reducing deaths from overdose through prevention and recovery support initiatives. The revised request more accurately reflects funding to be spent in the current year. *The Governor recommended funding as requested. The Assembly concurred.*

**Promoting Integration of Primary and Behavioral Health Care Grant.** Subsequent to its budget submission, the Department received a five-year, \$10.0 million federal grant to promote integration of primary and behavioral health care. Funding is available from January 1, 2019 to December 31, 2023.

The grant is intended to: promote full integration and collaboration in clinical practice between primary and behavioral healthcare; support the improvement of integrated care models for primary care and behavioral health care to improve the overall wellness and physical health status of adults with a serious mental illness or children with a serious emotional disturbance; and promote and offer integrated care services related to screening, diagnosis, prevention, and treatment of mental and substance use disorders, and co-occurring physical health conditions and chronic diseases.

The grant will target 1,000 individuals, either children with serious emotional disturbances and co-occurring chronic health conditions for those from birth to age 17 and/or adult family members with mental illness and co-occurring chronic health conditions. The initiative will focus on several high need communities designated as medically underserved. The goal is to identify, screen, and assess youth and their families who are at risk or experiencing chronic health issues and serious emotional disturbances.

This grant funds engagement, outreach, screening, assessment and the implementation of evidence based practices, as well as assists the lead community mental health centers in developing practices that fully integrate health and behavioral healthcare in primary care settings or other settings identified by the communities. *The Governor's recommendation includes \$1.0 million for FY 2019 and \$2.0 million for FY 2020. Funding includes \$0.9 million for grants to support community programs that have not yet been identified and \$0.1 million for staff. The Assembly concurred.*

**RICARES - Recovery Housing Certification.** The FY 2018 enacted budget included \$1.5 million, \$0.7 million from general revenues, to support opioid treatment services recommended by the Overdose Task Force in the Executive Office of Health and Human Services' budget that addressed the issues of addiction and overdose which was consistent with the FY 2017 enacted budget. Of that amount, the Assembly designated that \$250,000 from general revenues would be used by the Department for initial start-up for a recovery support center and another \$90,000 would support recovery house certification activities. This was part of the medical assistance program and funding for these two activities was not included in the FY 2019 enacted budget. The Department contracts with RICARES to conduct the certification process. The Department's revised request did not include any funding for this activity.

*The Governor recommended \$100,000 from general revenues for both FY 2019 and FY 2020 for certification. It should be noted that the Department requested and received federal approval to use the Substance Abuse Block Grant to fund this activity. The Assembly shifted expenses to available federal funds and reduced general revenues accordingly.*

**Strategic Prevention Framework Grant.** The revised request is \$1.3 million more than enacted for total funding of \$3.4 million from the federal strategic prevention framework state incentive grant to support activities that deliver and sustain effective substance abuse and/or mental health services. Funding supports programs that: prevent the onset and reduce the progression of substance abuse, including underage drinking; reduce substance abuse-related problems in communities; and build prevention capacity and infrastructure at the state and community levels. *The Governor recommended funding as requested. The Assembly concurred.*

**Screening, Brief Intervention and Referral to Treatment Grant.** The revised request is \$0.1 million more than enacted, for total funding of \$1.6 million, for projected spending for the third year of a five-year federal Screening, Brief Intervention and Referral to Treatment (SBIRT) grant to pre-screen Rhode Islanders for use of tobacco, alcohol, marijuana and other drugs with treatment being delivered to individuals in primary care and health centers, emergency departments, and at the Department of Corrections. This is \$0.2 million less for community-based programs and \$0.3 million more for a cooperative agreement with the Department of Health for data collection.

The Care Transformation Collaborative implements the initiative in primary care, emergency departments, the Department of Corrections, and in the community. There will be collaboration with the State Innovation Model to include Community Health Teams and will screen 3,000 people in high risk settings each year. *The Governor recommended funding as requested. The Assembly concurred.*

**Centers of Excellence - Medication Assisted Treatment Grant.** The revised request includes the enacted level of \$1.0 million from a federal medication assisted treatment grant to support the state's Centers of Excellence. This is the final year of funding and will support the start-up costs of one final Centers of Excellence in an underserved area and continue to support the costs of those that were contracted late in the first year. *The Governor recommended funding as requested. The Assembly concurred.*

**Medication Assistance Treatment Education Campaign.** The Department's revised request includes \$330,000 from available federal Medication Assistance Treatment funds carried forward from FY 2018 for a new advertising campaign to educate the public about available treatment. *The Governor recommended funding as requested. The Assembly concurred.*

**Homelessness Services.** The revised request includes \$1.6 million from federal funds to address the housing needs of individuals in coordination with the state and community-based treatment providers. The Department spent \$1.1 million for FY 2017 and \$2.0 million for FY 2018. FY 2019 is the final year of the grant and no funding is requested for FY 2020. This is \$55,764 less than enacted.

The Department contracts with Riverwood, which works with other homeless service providers including: Amos House, House of Hope, The Providence Center, Crossroads, Providence In-Town Churches Association (PICA), Community Care Alliance and Newport County Community Mental Health Center. The agencies are providing outreach services, case management services, recovery support services and employment training. *The Governor recommended funding as requested. The Assembly concurred.*

**Substance Abuse Treatment Block Grant.** The Department requested \$0.1 million more than enacted for total federal funding of \$6.9 million from the Substance Abuse Treatment Block Grant. Funding is awarded to community agencies to support municipal substance abuse activities, student assistance programs, peer support, residential, outpatient and detoxification programs. The grant can be spent over two years and the revised request is \$1.7 million more than FY 2018 actual spending. *The Governor recommended funding as requested. The Assembly concurred.*

**Social Services Block Grant - Mental Health Treatment Services.** The Department requested the enacted level of \$1.1 million from federal social services block grant funds to support mental health

services. This includes \$0.9 million for clinical services previously supported by the Medicaid funded limited benefit for certain behavioral healthcare services primarily through the community mental health centers. *The Governor recommended funding as requested. The Assembly concurred.*

**Healthy Transitions Grant.** The Department requested \$0.4 million more than enacted from federal funds for a total of \$1.2 million for updated awards to local agencies through the healthy transitions grant. The Department reported that funding is awarded to the Community Care Alliance and the Kent Center for services not covered by Medicaid with the University of Rhode Island providing the evaluation. *The Governor recommended funding as requested. The Assembly concurred.*

**Mental Health Block Grant.** The Department requested \$0.1 million less than enacted for a total of \$1.7 million from the federally funded mental health block grant, which supports services provided by the community mental health centers. This includes peer support, court diversion and family support services. This is \$0.1 million less than enacted for updated awards in the revised request. Similar to the substance abuse block grant, the Department has two years to spend its grant award. *The Governor recommended funding as requested. The Assembly concurred.*

**Junior High/Middle School Prevention Programs.** The Department's revised request includes new funding of \$66,800 from all sources, including \$65,000 from general revenues for a prevention program in the junior high/middle schools. The revised request for \$1,800 is from federal forfeiture restricted receipts. *The Governor recommended funding as requested. The Assembly concurred.*

**Evaluation Activities.** The Department's revised request includes \$250,000 from a newly awarded federal grant for temporary contracted services to evaluate methods and design for opioid use disorder pilot programs. The Department reported that each of the grants received have an evaluation component but there is no mechanism to evaluate the state's overall treatment programs and this grant will allow that to happen. *The Governor recommended funding as requested. The Assembly concurred.*

**Prior Year Medicaid Expenses.** The Department leveraged federal funds for substance abuse and mental health services for individuals who were uninsured or underinsured through the cost not otherwise matchable Medicaid option which provided a limited benefit. Funding for these services was eliminated when the state expanded Medicaid which gave eligible individuals access to a full Medicaid benefit. It was later determined that the state was unable to claim Medicaid for some substance abuse and mental health services because of a lack of proper documentation from the providers and the state set aside general revenues to backfill the potential loss of Medicaid. *The Governor's recommended budget does not include any funding to address prior claims. The Department's third quarter report reduced its current year spending by \$2.8 million, including \$0.3 million from general revenues, which lowered the anticipated need for state funds to adjust prior year claims. The Assembly reduced funding to account for the savings identified in the third quarter report.*

**Staffing and Other Operations.** The Department's revised request includes \$0.1 million more from all sources for all other division expenses, which has 52.0 full-time equivalent positions assigned to it. The staffing costs are \$0.2 million less from general revenues and \$0.4 million more from federal funds and assumes 6.0 positions will be kept vacant, funding 44.0 positions.

The expenses for the remaining 2.0 positions appear in the Executive Office of Health and Human Services' revised and FY 2020 budgets, assigned to the Co-Exist initiative and funded using \$0.3 million of HIV rebate funds. These positions were unfunded vacancies in the enacted budget. As noted in the Executive Office's analysis, rebate funds do not appear to be sufficient to cover committed expenses for the statewide initiative. If those rebate funds are not available, the costs for the two positions will shift to the Division's budget, most likely paid for with general revenues.

Other expenses are \$0.2 million less from federal funds to adjust for current year spending for the remaining federal grants supporting community based activities and \$0.1 million more than enacted to purchase Narcan kits.

*The Governor recommended \$24,631 more than requested, including \$37,469 less from general revenues. This includes \$14,643 less for statewide benefit savings and \$10,160 to reflect three separate statewide initiatives designed to reduce operating costs. The Executive Office notified the Department that resources available to support the Co-Exist program have been reduced and it would not receive the \$0.3 million for the 2.0 filled positions. The Department later reported the positions would be supported through other federal sources. The Assembly concurred.*

#### **Eleanor Slater Hospital**

**Hospital Operations.** The Department's revised request adds \$0.7 million from all sources, including \$0.4 million from general revenues for hospital operating expenses at both the Cranston campus and Zambarano unit in Burrillville that total \$113.4 million from all sources, including \$51.7 million from general revenues. The average census across both campuses for FY 2018 was 223 patients.

The FY 2019 enacted budget includes savings of \$3.5 million, including \$1.7 million from general revenues, from three separate initiatives: consolidation at the Adolph Meyer building, moving patients to other settings, and reviewing individuals on workers' compensation. The revised request does not restore the savings indicating that the savings will be achieved.

As part of the Governor's FY 2018 revised recommendation, she included \$350,000 from general revenues to support staffing needs to meet the conditions in the mitigation plan as part of the hospital accreditation process. The Department reported it needed to fill 18 vacant positions totaling \$1.3 million. The positions included two hospital compliance officers, six mental health workers, eight psychiatric institutional attendants and two certified nursing assistants. The Department also reported that there would be savings anticipated from lowering overtime costs. The Governor only provided funding for FY 2018 and did not fund any of the positions in her FY 2019 recommendation and the Assembly concurred.

The positions were hired but the Department's revised request and first quarter report do not include any funding for them or identify this as an issue. *The Governor recommended \$4.4 million more than requested, including \$1.6 million more from general revenues. This includes statewide benefit savings of \$0.6 million and \$0.3 million to reflect three separate statewide initiatives designed to reduce operating costs. The Governor restored the savings included in the enacted budget and funded the current staffing levels. It should be noted that the Department's second quarter report identified these issues and projected funding consistent with the Governor's recommendation. The Assembly reduced expenditures by \$0.6 million, including \$0.3 million from general revenues, to reflect \$0.2 million in turnover savings and \$0.4 million in savings for security services based on updated spending projections, discussed separately.*

**Security Services.** The Department requested \$1.8 million more than enacted, including \$0.8 million more from general revenues for security services at both locations totaling \$2.1 million, including \$1.0 million from general revenues. The Department signed a six-month contract for services in March 2018. In its FY 2019 budget request, which was funded as requested, the Department included \$0.4 million for security services which was apparently not sufficient to pay for the new contract. *The Governor recommended funding as requested. The Assembly reduced funding by \$0.4 million, including \$0.2 million from general revenues, based on current year expenses.*

**Long Term Care Information System.** The Department requested \$0.6 million, including \$0.3 million from general revenues for a new hospital information system. The Department reported that it is in the process of hiring a project manager to write the request for proposals for the new system and is using

\$150,000 from the Information Technology Investment Fund budgeted in the Department of Administration for that purpose. *The Governor did not recommend this request; the Department indicated it will use \$80,000 of its current resources to support the project manager. The Assembly concurred.*

### **Other Programs**

**Central Management Operations.** The Department requested \$1.6 million more than enacted from all sources, including \$1.1 million more from general revenues for central management operations totaling \$3.1 million, including \$2.5 million from general revenues. This includes 23.0 positions which is 12.0 more than enacted and includes 2.0 positions transferred from the Department of Human Services, and 10.0 transferred from other divisions. The reallocation accounts for the funding change. The request funds 19.0 positions, leaving 4.0 vacant. All other administrative expenses total \$0.1 million.

*The Governor recommended \$0.5 million more than requested, including \$0.2 million from general revenues. The Governor also included \$26,297 in statewide benefit savings and \$11,037 to reflect three separate statewide initiatives designed to reduce operating costs. The Assembly concurred.*

**Hospital and Community System Support Operations.** The Department requested \$0.4 million less from all sources, primarily from general revenues, for hospital and community system support operations totaling \$1.6 million and 17.0 positions, 3.0 more than enacted. The revised request includes \$1.5 million to fund 15.0 positions, leaving 2.0 positions vacant. All other expenses total \$32,368, or \$14,722 less than enacted, for updated postage, computers and other office expenses.

*The Governor recommended \$0.2 million more than requested, including \$0.2 million from general revenues for 19.0 positions, assuming a 0.6 position is kept vacant and added 2.0 positions repurposed from the Division of Developmental Disabilities' state-run residential system to create a deputy chief financial officer and an investigative auditor. The Governor also included \$11,627 in statewide benefit savings and \$2,762 to reflect three separate statewide initiatives designed to reduce operating costs. The Assembly concurred.*

**Capital.** The Department requested \$15.3 million for various capital projects. This is \$12.2 million more from Rhode Island Capital Plan funds, eliminates Medicaid funds, and is not consistent with the Department's capital budget request, which is \$15.2 million for FY 2019. *The Governor recommended \$1.1 million for five projects and transferred funding and oversight for eight other projects to the Department of Administration's Division of Capital Asset Management and Maintenance. She subsequently requested an amendment to shift funding for the Substance Abuse Asset Protection project to the Department of Administration. The Assembly concurred with the amendment and made other project changes. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

## Office of the Child Advocate

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 786,803                  | \$ 1,037,026               | \$ 967,179                 | \$ 847,766               |
| Contracted Services              | 1,031                       | 13,151                     | -                          | -                        |
| <b>Subtotal</b>                  | <b>\$ 787,834</b>           | <b>\$ 1,050,177</b>        | <b>\$ 967,179</b>          | <b>\$ 847,766</b>        |
| Other State Operations           | 155,797                     | 126,001                    | 100,096                    | 100,096                  |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | -                           | 17,785                     | 17,785                     | 17,785                   |
| Capital                          | 4,074                       | 2,000                      | 2,000                      | 2,000                    |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 947,705</b>           | <b>\$ 1,195,963</b>        | <b>\$ 1,087,060</b>        | <b>\$ 967,647</b>        |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 703,984                  | \$ 969,922                 | \$ 896,811                 | \$ 805,811               |
| Federal Aid                      | 243,721                     | 226,041                    | 190,249                    | 161,836                  |
| Restricted Receipts              | -                           | -                          | -                          | -                        |
| Other                            | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 947,705</b>           | <b>\$ 1,195,963</b>        | <b>\$ 1,087,060</b>        | <b>\$ 967,647</b>        |
| <b>FTE Authorization</b>         | <b>8.0</b>                  | <b>10.0</b>                | <b>10.0</b>                | <b>10.0</b>              |
| <b>FTE Average</b>               | <b>7.3</b>                  |                            |                            |                          |

**FY 2019 Revised Request.** The Office of the Child Advocate requested \$57,912 less than enacted, including \$22,120 less from general revenues. *The Governor recommended \$108,903 less than enacted and \$50,991 less than requested. The recommendation includes \$13,149 in statewide savings, noted below where appropriate. The Assembly further reduced expenses by \$119,413 of which \$91,000 is from general revenues.*

**Salaries and Benefits.** The Office requested \$62,461 less than enacted including \$23,969 less from general revenues and \$38,492 less from federal funds which reflects turnover savings equivalent to 0.6 of a full-time equivalent position. The enacted budget assumes full staffing. The Office averaged 6.9 filled positions through the first four months of the fiscal year. *The Governor recommended \$7,386 less than requested to reflect statewide benefit adjustments. The Assembly further reduced expenses by \$119,413, including \$91,000 from general revenues to reflect additional turnover savings. At the end of May, the Office had nine positions filled and does not plan to fill the last vacant position until it begins its analysis of data relating to the Children's Rights settlement.*

**Staff Training.** The FY 2019 revised request includes \$10,000 more from general revenues for staff training and conference attendance. This is \$4,212 more than the amount spent in FY 2018, but reflects current plans which the Office indicated were not properly reflected in the enacted budget. *The Governor recommended \$2,500 less than requested, which appears to be based on actual spending through December. The Assembly concurred.*

**Centralized Services.** Consistent with the FY 2019 enacted budget, the request includes \$70,209 for facilities management and \$25,913 for information technology 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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. *The Governor recommended \$35,342 less than enacted based on billings through November and December. The Assembly concurred.*

**Other Expenses.** The Office requested \$5,451 less than enacted, including \$8,151 less from general revenues for all other expenses. General revenue changes exclude the \$13,151 provided for clerical services and add \$1,500 for food and \$5,000 for various other expenses to bring them more in line with FY 2018 spending. Funding was provided to assist with workload growth, but the Office indicated its needs call for more experience and internal training and this work will be completed by the 2.0 new positions authorized for FY 2019. *The Governor recommended \$5,763 less than requested including \$4,263 from three separate statewide adjustments designed to achieve operating savings. The Assembly concurred.*

## Commission on the Deaf and Hard of Hearing

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 336,579                  | \$ 462,045                 | \$ 462,161                 | \$ 392,161               |
| Contracted Services              | 88,279                      | 61,108                     | 106,308                    | 106,308                  |
| <b>Subtotal</b>                  | <b>\$ 424,858</b>           | <b>\$ 523,153</b>          | <b>\$ 568,469</b>          | <b>\$ 498,469</b>        |
| Other State Operations           | 74,977                      | 73,025                     | 64,776                     | 64,776                   |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | -                           | -                          | -                          | -                        |
| Capital                          | 511                         | 7,000                      | 3,500                      | 3,500                    |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 500,346</b>           | <b>\$ 603,178</b>          | <b>\$ 636,745</b>          | <b>\$ 566,745</b>        |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 428,285                  | \$ 523,178                 | \$ 525,902                 | \$ 455,902               |
| Federal Aid                      | -                           | -                          | -                          | -                        |
| Restricted Receipts              | 72,061                      | 80,000                     | 110,843                    | 110,843                  |
| Other                            | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 500,346</b>           | <b>\$ 603,178</b>          | <b>\$ 636,745</b>          | <b>\$ 566,745</b>        |
| <b>FTE Authorization</b>         | <b>4.0</b>                  | <b>4.0</b>                 | <b>4.0</b>                 | <b>4.0</b>               |
| <b>FTE Average</b>               | <b>3.5</b>                  |                            |                            |                          |

**FY 2019 Revised Request.** The Commission requested \$29,332 more than enacted from all sources, including \$1,511 less from general revenues and \$30,843 more from restricted receipts. *The Governor recommended \$33,567 more than enacted and \$4,235 more than requested. General revenues are \$2,724 more than enacted and \$4,235 more than requested. This includes \$5,399 of statewide savings, noted below where appropriate. The Assembly reduced general revenues by \$70,000 to reflect turnover savings and concurred with the remainder of the recommendation.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. The Commission's revised request of \$18,830 from general revenues for information technology services is consistent with the enacted budget, and is \$30,967 less than actual FY 2018 expenditures. *The Governor recommended \$9,634 more than requested based on information technology billings through November. This recommendation is \$21,333 less than FY 2018 expenditures. The Assembly concurred.*

**Interpreter Services (1.0 FTE).** The Commission requested \$105,429 less from all sources, including \$115,629 less from general revenues to reflect the elimination of the staff interpreter position that was approved by the 2016 Assembly, and \$10,200 more from restricted receipts to restore contracted interpreter services. The FY 2019 enacted budget reduced funding for contracted interpreter services based on the

assumption that the staff interpreter position would be filled. The Commission decided not to fill the position when it became vacant in March 2018, based on the state's restrictions on earnings for employees seeking concurrent contracting opportunities with additional state agencies. *The Governor recommended funding as requested. The Assembly concurred.*

**Director of Operations (1.0 FTE).** The Commission requested \$89,422 from all sources, including \$80,479 from general revenues and \$8,943 from restricted receipts for a new director of operations position. This position would be responsible for the oversight and administration of the Emergency and Public Communication Access Program. The Commission indicated that this position is essential in the planning and development of its strategic goal to improve communication inside state-owned facilities and during emergency situations. As of the pay period ending September 15, 2018, this position has been filled. *The Governor recommended funding as requested. The Assembly concurred.*

**Emergency Communication Access Program.** The Commission requested \$5,800 less than enacted from restricted receipts for remaining expenses related to the Emergency and Public Communication Access Program. The 2013 Assembly created that program to be administered by the Commission, which hired a Director of Operations in FY 2019 to oversee and administer the program. This restricted receipt account is funded with \$80,000 annually from the Dual Party Phone Relay surcharge of \$0.09 on all landlines. The Commission's request includes \$17,500 for a new contracted part-time community project coordinator to assist in project planning for installing communication assistive devices across all state-owned walk-in facilities, and a decrease of \$23,300 for projects being delayed until FY 2020 to account for the comprehensive planning period. *The Governor recommended funding as requested. The Assembly concurred.*

**Archiving and Outreach Support.** The Commission requested \$17,500 from restricted receipts for a new temporary part-time staff member to assist the Commission with organizing and archiving decades of documents, developing outreach materials, conducting inventories and other assignments as deemed necessary. The Commission indicated that this additional assistance is needed to recover from the organizational impact of a prior year staffing shortage. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Personnel and Operating.** The Commission requested \$33,639 more from general revenues for all other operations, including \$31,046 for salaries and benefits and \$2,593 for the copy machine lease. The increase for salaries and benefits reflects current benefit costs which appear to have been understated in the enacted budget. The enacted budget includes \$3,000 for the copy machine lease; however, the additional request would cover an outstanding balance from when the lease was signed in FY 2018. *The Governor recommended \$5,399 less than requested from general revenues, which includes \$4,723 in statewide benefit savings, and \$676 based on three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred, with the exception of reducing general revenues by \$70,000 to reflect turnover savings.*

## Governor's Commission on Disabilities

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 382,820                  | \$ 429,090                 | \$ 350,063                 | \$ 350,063               |
| Contracted Services              | 27,236                      | 46,033                     | 98,226                     | 52,726                   |
| <b>Subtotal</b>                  | <b>\$ 410,056</b>           | <b>\$ 475,123</b>          | <b>\$ 448,289</b>          | <b>\$ 402,789</b>        |
| Other State Operations           | 42,068                      | 57,652                     | 71,938                     | 71,938                   |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | 258,051                     | 854,500                    | 869,581                    | 869,581                  |
| Capital                          | -                           | -                          | -                          | -                        |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 710,175</b>           | <b>\$ 1,387,275</b>        | <b>\$ 1,389,808</b>        | <b>\$ 1,344,308</b>      |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 444,657                  | \$ 1,002,537               | \$ 951,910                 | \$ 906,410               |
| Federal Aid                      | 254,817                     | 335,167                    | 395,318                    | 395,318                  |
| Restricted Receipts              | 10,701                      | 49,571                     | 42,580                     | 42,580                   |
| Other                            | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 710,175</b>           | <b>\$ 1,387,275</b>        | <b>\$ 1,389,808</b>        | <b>\$ 1,344,308</b>      |
| <b>FTE Authorization</b>         | <b>4.0</b>                  | <b>4.0</b>                 | <b>4.0</b>                 | <b>4.0</b>               |
| <b>FTE Average</b>               | <b>3.8</b>                  |                            |                            |                          |

**FY 2019 Revised Request.** The revised request includes \$18,469 more than enacted from all sources, including \$34,691 less from general revenues and the authorized level of staffing. The request appears to be \$16,500 less than intended. *The Governor recommended \$15,936 less from general revenues than requested. This includes \$4,752 of statewide savings, noted below where appropriate. The Assembly reduced recommended expenditures by \$45,500 from general revenues and concurred with the remainder of the recommendation.*

**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, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. Consistent with the enacted budget, the revised request includes \$25,315 from general revenues for the Commission's share of centralized services. This includes \$5,776 for human resources and \$19,539 for information technology services. The request is \$6,344 more than FY 2018 expenses. *The Governor recommended \$2,083 more from general revenues for an increase in renewal costs for Microsoft 365. The Assembly concurred.*

**School Construction Design Reviews.** The request includes new expenditures of \$100,100 from all sources, including \$91,000 from general revenues to obtain services for reviewing school construction design plans. The 2018 Assembly authorized \$250.0 million of general obligation bonds to be put before the voters on the November 2018 ballot to provide direct upgrades to the states elementary and secondary

education buildings. The Commission anticipated an increase in the number of design plans that it will have to review for compliance with Americans with Disabilities Act requirements. The request assumes funding for the entire fiscal year; the Commission intended to request funding for six months, which would fund 385 hours of plan reviews or approximately 130 projects; each project takes three hours to review. *The Governor recommended \$54,600 from all sources, including \$45,500 from general revenues as the Commission intended. The Commission's third quarter report indicated no expenditures were anticipated; the Assembly adjusted general revenues to reflect this.*

**Livable Home Modification Program.** The revised request includes \$5,940 less from general revenues than enacted for the Livable Home Modification Grant Program, which provides funding to support home modifications and accessibility enhancements to allow individuals to remain in community settings. The enacted budget assumed all of the \$500,000 appropriated would be awarded to provide direct funding for home accessibility enhancements; however, the revised request shifts \$41,679 of the funding to program administration. Though the Commission's staff is almost entirely general revenue funded, it allocated \$23,260 for staff time to this source. The Commission indicated that a significant amount of time is spent reviewing applications and financial data. *The Governor recommended \$597 less than requested, including \$332 from statewide benefit savings and \$275 from a statewide initiative to reduce costs of certain commodities. The Assembly concurred.*

**Other Salaries and Benefits.** The revised request includes \$129,255 less from all sources than enacted for salaries and benefits. Adjusted for \$23,260 allocated for staff time dedicated to the Livable Home Modification Grant Program, the request is \$105,995 less than enacted, reflecting turnover savings for the entire fiscal year from a vacant assistant Americans with Disabilities Act coordinator position. The Commission indicated that it intended to include turnover savings for a third of the fiscal year based on filling the position in November. It appears that the savings are overstated by \$62,000. *The Governor recommended \$27,290 more than requested, restoring \$29,733 of the turnover savings to properly fund the position and included \$2,443 from statewide benefit savings. The Assembly concurred.*

**Statewide Independent Living Program.** The revised request includes \$55,364 more than enacted, including \$4,787 less from general revenues and an increase of \$60,151 from federal funds for the Statewide Independent Living Program. This includes \$59,020 more for habilitative services, offset by reductions for travel, and interpreter services, based on prior spending. The 2016 Assembly adopted legislation to designate the Governor's Commission on Disabilities as the state agency responsible for applying for and receiving federal funds for this program, effective October 1, 2016. *The Governor recommended \$381 less than requested to reflect two statewide savings initiatives. The Assembly concurred.*

**Fellowships.** The Commission requested \$3,680 from restricted receipts to fund an additional fellowship. The Mary Brennan Fellowship program provides semester-long part-time placements with the Commission for individuals to work on disability policy and research. The 2018 Assembly adopted legislation in 2018-H 7402 expanding the program by removing the requirement that the program participants be college students and the requirement that the fellowship program takes place in Providence. As of this fall semester, the Commission has one intern. The enacted budget includes \$18,400 to fund five fellowships. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Expenses.** The Commission requested \$5,480 less than enacted from all sources for all other operating costs, including \$10,689 less from general revenues and \$5,209 more from available restricted receipts. This includes \$9,958 less for clerical services. This is offset by \$3,892 to obtain services to update the Commission's website to comply with Americans with Disabilities Act requirements. *The Governor recommended \$1,169 more from general revenues than requested. This includes \$2,500 more for clerical services, based on meetings scheduled, offset by \$770 from two separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

## Office of the Mental Health Advocate

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 536,203                  | \$ 555,222                 | \$ 501,238                 | \$ 501,238               |
| Contracted Services              | -                           | 2,200                      | 2,200                      | 2,200                    |
| <b>Subtotal</b>                  | <b>\$ 536,203</b>           | <b>\$ 557,422</b>          | <b>\$ 503,438</b>          | <b>\$ 503,438</b>        |
| Other State Operations           | 91,536                      | 95,338                     | 62,951                     | 62,951                   |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | -                           | -                          | -                          | -                        |
| Capital                          | 1,991                       | 500                        | 1,000                      | 1,000                    |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 629,730</b>           | <b>\$ 653,260</b>          | <b>\$ 567,389</b>          | <b>\$ 567,389</b>        |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 629,730                  | \$ 653,260                 | \$ 567,389                 | \$ 567,389               |
| Federal Aid                      | -                           | -                          | -                          | -                        |
| Restricted Receipts              | -                           | -                          | -                          | -                        |
| Other                            | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 629,730</b>           | <b>\$ 653,260</b>          | <b>\$ 567,389</b>          | <b>\$ 567,389</b>        |
| <b>FTE Authorization</b>         | <b>4.0</b>                  | <b>4.0</b>                 | <b>4.0</b>                 | <b>4.0</b>               |
| <b>FTE Average</b>               | <b>4.0</b>                  |                            |                            |                          |

**FY 2019 Revised Request.** The Office of the Mental Health Advocate requested \$60,809 less than enacted from general revenues. *The Governor recommended \$25,062 less than requested. This includes \$35,002 of statewide savings, noted below where appropriate. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. Consistent with the enacted budget, the request includes \$83,629 from general revenues for the Office's share of centralized services. This includes \$70,209 for facilities management and \$13,420 for information technology services. *The Governor recommended \$31,528 less than enacted for billings through November and December. The Assembly concurred.*

**Other Operations.** The Office requested \$60,809 less than enacted from general revenues for all other expenses. This includes \$60,159 less for staffing expenses, \$1,550 for office supplies and computers, and inadvertently excludes the enacted level of \$2,200 for contracted services. The enacted budget provides \$1,500 for psychiatric examinations, \$500 for interpreters and \$250 for transcription services. The request appears to underfund staffing expenses by about \$25,000.

*The Governor included \$6,466 more than requested which includes the enacted level of \$2,200 for contracted services. The recommendation fully funds all staff, including statewide benefit savings, as well as \$1,909 from three separate statewide savings initiatives to reduce operating costs. **The Assembly concurred.***

## Department of Elementary and Secondary Education

|                                   | FY 2018<br>Reported     | FY 2019<br>Enacted      | FY 2019<br>Revised      | FY 2019<br>Final        |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Expenditures by Program</b>    |                         |                         |                         |                         |
| State Aid                         | \$ 913,134,070          | \$ 938,174,860          | \$ 938,104,109          | \$ 942,033,230          |
| School Housing Aid                | 80,000,000              | 80,000,000              | 80,000,000              | 80,000,000              |
| Teachers' Retirement              | 102,157,673             | 106,118,409             | 106,753,507             | 106,753,507             |
| RI School for the Deaf            | 7,406,974               | 7,971,191               | 7,948,171               | 7,948,171               |
| Central Falls School District     | 39,878,367              | 40,752,939              | 40,752,939              | 40,752,939              |
| Davies Career & Technical School  | 18,345,193              | 22,503,082              | 24,129,953              | 22,889,953              |
| Met School                        | 11,087,238              | 9,592,007               | 9,592,007               | 9,592,007               |
| Administration                    | 205,145,084             | 239,137,270             | 244,103,198             | 243,629,520             |
| <b>Total</b>                      | <b>\$ 1,377,154,599</b> | <b>\$ 1,444,249,758</b> | <b>\$ 1,451,383,884</b> | <b>\$ 1,453,599,327</b> |
| <b>Expenditures by Category</b>   |                         |                         |                         |                         |
| Salaries and Benefits             | \$ 38,370,051           | \$ 41,756,679           | \$ 41,757,128           | \$ 41,283,450           |
| Contracted Services               | 42,237,202              | 42,938,616              | 44,967,944              | 48,940,359              |
| <b>Subtotal</b>                   | <b>\$ 80,607,253</b>    | <b>\$ 84,695,295</b>    | <b>\$ 86,725,072</b>    | <b>\$ 90,223,809</b>    |
| Other State Operations            | 5,387,283               | 8,577,850               | 8,329,653               | 8,329,653               |
| Aid to Local Units of Government  | 1,187,659,538           | 1,243,827,495           | 1,238,619,097           | 1,238,635,803           |
| Assistance, Grants, and Benefits  | 29,227,793              | 28,432,925              | 35,816,185              | 35,816,185              |
| Capital                           | 1,638,225               | 3,992,207               | 5,190,975               | 3,890,975               |
| Capital Debt Service              | -                       | -                       | -                       | -                       |
| Operating Transfers               | 72,634,507              | 74,723,986              | 76,702,902              | 76,702,902              |
| <b>Total</b>                      | <b>\$ 1,377,154,599</b> | <b>\$ 1,444,249,758</b> | <b>\$ 1,451,383,884</b> | <b>\$ 1,453,599,327</b> |
| <b>Sources of Funds</b>           |                         |                         |                         |                         |
| General Revenue                   | \$ 1,161,321,696        | \$ 1,188,639,908        | \$ 1,187,465,595        | \$ 1,187,182,301        |
| Federal Aid                       | 181,699,840             | 214,475,474             | 219,524,264             | 219,350,586             |
| Restricted Receipts               | 30,921,168              | 35,755,376              | 37,784,310              | 41,756,725              |
| Other                             | 3,211,895               | 5,379,000               | 6,609,715               | 5,309,715               |
| <b>Total</b>                      | <b>\$ 1,377,154,599</b> | <b>\$ 1,444,249,758</b> | <b>\$ 1,451,383,884</b> | <b>\$ 1,453,599,327</b> |
| <b>FTE Authorization</b>          |                         |                         |                         |                         |
| Administration                    | 139.1                   | 135.1                   | 137.1                   | 135.1                   |
| Davies                            | 126.0                   | 126.0                   | 126.0                   | 126.0                   |
| School for the Deaf               | 60.0                    | 60.0                    | 60.0                    | 60.0                    |
| <b>Total Authorized Positions</b> | <b>325.1</b>            | <b>321.1</b>            | <b>323.1</b>            | <b>321.1</b>            |
| <b>FTE Average</b>                | <b>298.3</b>            |                         |                         |                         |

**FY 2019 Revised Request.** The Council on Elementary and Secondary Education requested an additional \$6.4 million of spending for FY 2019, including \$0.9 million more from general revenues. The general revenue changes primarily reflect additional funding for teacher retirement, as well as for education aid and the Rhode Island School for the Deaf. As of the pay period ending December 8, 2018, the Department had 26.1 positions vacant. *The Governor recommended \$7.1 million more than enacted from all sources, including \$1.2 million less from general revenues. This includes \$0.3 million of statewide savings, noted*

*below where appropriate. The Governor included authorization for 323.1 full-time equivalent positions, 2.0 more than enacted. The Assembly provided \$2.2 million more than recommended, primarily from restricted receipts to reflect anticipated expenses for the statewide transportation program, and maintained the enacted staffing level.*

**Education Aid Data Update.** The Council requested \$0.1 million more than enacted from general revenues for education aid. Following enactment of the FY 2019 budget, the Division of Municipal Finance adjusted local property value data used to determine the state's share of education costs to correct an input error. Updating the data, in turn, impacted the state's share of education formula aid for 7 districts and 13 charter schools. The net impact of the change is \$0.1 million above the enacted budget. *State law provides for a mid-year adjustment for charter schools that experience a 10.0 percent or greater change in enrollment as of October of each year; the Governor recommended \$124,045 for that adjustment. She excluded funding in her revised recommendation for the requested data adjustment, but did include funding in her FY 2020 recommendation. The Assembly concurred.*

**Teacher Retirement.** The Council requested \$0.6 million more than enacted to fund the state's share of the employer contribution for teacher retirement costs for FY 2019, based on FY 2018 costs, which were \$0.4 million higher than budgeted. Teachers contribute 8.75 percent of their salary, which is set in the General Laws. Employers pay the difference between the teacher's share and the amount needed to support the system as determined annually by the State Employees' Retirement System. The state pays 40.0 percent of the employer's share. *The Governor recommended funding as requested. The Assembly concurred.*

**Group Home Aid.** The Council requested the enacted level of \$3.6 million from general revenues to fund beds for communities hosting group homes, consistent with current law. The 2007 Assembly made statutory changes to align the payment of communities' group home aid to reflect more closely the actual number of group home beds open at the time the budget is in effect. The legislation uses the count of beds that are open as of December 31 for the budget year's aid, meaning if additional beds open, a supplemental appropriation is required. *Based on the bed count as of December 31, the Governor recommended an additional \$119,000 to reflect new beds in Portsmouth and Exeter-West Greenwich. The Assembly concurred.*

**School Resource Officer Support.** The Council requested the enacted level of \$2.0 million from general revenues for the school resource officer category of aid. The 2018 Assembly established a voluntary pilot program for a new category of education aid to support new School Resource Officers for a period of three years beginning in FY 2019. Funding is used to reimburse school districts or municipalities one-half of the total cost of employing new officers at middle or high schools for districts that choose to do so. Staffing levels that exceed one officer per school with less than 1,200 students and two officers per school with 1,200 or more students are not eligible for reimbursement. *The Governor recommended \$1.8 million less than enacted based on program participation. Through November, three school districts applied for reimbursement for four officers. East Providence and Narragansett each applied for one officer and North Smithfield applied for two officers. The Governor subsequently requested an amendment to add \$16,706 to reflect funding for an officer in Bristol-Warren. The Assembly concurred with the amended recommendation.*

**School Housing Aid.** The Council requested the enacted level of \$80.0 million from general revenues for school housing aid. This includes \$65.3 million from general revenues for the traditional program and \$14.7 million for the School Building Authority Capital Fund. Compared to the enacted budget, the request shifts \$4.1 million from the traditional program to the Fund to reflect actual housing aid distributions. Current law requires that the difference between the annual housing aid appropriation and actual aid be deposited into the School Building Authority Fund.

The enacted budget includes a provision for FY 2019 and FY 2020 that the difference between the annual housing aid appropriation and actual aid be used to provide technical assistance to districts. For FY 2019, the School Building Authority anticipates distributing \$4.1 million for technical assistance. Through November 2018, \$1.6 million had been committed. *The Governor recommended funding as requested. The Assembly concurred.*

**School Housing Aid Administration.** The Council requested \$0.3 million more than enacted from restricted receipts for administration of the school construction program, including \$0.2 million to fill an authorized, unfunded position. The enacted budget authorized a new director of school construction, increasing the total number of program staff to four. The revised request also includes \$0.1 million more than enacted for the new director, which was filled at a higher salary than assumed in the enacted budget. It also funds the four positions from restricted receipts to be collected from the Rhode Island Health and Educational Building Corporation. Receipts are drawn from the Corporation's reserve funding, which is a finite resource and may not be a viable funding source for this program in the long run. *The Governor recommended \$0.2 million less than requested and fully funded the four filled positions. She did not restore funding for the authorized, vacant position. The Assembly concurred.*

**Statewide Student Transportation.** The Council requested \$1.8 million more than enacted from restricted receipts for the statewide student transportation system. Restricted receipts are collected from districts for transportation expenditures, less transportation categorical funds. FY 2019 is the second year of a two-year contract extension, which includes a rate increase. The program is also experiencing higher utilization by local education agencies for out-of-district transportation for students attending charter schools, vocational schools, and special education programs. *The Governor recommended funding as requested. She subsequently requested an amendment to increase restricted receipts by \$3.9 million, reflecting anticipated program expenses. The Assembly concurred with the amended recommendation.*

**Education Telecommunications Access Fund.** The Council requested \$0.2 million less than enacted from restricted receipts for the Education Telecommunications Access Fund for total funding of \$1.4 million based on FY 2018 actual collections and spending for the program. The fund is designed to provide financial assistance to qualified libraries and schools to acquire, install, and use telecommunications technologies to access the internet. This fund is supported by a \$0.26 monthly surcharge levied upon each residence and business telephone access line and supplemented with \$0.4 million from general revenues. The federal allocation varies based on the result of the local education agencies' technology surveys and applications and the number of students eligible for free and reduced price lunches.

Based on the first five months of FY 2019, the fund would collect \$0.9 million for the entire year, which is \$0.2 million less than the Department's revenue estimate of \$1.2 million from the monthly surcharge levied upon each residence and business telephone access line. *The Governor recommended \$7,536 less than requested from general revenues from a statewide proposal to reduce the cost of certain commodities. The Assembly concurred.*

**Shepard Building Parking.** Consistent with the enacted budget, the Council requested \$251,900 from general revenues for two parking contracts. The Department's office, located in the Shepard Building at 255 Westminster Street in Providence, does not have its own parking area accessible for employees or visitors. It contracts with the Rhode Island Convention Center Authority to provide parking at no cost to its employees; it does not validate parking for visitors. It also contracts for parking at 122 Mathewson Street for staff and visitors with disabilities.

It should be noted for that for FY 2017 actual parking costs were \$258,050. For FY 2018 actual total costs were \$258,950, only \$33,601 of which was charged to the Department. In order to stay within the general revenue appropriation, after the close of the fiscal year, \$225,349 in general revenue expenditures for Shepard Building parking was charged to the Department of Administration. The difference to the enacted

budget reflects \$23,100 for disability access for both staff and visitors at 122 Mathewson Street. *The Governor recommended funding as requested. The Assembly concurred.*

**Special Education Grants.** The Council's revised request includes \$1.9 million less than enacted from federal special education funds to reflect actual grant awards and available carry-forward of prior year funds. The funds are distributed to school districts and provide administrative support. Most of the funds must be distributed to local education agencies serving children directly. Federal funds are combined with state and local funds to provide children with disabilities free, appropriate public education, including special education and related services. *The Governor recommended funding as requested. The Assembly concurred.*

**Title I Grants.** The Council requested authorization to spend \$1.7 million more than enacted from federal Title I funds, reflecting updated anticipated awards and available carry-forward funds. Most Title I funds go directly to local schools, where they are used to provide extra help to low-achieving students. Title I fund distributions to states are calculated through four distinct formulas based upon different levels of poverty; however, funds are allocated to districts as one amount. *The Governor recommended funding as requested. The Assembly concurred.*

**Nutrition Grants.** The Council's request includes \$1.5 million less than enacted from federal nutrition program funds, reflecting anticipated program participation and federal reimbursement. The revised request is consistent with the FY 2020 request. *The Governor recommended funding as requested. The Assembly concurred.*

**Every Student Succeeds Act Block Grant.** The Council requested authorization to spend \$4.6 million more than enacted from Title IV Part A funds, or the Every Student Succeeds Act (ESSA) block grant. Most block grant funds go directly to local schools, where they are used to help schools close the achievement gap through investments in technology, improve school conditions for student learning, and provide all students with access to a well-rounded education. Block grant distributions are based on the Title I calculation. The revised request includes carry-forward of unspent prior year funding and an updated grant award. *The Governor recommended funding as requested. The Assembly concurred.*

**Nellie Mae Grant.** The Council requested \$0.2 million from a new two-year grant awarded by the Nellie Mae Education Foundation. According to the grant award, funding will be used to develop graduation proficiencies and align performance markers with core content areas, such as mathematics, science, and social studies. *The Governor recommended funding as requested. The Assembly concurred.*

**New Graduate Certificate for Dyslexia.** The Council requested \$20,000 from restricted receipts to support local educators in receiving a Graduate Certificate in Dyslexia Knowledge and Practice from the University of Rhode Island. The final FY 2018 budget included \$44,680 from a new grant from the Rhode Island Foundation to support a pilot program in which educators would pursue this certificate. The revised request carries forward unspent prior year funding. *The Governor recommended funding as requested. The Assembly concurred.*

**Adolescent Health and Achievement (1.0 FTE).** The Council requested authorization to spend \$1.4 million from new federal funds and authorization for one new full-time equivalent position. In FY 2019, the Department was awarded a five-year, \$9.0 million grant from the federal Department of Health and Human Services to support adolescent health and academic achievement, specifically regarding mental health issues. Funding will be used to promote mental health awareness among schools and communities and improve connections to services for school-age youth and their families.

It is worth noting that the Department regularly has over 20 vacancies in any given pay period and could use an existing vacancy to fill the position required for this grant as it is not permanent. *The Governor*

*recommended funding as requested and included authorization for the new position. As of the pay period ending January 19, the Department had 26.1 positions vacant. The Assembly did not include authorization or funding for the new position and concurred with the remainder of the recommendation.*

**School Climate Transformation Grant (1.0 FTE).** Subsequent to submitting its budget request, the Department was awarded a five-year \$2.5 million federal School Climate Transformation Grant. Funding will be used to support districts in expanding programs that address student social, emotional and behavioral needs. Participating schools would conduct needs assessments and develop plans that are tailored to their student population. Grant partners would then provide professional development and training to educators in order to expand and connect intervention efforts. *The Governor's recommended budget includes \$0.5 million from the new grant and authorization for 1.0 full-time equivalent position to coordinate and oversee the program. The Assembly did not include authorization or funding for the new position and concurred with the remainder of the recommendation.*

**ServeRI.** The Council's revised request is \$0.5 million less from federal funds transferred from the Rhode Island Service Alliance to the Department for the ServeRI program. The program was established by the 1994 Assembly to administer the federally funded AmeriCorps program, including AmeriCorps Vista and City Year. The enacted budget includes funding for staffing and operating costs, as well as authorization for a new full-time equivalent position to oversee the implementation of the program. The revised request excludes \$0.8 million for operating costs, offset by \$50,000 more for grants to be distributed to community service providers and \$0.2 million to provide training and support for the state's AmericiCorps program. The revised request is consistent with its FY 2020 request and actual FY 2018 funding for the program. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salaries and Benefits.** The Council requested \$0.1 million less than enacted, primarily from federal funds, for all other salaries and benefits for the Department's remaining 129.1 administration positions. The decrease in federal funds reflects changes to several grant awards, offset by an increase from indirect cost recovery restricted receipts. Indirect costs are collected on federal grants to fund administrative positions such as assistant administrative officers, technology support, grants and finance officers, and finance and compliance officers. *The Governor recommended \$160,644 less than requested from general revenues, reflecting statewide benefits adjustments and additional turnover savings equivalent to 0.9 full-time positions. It should be noted the recommendation does not include benefit adjustments for positions funded from federal sources or restricted receipts. As of the pay period ending January 19, the Department had 26.1 vacancies. The Assembly reduced funding by \$0.3 million from general revenues based on expenses through the third quarter.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. Consistent with the enacted budget, the Council's request includes \$115,905 from general revenues for the Department's share of centralized information technology services. *The Governor recommended \$6,713 more than requested based on billings through November, which is \$34,609 more than spent in FY 2018. The Assembly concurred.*

**Other Grant and Programming Revisions.** The Council requested \$0.5 million less than enacted from federal funds and the enacted level from general revenues for all other expenditures. This primarily reflects the end of a multi-year personnel development grant, offset by other award adjustments. It should be noted that the state personnel development grant ended on September 30, 2018. The enacted budget assumes all

remaining grant funds can be carried forward to FY 2019; however, any unspent funds will remain with the federal government. *The Governor recommended \$1.2 million more than requested, primarily reflecting a new federal grant to help students displaced by Hurricane Maria. The recommendation includes general revenue savings of \$52,894 from three separate statewide initiatives to reduce operating costs. The Assembly concurred.*

**Davies Career and Technical School.** The Council requested an additional \$0.4 million primarily from federal funds for Davies Career and Technical School. The request includes additional funding for special education, teacher quality, Title I, and vocational education.

Beginning with FY 2012, Davies falls under the education funding formula and its state aid is determined by the funding formula calculation just as any other local education agency would. At the same time, it receives a local share of funding from the individual districts that send students to the school. These flow into a restricted receipt account, which partially offsets the loss of state aid. The local share is also determined by the funding formula. FY 2019 is the eighth year of the funding formula. *The Governor recommended \$1.3 million more than requested including \$100,000 from a Rhode Island Commerce Corporation P-Tech grant awarded in FY 2017. Grant funding will allow Davies to market its technical programs and support teacher externships. The Governor subsequently requested an amendment to add \$60,000 from restricted receipts reflecting anticipated collections from its school lunch program.*

*The recommendation includes \$1.1 million more from Rhode Island Capital Plan funds for the school's heating, ventilation, and cooling project. The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. The revisions to the initial recommendations align the Governor's recommendation to her priorities given available resources. For Davies, the capital budget excludes the additional \$1.1 million from Rhode Island Capital Plan funds included in the appropriations bill. The Governor subsequently requested an amendment to remove the \$1.1 million of Rhode Island Capital Plan funds.*

**The Assembly reduced Rhode Island Capital Plan expenses by \$1.3 million based on anticipated expenditures and concurred with the remainder of the amended recommendation. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

**Rhode Island School for the Deaf.** The Council requested \$0.1 million more than enacted from all sources for the School for the Deaf, including \$0.2 million more from general revenues offset by a \$0.1 million reduction from federal grants. The request includes \$0.1 million more from general revenues for personnel and \$0.1 million more for utility and maintenance expenses. The request restores turnover for a 0.7 full-time equivalent position, reflecting the hiring of a second preschool teacher. The School has grown from 69 students in FY 2017 to 81 in FY 2019. While the out-of-state student population has remained relatively unchanged at five students, the School reported that it continues to experience growth in the number of in-state students with severe disabilities and foreign-born students with little to no language abilities. *The Governor recommended \$0.1 million less than requested from general revenues, including \$59,951 from statewide benefit adjustments and \$59,342 from four separate statewide initiatives to reduce operating costs. It should be noted the recommendation does not include benefit adjustments for positions funded from federal sources or restricted receipts. The Assembly concurred.*

## Public Higher Education

|   | FY 2018<br>Reported     | FY 2019<br>Enacted      | FY 2019<br>Revised      | FY 2019<br>Final        |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Expenditures by Program</b>          |                         |                         |                         |                         |
| Office of Postsecondary Comm.           | \$ 39,894,341           | \$ 39,298,624           | \$ 40,206,228           | \$ 38,368,541           |
| University of Rhode Island              | 779,189,323             | 802,780,487             | 808,905,883             | 806,135,005             |
| Rhode Island College                    | 194,386,983             | 199,862,700             | 202,265,988             | 204,265,988             |
| Community College of RI                 | 159,839,672             | 165,632,706             | 163,313,286             | 163,313,286             |
| <b>Total</b>                            | <b>\$ 1,173,310,319</b> | <b>\$ 1,207,574,517</b> | <b>\$ 1,214,691,385</b> | <b>\$ 1,212,082,820</b> |
| <b>Expenditures by Category</b>         |                         |                         |                         |                         |
| Salaries and Benefits                   | \$ 514,266,713          | \$ 527,360,343          | \$ 540,313,396          | \$ 540,367,620          |
| Contracted Services                     | 37,115,282              | 28,272,807              | 29,332,525              | 29,343,558              |
| <b>Subtotal</b>                         | <b>\$ 551,381,995</b>   | <b>\$ 555,633,150</b>   | <b>\$ 569,645,921</b>   | <b>\$ 569,711,178</b>   |
| Other State Operations                  | 201,843,205             | 218,480,069             | 206,960,475             | 207,155,016             |
| Aid to Local Units of Government        | -                       | -                       | -                       | -                       |
| Assistance, Grants, and Benefits        | 313,498,714             | 324,095,781             | 315,894,300             | 315,596,815             |
| Capital                                 | 52,275,292              | 50,924,985              | 58,012,395              | 55,441,517              |
| Capital Debt Service                    | 54,311,113              | 58,440,532              | 64,178,294              | 64,178,294              |
| Operating Transfers                     | -                       | -                       | -                       | -                       |
| <b>Total</b>                            | <b>\$ 1,173,310,319</b> | <b>\$ 1,207,574,517</b> | <b>\$ 1,214,691,385</b> | <b>\$ 1,212,082,820</b> |
| <b>Sources of Funds</b>                 |                         |                         |                         |                         |
| General Revenue                         | \$ 220,928,014          | \$ 230,093,700          | \$ 233,869,330          | \$ 233,661,033          |
| Federal Aid                             | 13,878,878              | 7,924,589               | 8,253,542               | 8,253,542               |
| Restricted Receipts                     | 2,568,201               | 2,679,609               | 3,478,357               | 3,648,967               |
| Other                                   | 935,935,226             | 966,876,619             | 969,090,156             | 966,519,278             |
| <b>Total</b>                            | <b>\$ 1,173,310,319</b> | <b>\$ 1,207,574,517</b> | <b>\$ 1,214,691,385</b> | <b>\$ 1,212,082,820</b> |
| <b>Uses of Funds</b>                    |                         |                         |                         |                         |
| Unrestricted Use Funds                  | \$ 718,724,475          | \$ 732,909,442          | \$ 741,034,071          | \$ 740,825,774          |
| Restricted Use Funds                    | 454,585,844             | 474,665,075             | 473,657,314             | 471,257,046             |
| <b>Total</b>                            | <b>\$ 1,173,310,319</b> | <b>\$ 1,207,574,517</b> | <b>\$ 1,214,691,385</b> | <b>\$ 1,212,082,820</b> |
| <b>FTE Authorization</b>                |                         |                         |                         |                         |
| <i>Limited to Third Party Funds</i>     | 3,568.0                 | 3,605.5                 | 3,343.3                 | 3,605.5                 |
| <i>Limited to Auxiliary Enterprises</i> | 739.8                   | 788.8                   | 606.0                   | 788.8                   |
| <b>Total Authorized Positions</b>       | <b>4,307.8</b>          | <b>4,394.3</b>          | <b>4,394.3</b>          | <b>4,394.3</b>          |
| <b>FTE Average</b>                      | <b>4,059.5</b>          |                         |                         |                         |

**FY 2019 Revised Request.** The Council's revised request is \$1.5 million more than enacted, including \$344,410 more from general revenues. It also includes \$1.1 million less from tuition and fee revenues, \$3.8 million more from other unrestricted sources, and \$1.5 million less from restricted sources.

*The Governor recommended \$7.1 million more than enacted from all sources, which is \$5.6 million more than requested. General revenues are \$3.8 million more than enacted and \$3.4 million more than requested*

*primarily for general obligation bond debt service for the University's College of Engineering Complex. It also includes \$1.8 million in statewide savings, noted below where appropriate. The Governor recommended creating a separate full-time equivalent position limit of 445.0 for positions that support auxiliary enterprises at the University of Rhode Island, such as residence halls. Establishing this new limit would reduce the number of third-party funded positions from 622.8 to 440.0; allowing for 1,670 positions to remain unrestricted. This appears to increase unrestricted positions by shifting authorization capacity for future research to unrestricted uses.*

**The Assembly included \$0.4 million in general revenue savings based on actual spending for the Promise scholarship program and added \$0.1 million from general revenues to pay the dues for membership in the New England Board of Higher Education compact. It restored \$42,188 in statewide operating savings erroneously taken against support for the Shepard Building, added \$0.2 million from restricted receipts to reflect grants received after the budget was submitted, and reduced Rhode Island Capital Plan funds by \$2.6 million based on revised project schedules for three capital projects. The Assembly did not create a separate limit for the University's auxiliary positions and concurred with the remainder of the recommendation.**

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. These expenses are only budgeted for the Office of Postsecondary Commissioner. The Office's request includes \$10,892 from general revenues for centralized information technology services, consistent with the enacted budget. This is \$1,198 more than actual FY 2018 expenditures. *The Governor recommended \$652 less than requested based on billings through November. The Assembly concurred.*

**Unrestricted Source Expenditures.** The unrestricted budget consists of those funds that can be used for any legitimate purpose. Those purposes fall within the education and general operations of the institutions. They include state general revenue appropriations, tuition and general fees, and sponsored research overhead. The unrestricted budget is similar to the general revenue budget of other agencies and departments. The FY 2019 unrestricted revised budget includes spending of \$735.9 million. This is \$3.0 million more than the enacted budget including \$344,410 more from general revenues.

*The Governor recommended \$741.0 million from unrestricted sources, which is \$8.1 million more than enacted and \$5.1 million more than requested. General revenues are \$3.8 million more than enacted and \$3.4 million more than requested. Excluding debt service changes for the University, the recommendation includes \$1.8 million less from general revenues than enacted to reflect several statewide savings initiatives. The Assembly provided \$740.8 million.*

**Rhode Island Promise.** 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 of Rhode Island for qualifying Rhode Island students. The program is intended to be a "last dollar scholarship," meaning that after a student exhausts all other sources of student aid the program would cover the remainder of their tuition bill. Other non-mandatory fees are not covered by this program. Recipients are required to maintain a 2.5 grade point average, must be enrolled full-time, 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. The Council requested the enacted amount of \$6.0 million for the first and second cohort. *The Governor recommended funding as requested. Based on actual spending, the Assembly included savings of \$0.4 million.*

Office of Postsecondary Commissioner. The revised budget includes \$101,523 more than enacted from unrestricted sources, including a decrease of \$242,884 for the Nursing Education Center staffing expenses and an increase of \$344,407 from general revenues for Office staffing and operations based on projected need. The Office's increased expenses include cyber security insurance, communications maintenance contracts previously omitted from the budget request, and the restoration of turnover savings from the enacted budget equal to 2.5 positions.

*The Governor recommended \$418,451 less than requested from general revenues, including \$0.2 million in turnover savings. She recommended \$75,594 from statewide savings initiatives, including \$16,760 from statewide benefits savings and \$58,834 for three separate savings initiatives designed to reduce operating costs. Reductions are offset by a \$19,912 increase for rent for the Nursing Education Center based on actual costs. The Governor also recommended shifting \$71,000 in operating expenses from general revenues to a newly established restricted receipt account supported by distance learning fees collected by the Office. The requested statutory authorization does not specify eligible expenses for these funds.*

*The Governor subsequently requested an amendment to restore the \$42,188 that was erroneously taken against operating support for the Shepard Building. The Assembly concurred with the exception of creating a new restricted receipt account for distance learning fees; fees would continue to be deposited as general revenues consistent with current law.*

New England Board of Higher Education. The Council did not request funding to pay the dues for membership in the New England Board of Higher Education compact. The compact enables Rhode Island residents to pursue degree programs across New England at a lower cost than traditional out-of-state tuition. The annual fee was paid through the Rhode Island Higher Education Assistance Authority's budget before it merged it with the Office of Postsecondary Commissioner. The Office paid the dues through federal guaranty agency loan funds through FY 2018 until the loan portfolio was sold on June 30, 2018. The FY 2019 budget placed limits on the use of remaining federal funds, and the Office used that for staff and other support and did not pay the dues nor request additional funding to do so in its FY 2019 revised or its FY 2020 budget. *The Governor excluded funding as requested.*

*The Governor subsequently requested an amendment to add \$147,000 from guaranty agency reserve funds. Because reserve funds are a finite source, the Assembly provided general revenues.*

University of Rhode Island. The University requested \$5.9 million or 1.3 percent more from unrestricted sources than enacted. This includes \$3.1 million or 1.0 percent more than enacted from tuition and fees, the enacted level from general revenues, and \$2.8 million more from other University sources, such as earned interest, athletics, and revenue from University centers. The University projected FY 2019 enrollment of 14,724, which is an overall increase of 19 or 0.1 percent compared to the enrollment assumptions in the FY 2019 enacted budget. The enacted budget assumed 7,646 in-state students and 7,059 out-of-state students. The revised allocation assumes 115 or 1.5 percent fewer in-state students and 134 or 1.9 percent more out-of-state students.

Adjusted for a change in how the University is budgeting certain costs, the remaining changes include \$3.8 million more for salaries and benefits for scheduled salary increases, \$4.8 million more for student aid, and \$0.2 million less for all remaining unrestricted operations.

*The Governor recommended \$5.5 million more than requested from all sources. This includes \$5.6 million more for debt service to include the recent bond issuance for the College of Engineering Complex. General revenue savings include \$352,251 less from benefit savings and \$328,250 less from statewide turnover savings. The recommendation increases unidentified unrestricted sources by the same amount. It also appears there are statewide savings from non-general revenue sources not taken. The Assembly concurred.*

Rhode Island College. The College requested \$2.4 million or 1.7 percent less from unrestricted sources than enacted. This includes \$2.8 million or 3.7 percent less from tuition and fees, and \$0.4 million more from other unrestricted sources. The College projected FY 2019 enrollment of 6,429, which is an overall decrease of 430 or 6.3 percent compared to the enrollment assumptions in the FY 2019 enacted budget. The enacted budget assumed 5,797 in-state students and 1,062 out-of-state students. The revised allocation assumes 381 or 6.6 percent fewer in-state students and 49 or 4.6 percent fewer out-of-state students.

The revised allocation includes \$2.3 million less than enacted for salaries and benefits due to a staffing initiative to keep vacant positions open, \$0.9 million less for an internal reallocation of funding for auxiliary support, \$0.3 million less for student aid consistent with lower enrollments, \$0.1 million less for capital expenses, and \$36,671 less for contracted consulting and educational services. These reductions are offset by an increase of \$0.3 million in utilities for Gaige Hall, Craig-Lee, and the new welcome center, \$0.2 million for rental and lease costs, \$0.1 million for insurance, and \$0.6 million for all remaining expenses.

*The Governor recommended \$483,585 less than requested from general revenues for statewide savings initiatives. General revenue savings include \$272,591 less from benefit savings and \$210,944 less from statewide turnover savings. The recommendation increases unidentified unrestricted sources by the same amount. It also appears there are statewide savings from non-general revenue sources not taken. The Assembly concurred.*

Community College of Rhode Island. The Community College requested \$0.6 million or 0.5 percent less than enacted from unrestricted sources. This includes \$1.0 million or 1.9 percent less than enacted from tuition and fees, the enacted level from general revenues, and \$460,358 more than enacted from other unrestricted sources. The enrollment projection of 9,051 students is consistent with the enacted budget's assumptions.

The revised allocation includes \$1.0 million less than enacted for salaries and benefits because of a campus-wide effort to delay filling vacancies from retirements, \$0.5 million for contracted interim positions and a one-time cyber security assessment, \$0.2 million less for facility based maintenance contracts, \$0.1 million less in unrestricted student aid, and \$0.2 million more for utilities. The Community College is responsible for running the educational component of the training program at the Westerly Center. The Center takes in the revenue from Electric Boat and reimburses the Community College based on a rate per class section. The remaining \$0.3 million increase is for contracted instructors for Electric Boat at the Westerly Higher Education Center.

*The Governor recommended \$546,690 less than requested from general revenues for statewide savings initiatives. General revenue savings include \$321,821 less from benefit savings and \$224,869 less from statewide turnover savings. The recommendation increases unidentified unrestricted sources by the same amount. It also appears there are statewide savings from non-general revenue sources not taken. The Assembly concurred.*

**Restricted Source Operations.** The restricted budget is composed of what are generally thought of as restricted receipt funds or enterprise funds. They include residence hall funds, dining funds and any other funds whose sources are limited to use for certain purposes. Federal funds are considered restricted use. The revised restricted budget includes \$2.5 million more than enacted from restricted sources for general operating expenditures including \$0.8 million more for salaries and benefits, \$0.2 million less for contracted services, and \$3.5 million more for operations.

*The Governor recommended \$1.0 million less than enacted and \$0.5 million more than requested for restricted source operations. This includes \$71,000 from restricted source distance learning fees to support operations for the Office of Postsecondary Commissioner noted earlier, and \$0.5 million more from Rhode Island Capital Plan funds.*

*The Governor subsequently requested an amendment to add \$0.2 million from two new grants. This includes \$23,395 from the Lumina Foundation to establish a communications strategy to assist in increasing postsecondary enrollment for working-age adults. It also includes \$147,213 from the Walmart Foundation to help develop a pathway to higher education for populations that have traditionally faced barriers to employment. This two-year grant also includes \$0.6 million for FY 2020. The requested amendment also adds restricted receipt expenditures of \$30,000 for each FY 2019 and FY 2020 for the Nursing Education Center. Revenues would come from renting out common space for outside events. The Assembly did not add the restricted receipt expenditures for the Nursing Education Center but concurred with the remainder of the recommendation.*

**Restricted Source Student Aid.** The revised budget includes an \$11.7 million decrease for restricted source student aid. Of the total decrease, \$2.6 million reflects the Community College's exclusion of funding for the Promise Program to prevent double counting, as program expenses are reported in the Office of Postsecondary Commissioner's budget. The exclusion of the Promise Scholarship from the budget request is offset by a \$3.6 million increase in Pell Grant funding, as the Community College has required all new students to complete the Free Application for Federal Student Aid. The College included a \$1.0 million increase from Pell Grant awards and a \$0.2 million increase in tuition waivers, for a total increase of \$1.2 million in restricted student aid. The University projected a \$10.7 million reduction from restricted source student aid, which reflects the reduction in federal direct and parent loan programs. The Office's revised budget includes \$0.4 million more than enacted for the GEAR-UP grant, adjusted from the enacted budget to include the full value of the award. *The Governor recommended funding as requested. The Assembly concurred.*

**Restricted Capital Improvements.** The revised budget includes a \$7.5 million increase, including \$11.8 million more from Rhode Island Capital Plan funds for restricted source capital expenditures. Of the total increase, \$10.4 million is related to the advancement of the College's Academic Building Phase I project, and the advancement of infrastructure and asset protection projects. These increases are offset by the College delaying its student services renovation, and the roof replacement for several residential halls, reducing the College's capital expenses by \$4.2 million. The Community College has also advanced several of its asset protection projects for a total increase of \$1.4 million. *The Governor recommended \$0.5 million more than requested from Rhode Island Capital Plan funds for projects at the College and University.*

*The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. The revisions to the initial recommendations align the Governor's recommendation to her priorities given available resources. In some cases, there were also unrelated changes that cause a discrepancy between the capital budget and the amounts identified in the appropriations bills. For Higher Education, Rhode Island Capital Plan funds increase by \$2.8 million. Funding for the University's Biological Resources Lab increases by \$0.7 million for FY 2019 to correct the University's request and accurately reflect carry-forward balances. The College's Academic Building Phase I had \$2.0 million accelerated from FY 2020 to FY 2019 to match the College's request reflecting anticipated completion in FY 2019, and the College's Academic Building Phase IV had \$150,000 restored for FY 2019 to complete a feasibility study originally approved as part of the Academic Building Phase III project.*

*The Governor subsequently requested an amendment to remove \$2.8 million for the University's Biological Resources Lab project in FY 2019 based on a revised construction schedule and advance \$2.0 million for FY 2020 to FY 2019 for the College's Academic Building Phase I project to reflect an updated project schedule. The Governor also requested an amendment to shift \$1.8 million from FY 2019 to FY 2020 for the Northern Rhode Island Education Center project. As of June, the final site had still not been determined and there are outstanding questions about what the funding will support given current indications that leased space is being considered.*

**The Assembly concurred. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

**Restricted Debt Service.** The revised budget increases restricted use debt service costs by \$0.1 million. The increase is primarily due to the University incurring its first year of debt service for Brookside Apartments, the 500-bed apartment complex opening for the fall semester of 2019. *The Governor recommended funding as requested. The Assembly concurred.*

## Rhode Island State Council on the Arts

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 884,429                  | \$ 950,201                 | \$ 923,581                 | \$ 923,581               |
| Contracted Services              | 66,504                      | 45,200                     | 46,400                     | 46,400                   |
| <b>Subtotal</b>                  | <b>\$ 950,933</b>           | <b>\$ 995,401</b>          | <b>\$ 969,981</b>          | <b>\$ 969,981</b>        |
| Other State Operations           | 146,428                     | 184,580                    | 185,470                    | 195,470                  |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | 1,555,309                   | 1,591,865                  | 1,591,865                  | 1,680,141                |
| Capital                          | 259,487                     | 360,200                    | 1,175,000                  | 559,000                  |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 2,912,157</b>         | <b>\$ 3,132,046</b>        | <b>\$ 3,922,316</b>        | <b>\$ 3,404,592</b>      |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 1,919,767                | \$ 2,007,993               | \$ 1,977,819               | \$ 1,977,819             |
| Federal Aid                      | 671,367                     | 719,053                    | 723,497                    | 811,773                  |
| Restricted Receipts              | 7,950                       | 5,000                      | 5,000                      | 15,000                   |
| Other                            | 313,073                     | 400,000                    | 1,216,000                  | 600,000                  |
| <b>Total</b>                     | <b>\$ 2,912,157</b>         | <b>\$ 3,132,046</b>        | <b>\$ 3,922,316</b>        | <b>\$ 3,404,592</b>      |
| <b>FTE Authorization</b>         |                             | <b>8.6</b>                 | <b>8.6</b>                 | <b>8.6</b>               |
| <b>FTE Average</b>               |                             | <b>8.2</b>                 |                            |                          |

**FY 2019 Revised Request.** The Rhode Island State Council on the Arts requested \$0.8 million more than enacted from all sources, including \$26,099 less from general revenues, \$4,444 more from federal funds, and \$0.8 million more from Percent for Art funds.

*The Governor recommended \$3.9 million from all sources, \$0.8 million more than enacted, including \$30,174 less from general revenues. This includes \$4,075 of statewide savings, noted below where appropriate.*

**The Assembly provided \$0.5 million less than recommended, including \$0.6 million less for Percent for Art funds, \$88,276 more from federal funds, and \$10,000 more from restricted receipts.**

**Centralized Services.** The Council requested the enacted amount of \$45,750 from general revenues for its share of centralized services. The state uses internal service funds to reimburse one agency for services provided to another. Agencies receiving these services are charged for the costs which in turn pay for the staff and expenses. 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. The request was \$5,924 more than actual FY 2018 expenditures. *The Governor recommended \$2,763 more than requested for information technology support based on billings through November. The Assembly concurred.*

**Percent for Art Program.** The Council requested \$0.8 million more than enacted for the Percent for Art program for public art projects at various new state-owned facilities. Most of the increase is for project expenses with \$1,200 for consultant personnel. This reflects eight projects, of which half are anticipated to close in the current year. The request is roughly 80.5 percent of total program expenditures for the four prior fiscal years, and may overstate the actual project completion timeline. *The Governor recommended funding as requested. The Assembly provided \$0.2 million more than enacted and \$0.6 million less than recommended based on updated project timelines.*

**Staffing and Operations.** The Council requested \$21,655 less from all sources including \$26,099 less from general revenues and \$4,444 more from federal funds for staffing. The Council's statutorily required first quarter report assumes there are no general revenue savings; the discrepancy appears to stem from a technical issue with the budget submission system. *The Governor recommended \$6,838 less than requested, including statewide benefit savings of \$4,965. She also included \$1,873 in potential savings from three savings initiatives designated to reduce operating costs. The Assembly concurred.*

**Grants.** The Council requested the enacted amount of \$1.6 million, including \$1.2 million from general revenues. *The Governor recommended funding as requested. Subsequent to the budget submission, the Governor requested an amendment to increase federal funds by \$88,276 to reflect additional resources available from the prior year, and increase restricted receipts by \$10,000 for a new Arts and Health Network Grant. The Assembly concurred.*

**Administrative Bond Expenses.** The Council requested \$15,000 from general obligation bond proceeds to administer the Creative and Cultural Economy Bond approved by voters in November 2016 in error; bond proceeds are not included in operating budgets. *The Governor's recommendation excludes these funds. The Assembly concurred.*

## Rhode Island Atomic Energy Commission

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 1,070,590                | \$ 1,106,642               | \$ 1,115,630               | \$ 1,115,630             |
| Contracted Services              | 760                         | 1,109                      | 270                        | 270                      |
| <b>Subtotal</b>                  | <b>\$ 1,071,350</b>         | <b>\$ 1,107,751</b>        | <b>\$ 1,115,900</b>        | <b>\$ 1,115,900</b>      |
| Other State Operations           | 197,281                     | 226,219                    | 167,537                    | 167,537                  |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | -                           | -                          | -                          | -                        |
| Capital                          | 87,749                      | 162,817                    | 90,817                     | 90,817                   |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 1,356,380</b>         | <b>\$ 1,496,787</b>        | <b>\$ 1,374,254</b>        | <b>\$ 1,374,254</b>      |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 982,299                  | \$ 1,078,908               | \$ 1,018,455               | \$ 1,018,455             |
| Federal Aid                      | 28,948                      | -                          | 7,936                      | 7,936                    |
| Restricted Receipts              | -                           | 99,000                     | 27,000                     | 27,000                   |
| Other                            | 345,133                     | 318,879                    | 320,863                    | 320,863                  |
| <b>Total</b>                     | <b>\$ 1,356,380</b>         | <b>\$ 1,496,787</b>        | <b>\$ 1,374,254</b>        | <b>\$ 1,374,254</b>      |
| <b>FTE Authorization</b>         | <b>8.6</b>                  | <b>8.6</b>                 | <b>8.6</b>                 | <b>8.6</b>               |
| <b>FTE Average</b>               | <b>8.6</b>                  |                            |                            |                          |

**FY 2019 Revised Request.** The Rhode Island Atomic Energy Commission requested \$59,216 less than enacted from all sources, including \$72,000 less from restricted receipts, \$4,301 less from general revenues, \$15,101 more from federal funds, and \$1,984 more from University of Rhode Island Sponsored Research funds. *The Governor recommended \$0.1 million less than enacted and \$0.1 million less than requested. General revenues are \$60,453 less than enacted and \$56,152 less than requested. This includes \$7,891 in statewide savings, noted below where appropriate. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. The Commission's revised request of \$59,429 from general revenues for information technology services is consistent with the enacted budget, and is \$51,885 more than FY 2018 expenditures. *The Governor recommended \$48,261 less than requested based on billings through November. The Assembly concurred.*

**Carry Forward Federal Grants.** The Commission's revised request includes \$15,101 more than enacted from federal funds to reflect unspent grant balances from FY 2018 carried forward to FY 2019. This includes the U.S. Nuclear Regulatory Commission Nuclear Education Grant, which is used to support

student projects and internships, and the Nuclear Energy Research, Development and Demonstration Grant, which is used for nuclear reactor upgrades and instrumentation. It appears only \$7,936 is available to carry forward based on FY 2018 expenditures. *The Governor recommended \$7,165 less than requested based on balances available to carry forward. The Assembly concurred.*

**Salaries and Benefits.** The Commission's revised request includes \$13,121 more than enacted from all sources, including \$10,787 from general revenues and \$2,334 from University research funds to fully fund the Commission's 8.6 full-time equivalent positions. The requested increase includes step increases not accounted for in the enacted budget. *The Governor recommended \$4,133 less from general revenues than requested to reflect statewide benefit savings. It appears there are statewide savings in other non-general revenue sources not taken. The Assembly concurred.*

**Other Operations.** The Commission's revised request includes \$15,438 less than enacted from all sources, including \$15,088 from general revenues and \$350 from University research funds for all other expenses. This reduction is consistent with the FY 2018 expenditures. *The Governor recommended \$3,758 less from general revenues than requested, based on three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

**Reactor Fee Receipts.** The Commission charges reactor fees for commercial utilization of the reactor based on the organizational status of the requesting agency and the quantity of reactor time requested. Reactor fees were historically deposited as general revenues and averaged approximately \$20,000 annually over the last five years. The 2018 Assembly created a restricted receipt account for the reactor fee revenues to be used for the maintenance of the Commission's equipment and assumed \$99,000 for FY 2019. The Commission's revised request includes \$72,000 less than enacted from restricted receipts based on revisions to expected commercial utilization of the reactor. Reactor fees collected through the first quarter total \$2,500. *The Governor recommended funding as requested. The Assembly concurred.*

## Historical Preservation and Heritage Commission

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 1,504,240                | \$ 1,686,107               | \$ 1,739,950               | \$ 1,583,468             |
| Contracted Services              | 4,714                       | -                          | -                          | -                        |
| <b>Subtotal</b>                  | <b>\$ 1,508,954</b>         | <b>\$ 1,686,107</b>        | <b>\$ 1,739,950</b>        | <b>\$ 1,583,468</b>      |
| Other State Operations           | 146,856                     | 156,191                    | 264,672                    | 264,672                  |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | 325,708                     | 610,728                    | 786,968                    | 786,968                  |
| Capital                          | 2,510                       | 1,000                      | 1,000                      | 1,000                    |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 1,984,028</b>         | <b>\$ 2,454,026</b>        | <b>\$ 2,792,590</b>        | <b>\$ 2,636,108</b>      |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 1,031,076                | \$ 1,210,054               | \$ 1,381,551               | \$ 1,225,069             |
| Federal Aid                      | 794,495                     | 696,513                    | 846,018                    | 846,018                  |
| Restricted Receipts              | 67,463                      | 465,870                    | 439,802                    | 439,802                  |
| Other                            | 90,994                      | 81,589                     | 125,219                    | 125,219                  |
| <b>Total</b>                     | <b>\$ 1,984,028</b>         | <b>\$ 2,454,026</b>        | <b>\$ 2,792,590</b>        | <b>\$ 2,636,108</b>      |
| <b>FTE Authorization</b>         |                             | <b>15.6</b>                |                            | <b>15.6</b>              |
| <b>FTE Average</b>               |                             | <b>14.6</b>                |                            | <b>15.6</b>              |

**FY 2019 Revised Request.** The Commission requested \$3.0 million more than enacted, including \$0.3 million more from general revenues, \$13,008 more from federal funds, \$40,705 less from restricted receipts, and \$43,630 more from Department of Transportation reimbursements. The changes also include \$2.8 million from general obligation bonds for state preservation grants in error. *The Governor recommended \$0.3 million more than enacted. The general revenue recommendation is \$0.2 million more than enacted and \$0.1 million less than requested and includes \$16,080 of statewide savings, noted below where appropriate. The Assembly provided \$156,482 less from general revenues than recommended to reflect additional turnover savings.*

**Department of Transportation Project Review.** The Commission requested \$43,630 more for personnel and operating expenditures from Department of Transportation reimbursements related to project review. The Commission reported that the Department has increased the number of projects that require the Commission's review. The added funding includes \$2,630 more for salaries and benefits for 1.0 full-time equivalent position's cost-of-living adjustment. The request also includes \$41,000 for miscellaneous expenditures that the Commission will pay for site visits and training. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salaries and Benefits.** The Commission requested \$63,525 more than enacted from all funds to fully fund the remaining 14.6 full-time equivalent positions, including \$267,762 more from general revenues, \$163,232 less from federal funds, and \$41,005 less from restricted receipts. The request also appears to be overstated by \$26,116. The request shifts personnel expenditures from federal funds and

restricted receipts to general revenues because the Commission indicated there is not enough funding available. This contention is not supported by the facts, which shows there is enough federal funding to support 4.1 full-time equivalent positions and there is at least \$20,000 available for personnel costs from the Historic Preservation Easement Fund. *The Governor recommended \$12,312 less from all sources than requested to reflect general revenue savings from statewide benefit adjustments. The recommendation does not include the requested shift from general revenues to federal funds but does provide \$0.1 million more from general revenues than enacted. It does not appear to adjust the overstated costs in the request. The Assembly provided \$156,482 less from general revenues to reflect turnover savings.*

**Hurricane Sandy Disaster Relief.** The Commission requested \$130,000 from federal funds for Hurricane Sandy Disaster Relief costs. Funding was not included in the enacted budget because the federal funding period was supposed to be finished at the time the budget was enacted. The funding was scheduled to close in April 2018 but the Commission received an extension to close out the grant by December 31, 2018 because of delays. This grant reimburses historic property owners whose property was damaged by Hurricane Sandy in 2012. *The Governor recommended funding as requested. The Assembly concurred.*

**National Maritime Heritage Grant.** The Commission requested \$45,000 more from federal funds for ongoing National Park Service projects funded by the National Maritime Heritage grant. The Commission is a pass-through organization for the Steamship Historical Society of America and the Block Island Southeast Lighthouse Cast Iron Restoration. Each grant recipient must match grants dollar for dollar. The enacted budget only accounts for the funding for the Steamship Historical Society of America. The Block Island Southeast Lighthouse Cast Iron Restoration project started on August 22, 2018. *The Governor recommended funding as requested. The Assembly concurred.*

**State Preservation Grants Program.** The Commission's request includes \$2.8 million from general obligation bond funds currently being spent. General obligation bond funds do not appear in agency operating budgets. They are shown in the capital budget and only the debt payments appear as appropriations. *The Governor's budget correctly excludes this from the operating budget. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. Consistent with the enacted budget, the request includes \$96,125 from general revenues for the Commission's share of centralized services. This includes \$62,955 for facilities management and \$31,770 for information technology services. *The Governor recommended \$63,716 more than requested, including \$49,780 for facilities management and \$13,936 for information technology services based on billings through November and December 2018 and updated costs for Microsoft Office 365. The budget assumes \$59,201 more for facilities management than spent in FY 2018. The Assembly concurred.*

**Other Operations.** The Commission requested \$9,080 more from all funds including \$7,540 from general revenues for all other expenses. Expenditures include \$10,300 more from general revenues for the relocation of the new executive director consistent with the employment contract approved by the Commission, and \$1,240 more from the U.S. Under-Represented Communities Grant. Other changes largely reflect FY 2018 expenditures. *The Governor recommended \$4,075 less than requested from general revenues which includes \$3,765 for three separate statewide savings initiatives and \$310 to adjust operating expenses with FY 2018 expenditures. The Assembly concurred.*

## Office of the Attorney General

|                                   | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|-----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Program</b>    |                             |                            |                            |                          |
| Criminal                          | \$ 37,471,882               | \$ 30,075,358              | \$ 32,986,954              | \$ 30,845,954            |
| Civil                             | 5,445,083                   | 6,319,231                  | 6,290,003                  | 5,890,003                |
| Bureau of Criminal Identification | 1,601,805                   | 1,731,361                  | 1,716,316                  | 1,716,316                |
| General                           | 3,213,190                   | 3,477,026                  | 3,409,886                  | 3,409,886                |
| <b>Total</b>                      | <b>\$ 47,731,960</b>        | <b>\$ 41,602,976</b>       | <b>\$ 44,403,159</b>       | <b>\$ 41,862,159</b>     |
| <b>Expenditures by Category</b>   |                             |                            |                            |                          |
| Salaries and Benefits             | \$ 25,376,255               | \$ 27,396,599              | \$ 27,196,590              | \$ 25,305,590            |
| Contracted Services               | 510,424                     | 2,026,425                  | 2,505,217                  | 1,505,217                |
| <b>Subtotal</b>                   | <b>\$ 25,886,679</b>        | <b>\$ 29,423,024</b>       | <b>\$ 29,701,807</b>       | <b>\$ 26,810,807</b>     |
| Other State Operations            | 3,159,498                   | 2,778,551                  | 2,972,260                  | 2,972,260                |
| Aid to Local Units of Government  | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits  | -                           | -                          | -                          | -                        |
| Capital                           | 18,685,783                  | 9,401,401                  | 11,729,092                 | 12,079,092               |
| Capital Debt Service              | -                           | -                          | -                          | -                        |
| Operating Transfers               | -                           | -                          | -                          | -                        |
| <b>Total</b>                      | <b>\$ 47,731,960</b>        | <b>\$ 41,602,976</b>       | <b>\$ 44,403,159</b>       | <b>\$ 41,862,159</b>     |
| <b>Sources of Funds</b>           |                             |                            |                            |                          |
| General Revenue                   | \$ 25,296,491               | \$ 27,959,192              | \$ 27,745,213              | \$ 25,604,213            |
| Federal Aid                       | 21,612,204                  | 12,710,334                 | 15,377,486                 | 14,977,486               |
| Restricted Receipts               | 673,265                     | 783,450                    | 1,130,460                  | 1,130,460                |
| Other                             | 150,000                     | 150,000                    | 150,000                    | 150,000                  |
| <b>Total</b>                      | <b>\$ 47,731,960</b>        | <b>\$ 41,602,976</b>       | <b>\$ 44,403,159</b>       | <b>\$ 41,862,159</b>     |
| <b>FTE Authorization</b>          | 235.1                       | 237.1                      | 237.1                      | 237.1                    |
| <b>FTE Average</b>                | 229.0                       |                            |                            |                          |

**FY 2019 Revised Request.** The Office of the Attorney General requested \$2.8 million more than enacted from all sources, including \$0.3 million less from general revenues, \$2.7 million more from federal funds, and \$0.4 million more from restricted receipts. *The Governor recommended \$47,593 more than requested including \$0.1 million more from general revenues. This includes \$235,196 of statewide savings, noted below where appropriate. The Assembly provided \$2.5 million less than recommended, including \$2.1 million less from general revenues and \$0.4 million less from federal funds.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. The Office's revised request of \$29,581 from general revenues for information technology services is consistent with the

enacted budget, and is \$4,699 less than actual FY 2018 expenditures. *The Governor recommended \$21,217 more than requested based on billings through November. The recommendation is \$16,518 more than FY 2018 expenditures. The Assembly concurred.*

**Volkswagen Settlement.** Volkswagen has agreed to settle allegations that it violated the federal Clean Air Act by selling vehicles that emit air pollution over the legal limit, and by cheating on federal emission tests to hide the excess pollution. As part of the settlement, states are eligible to receive funds to pay part of the cost of projects to reduce diesel emissions from vehicles, to install electric vehicle infrastructure, and conduct other environmentally beneficial projects; the state will receive a total of \$18.5 million. The Department of Environmental Management is the designated state agency for implementation of a Beneficiary Mitigation Plan for use of \$14.4 million of the Volkswagen Settlement funds. The plan would use approximately \$10.0 million to replace 20 Rhode Island Public Transit Authority diesel buses with zero-emission electric buses and purchase associated charging equipment over 10 years. Other uses of the funds are \$1.5 million to expand vehicle charging stations throughout the state for personal electric cars and \$2.2 million for the administrative costs to implement these initiatives. The remaining \$4.1 million in settlement funds were awarded to the Office of the Attorney General and will be spent on “environmentally beneficial projects” as directed by the Attorney General.

The Office indicated that funding will be completely disbursed in FY 2019 for all projects except the Healthy Homes Healthy Rhode Island initiative through Roger Williams University in conjunction with HousingWorks of Rhode Island. Each project will have a correlating memorandum of understanding. It does not appear that any funds will pass through the Office’s budget. *The Governor’s revised recommendation includes funding in the budgets of the Departments of Health, and Environmental Management. The Assembly concurred.*

**Salaries and Benefits.** The Office’s revised request reduces salary and benefit expenses by \$185,681 from all sources, including \$423,377 less from general revenues, \$209,113 more from federal funds and \$28,583 more from restricted receipts. The request restores federal funds that were previously removed due to funding uncertainty, resulting in a like amount of general revenue savings. Additional changes reflect current employee benefit selections and additional turnover savings equivalent to approximately 1.0 position. The enacted budget assumes turnover equivalent to 6.0 positions.

Subsequent to the original budget submission, the Office provided information that it overstated the availability of several federal grants. *The Governor recommended \$14,328 less than requested from all sources, including \$59,351 more from general revenues. This includes \$190,344 less from general revenues from statewide benefits savings, shifts roughly 0.6 position from federal funds to general revenues, and restores turnover savings equal to 1.6 positions. The recommendation appears to be utilizing general revenues instead of federal funds for certain personnel expenses, even if federal funding is available. It also appears there are statewide savings from non-general revenue sources not taken. The Assembly included savings of \$1.9 million from general revenues based on the Office’s third quarter report.*

**New Building Maintenance.** The Office’s revised request includes \$75,492 more than enacted from Google Settlement funds to support ongoing maintenance for the new building located at 4 Howard Avenue. Maintenance services include grounds keeping, janitorial, security and fire protection. The amount requested reflects the Office’s best estimate for service costs based on similar services at 180 South Main Street. The enacted budget includes \$17,462 for maintenance services, as a cost estimate for all services was not developed. *The Governor recommended funding as requested. The Assembly concurred.*

**Capital Improvements.** The Office’s revised request includes \$2.1 million more than the \$9.8 million enacted from Google Settlement funds to support capital improvement projects that were extended into FY 2019. Since FY 2013, Google Settlement funds have supported expansion efforts along with major renovation and improvement projects, including construction of the new building at Howard Avenue,

acquisition of 180 South Main Street, major renovations of the Licht Judicial Complex and Main Street locations, and technology enhancements for operating systems within each division.

Projects supported by Google Settlement funds are approved by the Department of Justice, and are separate from asset protection projects supported by Rhode Island Capital Plan funds. The Office's request for asset protection is consistent with the capital request and the approved capital plan. *The Governor recommended funding as requested. The Governor requested an amendment to add \$350,000 from Google Settlement funds to purchase furniture. The Assembly concurred. A detailed analysis of the project is included in the Capital Budget section of this publication.*

**Contracted Information Technologies Project Manager.** The revised request includes \$45,500 from general revenues to support a contracted Information Technologies Project Manager through December, 2018. The enacted budget assumed this cost would be supported by Google Settlement funds, as approved by the Department of Justice. However, the approved hours under contract have been exhausted and the Department of Justice has denied the Office's request to support the position through project completion. This position is the Office's main point of contact for development and oversight of the upgrades to the Automated Fingerprint Identification System, the Criminal Case Management System, Civil Case Management System, Precious Metals System and Criminal History systems.

Enhancements to the criminal case management and the civil case management systems are still under development, potentially requiring contract renewal in January 2019. The Office has indicated that it is unknown if this contracted position will renew under the new administration. *The Governor recommended \$54,500 more than requested from general revenues to support services through the end of FY 2019. The Assembly concurred.*

**Rhode Island Victims Outreach.** The Office's revised request includes \$398,121 from federal funds to reflect a new award for the development of software enabling data for the case management system to integrate with the current victim notification system maintained by the Department of Corrections. This system would provide a platform where victims of crime are able to access pertinent information relating to their cases, centralizing data currently maintained separately by the Attorney General, Department of Corrections and the Treasury. *The Governor recommended funding as requested. The Assembly concurred.*

**Medicaid Fraud and Abuse System.** The Office's revised request of \$1.0 million for a new data mining system is consistent with the enacted budget. Funding includes \$750,000 from federal Medicaid funds matched by \$250,000 from general revenues. The Medicaid Fraud Unit will contract with an outside vendor to provide the data mining system to enhance its efforts to combat fraud, waste and abuse in the state's Medicaid program. The cost of that system was originally requested to be spread over two fiscal years because of potential timing issues with the award and implementation. A delay led all the funding to be included in the FY 2019 enacted budget. A Request for Proposals for potential vendors was issued in October 2017; however, a vendor has yet to be determined. The Office has indicated that the direction of this project is contingent on the new administration. It appears the current request was intended to shift funding to FY 2020 to account for the new delay; instead it keeps \$1.0 million in both years. *The Governor recommended funding as requested. The Assembly removed the funding based on updated information that the Office has placed the project on hold.*

**Consumer Education - Carbon Study.** The 2017 Assembly passed Senate Bill 0108 as amended, which made changes to the Rhode Island General Law, Section 42-6.2-2 of the Resilient Rhode Island Act of 2014 – Climate Change Coordinating Council. This bill directed the Council to submit a plan to the Governor and General Assembly detailing strategies, programs and actions to meet specific targets for greenhouse gas emissions reductions by December 31, 2017. The Council has not developed a plan, as it has been

unable to obtain financial support for the costs of the carbon study, which were estimated at \$250,000 by the Department of Environmental Management.

The Office requested \$285,343 in new funding from restricted receipts to complete a carbon study on behalf of the Council. This study will assist the Council in advancing the state's understanding of the effects of climate change, develop a strategy to meet targets established for greenhouse gas emissions reductions, and educate the public through community outreach and education. The request includes \$250,000 for completing the study and \$35,343 for publishing consumer materials. The Office's FY 2020 request includes \$36,518 to complete distribution of the materials. The carbon study will be funded by restricted receipts generated from previous consumer oriented settlement awards. These funds are managed at the sole discretion of the Attorney General. It is unclear why this request was not included in the enacted budget. *The Governor recommended funding as requested. The Assembly concurred.*

**Transition Costs.** The Office's revised request includes \$27,035 from general revenues for transition costs for the newly elected Attorney General, which is \$31,041 less than enacted. The Office indicated the reduction was inadvertent. *The Governor recommended \$58,076 from general revenues, consistent with the enacted budget. The Assembly concurred.*

**Other Operations.** The Office requested \$0.2 million more than enacted from all sources for all other expenses. This includes \$73,667 more from general revenues, \$35,286 more from federal funds and \$43,468 more from restricted receipts. The increased expenses include \$27,427 for the reorganization of the Newport County Office, \$26,104 for networking and technology support, \$91,023 for software renewals, \$12,731 for parking lot maintenance, and \$40,178 for subscriptions, dues and fees. These expenses are offset by reducing rented record storage space.

*The Governor recommended \$44,837 less than requested from general revenues to reflect three separate statewide savings initiatives designed to reduce operating costs, and \$15 more for audit fees based on subsequent information from the Office. The Assembly concurred.*

## Department of Corrections

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Program</b>   |                             |                            |                            |                          |
| Central Management               | \$ 14,961,118               | \$ 16,175,973              | \$ 16,218,941              | \$ 16,440,941            |
| Parole Board                     | 1,268,802                   | 1,428,547                  | 1,481,382                  | 1,481,382                |
| Custody and Security             | 140,183,077                 | 141,718,871                | 141,936,388                | 141,936,388              |
| Institutional Support            | 27,803,243                  | 35,863,846                 | 34,925,635                 | 31,226,306               |
| Institutional Based Rehab/Pop    | 13,421,170                  | 14,367,039                 | 14,677,215                 | 14,677,215               |
| Healthcare Services              | 23,326,414                  | 24,186,222                 | 25,657,355                 | 25,657,355               |
| Community Corrections            | 15,773,406                  | 17,678,921                 | 16,668,605                 | 16,668,605               |
|                                  | <b>\$ 236,737,230</b>       | <b>\$ 251,419,419</b>      | <b>\$ 251,565,521</b>      | <b>\$ 248,088,192</b>    |
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 185,344,258              | \$ 190,554,770             | \$ 189,063,639             | \$ 189,063,639           |
| Contracted Services              | 14,687,814                  | 14,739,394                 | 16,627,407                 | 16,627,407               |
|                                  | <b>\$ 200,032,072</b>       | <b>\$ 205,294,164</b>      | <b>\$ 205,691,046</b>      | <b>\$ 205,691,046</b>    |
| Other State Operations           | 29,970,234                  | 30,527,921                 | 29,111,218                 | 29,333,218               |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | 1,821,341                   | 2,711,546                  | 2,711,546                  | 2,711,546                |
| Capital                          | 4,913,583                   | 12,885,788                 | 14,051,711                 | 10,352,382               |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 236,737,230</b>       | <b>\$ 251,419,419</b>      | <b>\$ 251,565,521</b>      | <b>\$ 248,088,192</b>    |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 231,528,875              | \$ 237,063,223             | \$ 235,649,651             | \$ 235,747,418           |
| Federal Aid                      | 835,705                     | 1,796,840                  | 2,217,131                  | 2,341,364                |
| Restricted Receipts              | 59,329                      | 59,356                     | 64,399                     | 64,399                   |
| Other                            | 4,313,321                   | 12,500,000                 | 13,634,340                 | 9,935,011                |
| <b>Total</b>                     | <b>\$ 236,737,230</b>       | <b>\$ 251,419,419</b>      | <b>\$ 251,565,521</b>      | <b>\$ 248,088,192</b>    |
| <b>FTE Authorization</b>         | <b>1,423.0</b>              | <b>1,416.0</b>             | <b>1,416.0</b>             | <b>1,416.0</b>           |
| <b>FTE Average</b>               | <b>1,332.8</b>              |                            |                            |                          |
| <b>Prison Population</b>         | <b>2,837</b>                | <b>2,849</b>               | <b>2,730</b>               | <b>2,730</b>             |

**FY 2019 Revised Request.** The Department requested \$4.1 million more than enacted from all sources of funds, including \$2.8 million more from general revenues. The Department's FY 2019 revised request is based on a population of 2,760 which is 89 fewer inmates than the enacted assumption. *The Governor recommended \$0.1 million more than enacted from all sources including \$1.4 million less from general revenues. The recommendation is \$3.9 million less than requested including \$4.2 million less from general revenues including statewide savings of \$3.2 million, noted below where appropriate. She subsequently requested several amendments, updating the asset protection project schedule and adjusting expenditures for staffing and centralized services. The Assembly provided \$3.5 million less than the original recommendation, mostly from Rhode Island Capital Plan funds.*

**Population.** The enacted budget is based on a population 2,849. The FY 2019 revised request is based on more current data and assumed a population of 2,760, which is 89 fewer than included in the enacted budget. The Department contracts with a firm to prepare population estimates, which has estimated the population for FY 2019 downward to 2,760. This is the population upon which the revised request is based.

Population reductions result in the greatest savings when there are enough to allow for the closure of housing modules. The maximum capacity of the prison is governed by the terms of an overcrowding lawsuit. In FY 2008, the Department reached an agreement with the federal courts to increase the allowed capacity at facilities from 4,085 to 4,265. The Donald Price Medium Security facility accounted for 360 bed spaces, but as of November 2011, there are no inmates housed there.

The following table depicts the recent history of budgeted and actual prison population from FY 2010 through FY 2019. The average population for the first five months of FY 2019 was 2,745.

| History          | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
|------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Request          | 4,008   | 3,709   | 3,416   | 3,231   | 3,152   | 3,170   | 3,292   | 3,260   | 3,059   | 2,865   |
| Governor         | 4,008   | 3,643   | 3,416   | 3,231   | 3,152   | 3,170   | 3,292   | 3,200   | 3,059   | 2,865   |
| Enacted          | 3,767   | 3,450   | 3,239   | 3,194   | 3,152   | 3,170   | 3,292   | 3,200   | 3,000   | 2,849   |
| Revised Request  | 3,669   | 3,350   | 3,264   | 3,146   | 3,192   | 3,239   | 3,206   | 3,058   | 2,853   | 2,760   |
| Governor Revised | 3,659   | 3,350   | 3,265   | 3,146   | 3,192   | 3,239   | 3,182   | 2,999   | 2,853   | 2,730   |
| Final            | 3,551   | 3,273   | 3,192   | 3,146   | 3,192   | 3,239   | 3,183   | 2,999   | 2,837   | 2,730   |
| Actual           | 3,502   | 3,273   | 3,191   | 3,160   | 3,214   | 3,183   | 3,068   | 2,958   | 2,784   | 2,665   |

*The Governor's revised recommendation assumes a population of 2,730 which is 30 less than requested and 119 less than assumed in the enacted budget. The average population through December was 2,728. The final FY 2019 population average was 2,665.*

### Institutional Corrections

**Hepatitis C Protocol Change.** The Executive Office of Health and Human Services' interpretation of federal requirements for Medicaid's Hepatitis C pharmaceutical authorization changed in July 2018 to require all patients be treated with costly curative medication for Hepatitis C regardless of the stage of the disease. The Department of Corrections follows the state's Medicaid protocols. Previously, the Department had only provided maintenance medication for inmates in the early stages of the disease and curative medication for inmates in more advanced stages which was the prior Medicaid standard. The Department expected to treat an additional 180 inmates for Hepatitis C in FY 2019 at an additional cost of \$4.5 million. Each inmate would receive 12 weeks of treatment. The Department's request does not include any additional funding though an estimate of \$4.5 million in additional expenses was noted in the Budget Office's first quarter report.

*The Governor recommended \$1.4 million more than enacted to treat 70 inmates beginning in December 2018. The recommendation includes classifying the Department as a sexually transmitted disease safety net clinic which allows it to purchase medication through the federal Public Health Service Act. To qualify for these funds, the Department must test every inmate for sexually transmitted diseases and the recommendation includes \$13,561 to conduct testing. The recommendation changes the treatment length from the initial projection of 12 weeks to 8 weeks and bases treatment costs on actual treatment cost done elsewhere through the Public Health Service Act. The recommendation assumes the lower rate to begin in December 2018. The Assembly concurred.*

**Population: Per Diem Expenditures.** The Department requested \$0.9 million more than enacted from general revenues for population related expenditures that are calculated on a per diem basis. The Department assumes a revised population of 2,760 which is 89 less than enacted. The major contributors to these expenses include medical costs, which includes both inpatient and outpatient services, as well as

contracted dentistry services. It also includes items such as food, inmate clothing and linens, and janitorial supplies. The Department spent \$5,497 per inmate for FY 2018. The revised request is \$0.4 million less than spent in FY 2018, reflecting a smaller population, but a higher per diem cost; it is 9.6 percent higher per inmate than the enacted amount. The enacted was \$4,938 per inmate annually; the revised request assumes \$5,418.

*The Governor recommended \$0.4 million less than requested. The recommendation includes \$0.1 million less to reflect a smaller population, and also includes \$0.2 million in estimated savings from a statewide prompt payment initiative which includes lower pharmaceutical costs. The Assembly concurred.*

**Rhode Island Brotherhood of Correctional Officers Contract.** The Department requested \$1.1 million from general revenues for items agreed upon by the state and the Rhode Island Brotherhood of Correctional Officers in August 2018 above the cost-of-living adjustment already funded in the enacted budget.

The most recent collective bargaining agreement was agreed upon in August 2018. Union members will receive the same cost-of-living adjustments as other state employees which began with the 2.0 percent increase on January 2018; this was included in the enacted budget. Additional items include the elimination of step 15 for certain classifications in the pay scale, a higher stipend for clothing allowances, and a stipend for completion of 40 hours of in-service training. The primary difference negotiated was regarding injured on duty compensation. In projections made during contract negotiations, the Department assumed costs of \$1.3 million in additional funds needed for injury compensation changes for the first 12 months; however, no additional funds were requested. *The Governor recommended funding as requested. The Assembly concurred.*

**Temporary Staff.** The Department requested \$0.1 million more from general revenues for temporary staff to fill critical position vacancies in institutional corrections until these positions can be filled. Most of the positions are for the Institutional Rehabilitation and Population Management Program's Rehabilitation Services. The Department plans to use temporary hires to fill vacancies in education, medical services (clerical), classification and reentry services. The revised request is consistent with FY 2018 actual costs. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salaries and Benefits.** The Department requested \$0.6 million more than enacted, including \$0.7 million from general revenues, for other institutional corrections staffing expenses. At the time of its budget request, the Department had 34 correctional officer vacancies and 19 other vacant positions in institutional corrections, the largest segment of its budget. The request assumes filling approximately five additional positions. The revised request includes \$5.0 million in additional overtime costs which is partially offset by \$4.4 million in turnover savings.

In FY 2018, the Department spent \$27.9 million for overtime in institutional corrections. The revised request is for \$3.1 million less than actually spent in FY 2018, as the Department hired 70 new correctional officers from Class 82 which began at the start of FY 2019.

Subsequently, as a part of its corrective action plan, the Department suggested it would not fill non-critical positions which will result in an unspecified amount in additional savings not specifically noted. *The Governor recommended \$2.1 million less than requested. This includes \$1.2 million for statewide benefit adjustments and \$0.9 million for the distribution of statewide turnover savings.*

*The Governor subsequently requested an amendment to add \$1.0 million for staffing expenses. The Assembly did not concur with the amendment based on actual spending through May and provided funding consistent with the original recommendation.*

**State Criminal Alien Assistance Program.** The Department requested \$5,083 less than enacted for its anticipated award for the State Criminal Alien Assistance Program. These federal funds provide payments for correctional officer staffing costs for incarcerating undocumented criminal aliens with at least one felony or two misdemeanor convictions for violations of state or local law and are incarcerated for at least 4 consecutive days. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$124,233 from federal funds to reflect the Department's actual award from the State Criminal Alien Assistance Program for FY 2019. The Assembly concurred and as these funds are used to substitute for state support, reduced general revenues by \$124,233.*

**Discharge Planning.** The Department's request is \$12,055 less than enacted for discharge planning services based on the new contract. Discharge planning helps provide services to prevent recidivism including residence, employment or qualifying for entitlement programs. Discharge planning services were previously provided by three different providers. A new contract began in September 2018.

During FY 2018, the Department reported that the previous contracts were not addressing all the needs of inmate's upon release. It believed the vendors were having difficulty retaining staff due to low hourly rates being paid by the providers. The new contract includes a wage provision requiring prevailing wages for discharge planning positions in order to retain staff who provide the necessary services to inmates. In FY 2018, the Department spent \$1.6 million which is \$0.5 million less than the revised request. *The Governor recommended funding as requested. The Assembly concurred.*

**Medication Assisted Treatment Program.** The Department requested an additional \$0.2 million from federal funds for the medication-assisted treatment program for opioid users that began in FY 2017. The funds are used to screen for opioid use and disorders and conduct an assessment of new inmates to determine treatment options. The initiative is also intended to start medication-assisted treatment prior to release with community referral for ongoing treatment. The Department reported that approximately 70 to 90 percent of inmates suffer from drug and/or alcohol abuse. In FY 2018, the Department served 1,331 individuals through this program; an average of 242 inmates were treated per day.

The Department indicated it intended to only request \$0.1 million more to be used primarily for a nurse case manager whose funding comes from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. Originally, this position had only been funded through April 2018. In the first quarter of FY 2019, the Department was informed additional funding is now available and signed a memorandum of understanding to extend funding through September 2019. *The Governor recommended funding as requested. The Assembly concurred.*

**Mental Health Services.** The Department requested \$0.3 million more from general revenues to ensure mental health services are available to inmates consistent with federal guidance. The revised request is \$0.4 million more than FY 2018 actuals; the Department attributed this increase to actual contract costs for FY 2019.

The Department spent \$1.5 million in FY 2018 on its partnership with Lifespan which is consistent with the FY 2019 enacted budget. However, the revised request is for \$1.7 million. The services provided by Lifespan include on-site psychiatrist services Monday through Friday, as well as on call hours for weekends in sentenced facilities. For the awaiting sentencing population, services are provided on-site seven days a week and on call for 12 hours per day all week. This includes a clinical nurse on-site with the psychiatrist. The Department also requested \$0.1 million more for substance abuse counseling and \$24,658 for dialectical behavior therapy. *The Governor concurred with the request with the exception of additional funding for dialectical behavioral therapy. The Assembly concurred.*

**Cognitive Behavioral Therapy.** The Department requested \$0.1 million more from general revenues to extend its cognitive behavioral therapy program. The revised request includes an additional \$0.1 million to expand the program to include services at the Maximum Security facility. The Department historically provided evidence-based programming to incarcerated individuals, but not to probationers and parolees. For FY 2017, the Assembly added 4.0 new probation and parole officers for the Department's risk assessment unit. However, the program was not launched until FY 2018 due to delays in contracting services. The goal of this program is to decrease the recidivism rate among the probation and parole population as it is a driving factor of incarceration rates. Services are currently provided at the Medium Security facility.

As of December, the Department was still seeking bid proposals for service provisions at Maximum Security. The Department seeks to include elements that will help treat inmates with gang affiliations that are housed at this facility. It is worth noting the Department requested additional funds despite underspending by \$0.5 million in FY 2018. *The Governor recommended funding consistent with the enacted level. The Assembly concurred.*

**New Vehicles.** The Department requested \$0.1 million from general revenues to purchase 13 new vehicles in FY 2019 through the State Fleet Revolving Fund. The Department indicated that it buys new vehicles each year to replace vehicles that no longer sufficiently fulfill Department needs. However, these vehicles have typically been purchased outright from general revenues which are not budgeted for this purpose. In FY 2018, the Department purchased several vehicles totaling \$0.5 million despite no funding allocated for such expenses. As the request is for use of the State Fleet Revolving Fund, the request is for a three-year commitment including payments for FY 2020 and FY 2021. *The Governor did not recommend funding. The Assembly concurred.*

**Nursing Pools.** The Department requested \$40,000 more from general revenues for contracted nursing pools which are used to cover necessary shifts when state employees refuse overtime. The additional funding reflects usage through the first quarter of FY 2019. Total projected spending of \$0.2 million is below the \$0.4 million spent in FY 2018 when the Department experienced a nursing shortage which recent hirings have alleviated. *The Governor recommended funding as requested. The Assembly concurred.*

**Electronic Medical Records.** The Department requested \$20,000 more from general revenues for an external system support provider for the electronic medical record system which will be fully implemented during FY 2019. This will include troubleshooting issues and creating reports. The Department of Administration expended \$0.6 million in FY 2018 for the implementation of the system funded from the Information Technology Investment Fund; this did not include maintenance. *The Governor recommended funding as requested. The Assembly concurred.*

**Education Contracts.** The Department requested \$83,000 more from general revenues for contracted costs for education services. This includes \$43,000 for dietitian services for a newly signed contract which includes teaching inmates the benefits of proper nutrition, reviewing inmate's menus, and ensuring compliance of nutritional standards as specified in federal and state mandates.

The remaining \$40,000 is to fulfill contractual costs for the Community College of Rhode Island which provides classes for inmates who demonstrate good behavior. The services will replace a carpentry class that was taught by a state employee who retired. Instead of finding a replacement, the Department decided to amend the contract to include classes that would enhance the inmates chances of finding work upon release. *The Governor recommended funding as requested. The Assembly concurred.*

**Education/Development Grants.** The Department requested \$46,676 more from federal education and development grants based on updated information on award amounts. These grants are used to provide academic opportunities for inmates to prepare them for re-entry into society. This includes special

education grants which are administered by the Department of Elementary and Secondary Education. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Institutional Corrections Operations.** The Department's request for all other institutional corrections' expenses is \$0.1 million more than enacted including \$15,365 more from general revenues for maintenance, supplies and other miscellaneous expenses. This request includes funding from the National Vest Partnership Act to buy puncture proof vests. The request includes \$58,937 from federal funds for these purposes, the same amount that was included in FY 2018 but not spent. *The Governor recommended \$0.4 million less than requested from three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

### **Other Programs**

**Department of Justice Lawsuit.** The Department requested \$8,604 less from general revenues for costs related to the Department of Justice lawsuit. The revised request more accurately reflects the Department's expectation of payments to be made to individuals impacted by the unintentional disparity in the testing instrument.

In February 2014, the Department of Justice sued the state and the Department alleging that the written and video testing instrument used by the Department for selecting entry-level correctional officers caused an unintentional disparity against Hispanic and African American applicants. In September 2017, the Department and the Department of Justice voluntarily entered into a settlement agreement. The settlement agreement stated that the state agrees to provide funds for relief to individuals who may have otherwise been eligible for employment as entry-level correctional officers if not for such practices. The FY 2019 budget includes \$0.4 million for this expense. *The Governor recommended funding as requested. The Assembly concurred.*

**CO Class Recruitment and Testing Instrument.** The Department requested \$0.1 million less from general revenues for recruitment costs for FY 2019. Consistent with the assumptions in the enacted budget, the Department plans recruitment for a new class of correctional officers to begin at the end of FY 2019. As part of the settlement agreement with the Department of Justice, the Department is being required to develop a new testing instrument. The FY 2018 enacted budget split the estimated \$500,000 cost between FY 2018 and FY 2019, but the request for proposals for the testing instrument was not approved by the Department of Justice in FY 2018 and no funds were spent. The Department now projects a total cost of \$250,000 for the testing instrument development making the enacted amount sufficient. The Department's request also reduces recruitment costs for Class 83 by \$73,931 based on Class 82. *The Governor recommended \$80,000 less than requested to reflect lower than anticipated testing instrument development costs and concurs with the remainder of the recommendation. The Assembly concurred.*

**CO Class 83.** For FY 2020, the Department requested \$0.9 million from general revenues for the training of correctional officer Class 83. There is no funding in the enacted budget for training, as there is no class scheduled to be recruited until June 2019.

This new class of 70 correctional officers would be trained during FY 2020 and graduate in January 2020. The Department's request assumes that graduates will be hired as attrition occurs instead of as an entire class, as was done with Class 82 which began in July 2018. This is consistent with practice prior to Class 82. *The Governor recommended advancing \$0.3 million of requested training costs to FY 2019 to begin training Class 83 in June 2019. The Department began recruiting in January 2019, six months earlier than assumed in the enacted budget, while projecting a deficit against enacted expenses. The Governor's budget assumes expenses will not exceed the enacted total by adjusting billings for centralized services below enacted levels. The Assembly concurred.*

**Temporary Staff.** The Department requested \$0.1 million more from general revenues for temporary staff to fill critical vacancies outside of institutional corrections until those positions can be filled. This includes information technology assistance for the Sex Offender Community Network Unit which has seen an increased volume of work. This also requires outside legal services to assist, as the number of appeals continues to increase. The Department plans to use these to fill critical position vacancies until a permanent replacement is hired. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salaries and Benefits.** The Department requested \$0.8 million less for salaries and benefits for all other staffing expenses. At the time of the request, the Department had 7.0 vacancies in central management, 8.0 in community corrections, and 1.0 in the parole board program. Included in these vacancies, specifically in central management, is the director and various financial resource and legal positions which the Department deems critical to its mission.

The revised request includes \$1.2 million in additional turnover savings which is partially offset by \$0.4 million in additional overtime expenses. The enacted budget assumed an average of 3.9 vacancies and the revised request assumes an average of 10.8 vacancies; this is 6.9 more vacancies than assumed in the enacted budget.

The Department included in its corrective action plan that it will only hire critical positions in order to minimize costs. *The Governor recommended \$0.4 million less than requested including \$0.2 million from statewide benefit adjustments and \$0.2 million for the distribution of statewide turnover savings. The Assembly concurred.*

**Inmate Tracking Database.** The Department requested an additional \$0.1 million from general revenues for database maintenance for both institutional and community based offenders under its jurisdiction. The enacted budget assumed paying 40 percent of contract costs and the Division of Information Technology would pay the other 60 percent. However, beginning in FY 2019, the Division informed the Department it will only incur 10 percent of the cost going forward. The cost allocation was supposed to reflect the amount of time that the contractor spent working on each Department's projects. However, the contractor was not splitting work at the rate previously thought, but closer to 10 percent on Division of Information Technology projects and 90 percent on Department of Corrections' projects. *The Governor recommended funding as requested. The Assembly concurred.*

**Computers.** The Department requested \$0.2 million more from general revenues for computers and associated hardware, software, and maintenance agreements to reflect FY 2018 actual costs. The additional funds will be used to purchase computers that are compatible with updated technology. The Department has no formal replacement schedule, but suggests the average lifespan of a desktop personal computer is 43 months and 36 months for mobile devices. The Department has replaced machines every 42 months, as the computers have become obsolete. As of January 1, 2019, the Department had 818 computers and devices. As the Department upgrades its applications, computers need to be changed to support these applications. *The Governor recommended \$0.2 million less than requested which reflects requested funding for hardware, software, and maintenance agreements, but not new computers. The Assembly concurred.*

**Victims Services Grants.** The Department requested \$0.1 million more from federal funds for victims' services grants including \$42,326 related to the Violence Against Women Act. These are formula driven grants, and the Department's request is based on its most recent information about its award. *The Governor recommended funding as requested. The Assembly concurred.*

**Capital Projects.** The Department requested \$0.9 million more than enacted from Rhode Island Capital Plan funds for its capital projects scheduled for FY 2019. This reflects changes to its asset protection plan to include a feasibility study of the current condition of the Department's facilities. This is consistent with

the Department's capital request. *The Governor recommended \$0.3 million more than requested. The recommendation consolidates all projects into a single asset protection project.*

*The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. The revisions to the initial recommendations align the Governor's recommendation to her priorities given available resources. In some cases, there were also unrelated changes that cause a discrepancy between the capital budget and the amounts identified in the appropriations bills. For this project, the change is \$1.5 million less for FY 2019 and FY 2020 and the change to the multiyear appropriation in Article 1, Section 12, includes \$5.0 million less between FY 2021 and FY 2023.*

*The Governor subsequently requested an amendment to shift funding of \$1.7 million from FY 2019 to FY 2020 based on updated project schedules.*

**The Assembly maintained a separate appropriation for each project for FY 2019 and provided total funding of \$9.9 million for FY 2019 based on projected spending. A detailed analysis of the projects is included in the Capital Budget section of this publication.**

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. The Department's request is consistent with the enacted budget; \$3.2 million for centralized information technology services, \$9.0 million for facilities management, and \$2.0 million for human resources. *The Governor recommended \$2.0 million less than enacted, including \$2.3 million less to reflect billings through November and December which is partially offset by \$0.3 million more for an increase in renewal costs for Microsoft 365. In FY 2018, the Department spent \$10.6 million which is \$1.2 million less than recommended.*

*The Governor subsequently requested an amendment to add \$0.2 million to FY 2019 based on billings through the first three quarters. **The Assembly concurred.***

**Other Operations.** The Department requested \$8,949 more from all sources for all other expenses. This includes \$24,656 less from general revenues to reflect FY 2018 spending. Additional federal funds come from the Justice Assistance Grant which is awarded as a part of the Prison Rape Elimination Act. *The Governor recommended \$0.1 million less than requested including \$0.1 million less from three statewide adjustments designed to achieve operating savings. The recommendation also includes \$50,000 in additional federal funds from a Justice Reinvestment Initiative grant for a program coordinator whose responsibilities include compiling legislatively mandated justice reinvestment data from other state agencies and assisting in the production of publications and materials on their findings. **The Assembly concurred.***

## Judicial Department

|  | FY 2018<br>Reported   | FY 2019<br>Enacted    | FY 2019<br>Revised    | FY 2019<br>Final      |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenditures by Program</b>             |                       |                       |                       |                       |
| Supreme Court                              | \$ 36,426,190         | \$ 39,809,049         | \$ 41,532,572         | \$ 38,662,890         |
| Defense of Indigent Persons                | 4,080,725             | 3,960,979             | 4,515,536             | 4,515,536             |
| Commission on Judicial Tenure & Discipline | 123,724               | 150,684               | 150,032               | 150,032               |
| Superior Court                             | 22,651,006            | 24,256,860            | 24,365,119            | 23,660,619            |
| Family Court                               | 23,619,952            | 24,214,203            | 24,789,229            | 24,630,792            |
| District Court                             | 13,130,936            | 13,968,666            | 13,364,588            | 13,313,875            |
| Traffic Tribunal                           | 8,401,233             | 9,763,589             | 8,797,302             | 8,582,370             |
| Workers' Compensation Court                | 7,758,792             | 8,309,954             | 8,016,823             | 8,016,823             |
| <b>Total</b>                               | <b>\$ 116,192,558</b> | <b>\$ 124,433,984</b> | <b>\$ 125,531,201</b> | <b>\$ 121,532,937</b> |
| <b>Expenditures by Category</b>            |                       |                       |                       |                       |
| Salaries and Benefits                      | \$ 83,700,550         | \$ 89,296,597         | \$ 88,208,363         | \$ 87,415,118         |
| Contracted Services                        | 1,972,156             | 1,969,125             | 2,506,968             | 2,506,968             |
| <b>Subtotal</b>                            | <b>\$ 85,672,706</b>  | <b>\$ 91,265,722</b>  | <b>\$ 90,715,331</b>  | <b>\$ 89,922,086</b>  |
| Other State Operations                     | 13,430,605            | 12,959,644            | 13,079,297            | 12,746,297            |
| Aid to Local Units of Government           | -                     | -                     | -                     | -                     |
| Assistance, Grants, and Benefits           | 10,728,303            | 10,969,426            | 11,612,527            | 10,951,581            |
| Capital                                    | 6,360,944             | 9,239,192             | 10,124,046            | 7,912,973             |
| Capital Debt Service                       | -                     | -                     | -                     | -                     |
| Operating Transfers                        | -                     | -                     | -                     | -                     |
| <b>Total</b>                               | <b>\$ 116,192,558</b> | <b>\$ 124,433,984</b> | <b>\$ 125,531,201</b> | <b>\$ 121,532,937</b> |
| <b>Sources of Funds</b>                    |                       |                       |                       |                       |
| General Revenue                            | \$ 97,037,829         | \$ 101,994,888        | \$ 102,049,154        | \$ 100,208,208        |
| Federal Aid                                | 3,222,742             | 2,914,044             | 3,054,397             | 3,073,152             |
| Restricted Receipts                        | 11,023,981            | 12,085,986            | 12,238,243            | 12,238,243            |
| Other                                      | 4,908,006             | 7,439,066             | 8,189,407             | 6,013,334             |
| <b>Total</b>                               | <b>\$ 116,192,558</b> | <b>\$ 124,433,984</b> | <b>\$ 125,531,201</b> | <b>\$ 121,532,937</b> |
| <b>FTE Authorization</b>                   | <b>723.3</b>          | <b>723.3</b>          | <b>723.3</b>          | <b>723.3</b>          |
| <b>FTE Average</b>                         | <b>676.0</b>          |                       |                       |                       |

**FY 2019 Revised Request.** The Judiciary's request is \$2.0 million more than enacted for FY 2019 including \$1.0 million more from general revenues, \$0.1 million more from federal funds, \$0.2 million more from restricted receipts, and \$0.7 million more from Rhode Island Capital Plan funds. The \$1.9 million of unspent general revenues from FY 2018 was reappropriated to FY 2019 in accordance with current law requirements. The Judiciary's request reflects half of its reappropriation in FY 2019 and includes a similar amount in FY 2020. *The Governor recommended \$1.1 million more than enacted and \$0.9 million less than requested. General revenues are \$0.1 million more than enacted and \$0.9 million less than requested to reflect \$0.9 million of statewide savings, noted below where appropriate.*

**The Assembly included \$1.2 million of general revenue personnel and operating savings based on spending through the third quarter and \$0.6 million less from general revenues for pay-go judges pensions based on updated data. It added \$18,755 from federal funds to reflect revisions to eight different grants, shifted \$2.2 million from Rhode Island Capital Plan funds from FY 2019 to FY 2020 for the Noel Shelled Build Out project based on a revised construction schedule, and concurred with the remainder of the recommendation.**

**Pay-Go Judges Pensions.** The revised request includes an increase of \$2,544, including \$1,159 more from general revenues and \$1,385 more from restricted receipts to reflect updated estimates of retirement costs for judges and magistrates hired before 1990 who are not part of the state employees' retirement system. The pension costs are paid through an annual appropriation on a pay-as-you-go basis rather than the retirement trust fund. The Judiciary has noted there are currently six remaining active judges whose pensions will be paid this way, and they all meet the eligibility threshold to retire. *The Governor recommended funding as requested. Based on updated data from the Judiciary, there is \$0.6 million in savings available in FY 2019 and the Assembly reduced funding accordingly.*

**Veterans' Treatment Court.** The Veterans' Treatment Court functions as a specialized calendar within the District Court. The specialized calendar is a jail diversion program aimed at addressing veterans charged primarily with misdemeanor offenses. The 2015 Assembly increased the number of District Court judges from 12 to 13 and established the Veterans' Calendar in statute. It added 1.0 full-time equivalent position and \$234,000 from general revenues for the new judge position.

The Judiciary had received federal grant awards which allowed it to expand operations to serve a larger population of veterans and provide additional services. A three-year grant expired in FY 2018, and the 2018 Assembly added \$144,390 from general revenues in FY 2019 to replace the expiring federal funds. The Judiciary requests funding essentially as enacted and does not currently anticipate receiving new federal grants. *The Governor recommended funding as requested. The Assembly concurred.*

**Indigent Defense Services.** The Judiciary requested \$4.5 million from general revenues for indigent defense services. This program assigns private attorneys to clients that the Office of the Public Defender is unable to provide legal representation services to because of conflicts of interest. FY 2016 expenses were \$3.9 million, \$4.0 million was spent in FY 2017, and \$4.1 million was reported for FY 2018. The request is \$0.6 million more than enacted and the Judiciary notes larger increases could be necessary as a result of recent legislative changes, such as extreme risk protection orders required by Chapter 7 of the 2018 Public Laws. *The Governor recommended funding as requested. The Assembly concurred.*

**Judicial Appointments.** The FY 2019 enacted budget does not include general revenues for currently vacant judge and magistrate positions. The Judiciary requested funding to fill three associate justice positions in Superior Court, an associate justice and a magistrate in Family Court, two associate judges in District Court, and a magistrate position at the Traffic Tribunal in the fourth quarter of FY 2019. If these eight positions are filled for the entire fourth quarter of FY 2019, this would equate to \$0.5 million from general revenues. On December 10, the Governor announced appointments to fill six of these vacancies. *The Governor recommended funding as requested. The Assembly concurred.*

**District Court Bail Unit Staff.** The 2017 Assembly added \$250,000 from general revenues for three new District Court bail unit staff to be filled from vacancies within the Judiciary's staffing authorization. Two of the positions had been filled in the second quarter of FY 2018. The Judiciary did not fill the third position in FY 2018, and the 2018 Assembly added \$0.1 million from general revenues for filling this position in FY 2019.

The FY 2019 enacted budget assumes the third position would be filled the entire fiscal year, but based on information from the Judiciary, the position was filled around the end of the first quarter of FY 2019. As

such, there is an estimated savings of \$27,500 from general revenues. *The Governor recommended funding as requested. The Assembly concurred.*

**Family Court Attorneys.** The 2018 Assembly added \$0.4 million for attorneys, including \$0.3 million from general revenues and \$0.1 million from available federal funds. The positions were to be filled from vacancies within the Judiciary's staffing authorization. The FY 2019 enacted budget assumes these attorney positions will be filled for around 80 percent of the fiscal year. However, based on information from the Judiciary, neither position has been filled. If both positions are filled for the last two quarters of FY 2019, there will be an estimated savings of \$0.2 million, including \$115,500 from general revenues and \$47,400 from federal funds. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salaries and Benefits.** The Judiciary requested \$0.8 million less than enacted, including \$0.3 million less from general revenues, \$10,968 more from federal funds, and \$0.5 million less from restricted receipts for salaries and benefits excluding the items discussed separately. The request reflects salary and benefit calculations for the current and anticipated filled positions, and the overall reduction of \$0.8 million mostly reflects additional turnover savings in District Court and Workers' Compensation Court. The revised request contains \$2.9 million of turnover savings; based on the Judiciary's average salary per position of \$76,302, this is equivalent to 37.9 positions. As of the end of November 2018, the Judiciary had 53.3 vacant positions.

*The Governor recommended \$0.6 million less than requested from general revenues to reflect statewide benefit savings. It appears savings from non-general revenue sources were not taken. The recommendation also adds \$15,000 for additional overtime costs funded from federal funds for a criminal history improvement project. Based on spending through the third quarter, the Assembly added general revenue turnover savings of \$0.7 million.*

**Case Management System.** The Judiciary requested \$0.3 million more than enacted, including \$4,487 less from federal funds and \$0.3 million more from restricted receipts from indirect cost recoveries for work relating to the case management system. The system will enable web-based electronic filing for all courts, and will replace the current system that relies on duplicated data input and paper files. The requested increase will be utilized to create an automated payment plan through the portal in order to enhance collections efforts. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Court Technology.** The Judiciary requested \$30,639 less than enacted, including \$0.1 million less from general revenues, \$7,145 more from federal funds, and \$15,000 more from restricted receipts for information technology improvements throughout the court system, which are not related to its case management system. The general revenue changes include adjustments to reflect anticipated computer equipment needs, current leases for copier and scanner replacements, and contract work for report writing, network support, and applications support. The federal funds request also includes adjustments to contract work and the restricted receipts increase reflects computer equipment purchases for the Workers' Compensation Court. *The Governor recommended funding as requested. The Assembly included general revenue savings of \$0.2 million based on spending through the third quarter.*

**Security Services.** The Judiciary requested \$0.5 million more than enacted for security in and around the courthouses, including \$451,420 more from general revenues and \$12,000 more from restricted receipts. The Judiciary indicated that the increase is because of gang violence that has occurred in and around the courthouses in Providence. The funding is utilized to reimburse the Capitol Police, Sheriffs, and Providence Police for overtime expenses. *The Governor recommended funding as requested. The Assembly concurred.*

**Facilities and Operations.** The Department requested \$0.2 million more than enacted, including \$28,415 less from general revenues and \$0.2 million more from restricted receipts for contracted services and

purchases related to facility repairs, utilities, and maintenance. The funding is based on an assessment of current facilities and maintenance needs and includes janitorial services, inspection and elevator repair, and heating, ventilation and air conditioning systems, minor renovations and repairs and other routine building maintenance. The largest general revenue change is a \$0.2 million increase for electricity offset by reductions for maintenance and repairs; the adjustments are based on FY 2018 actual expenditures. The restricted receipts are derived from indirect cost recoveries, the workers' compensation administrative fund, and the judiciary technology surcharge that is used in part to offset the costs of technology infrastructure. Changes in restricted receipts funded expenses reflect adjustments for maintenance and repairs based on actual spending. *The Governor recommended funding as requested. The Assembly included general revenue savings of \$0.3 million based on spending through the third quarter.*

**Capital Projects.** The Department requested \$0.7 million more than enacted from Rhode Island Capital Plan funds for capital projects during FY 2019. The Judiciary's FY 2019 revised request is not consistent with its FY 2020 through FY 2024 capital request in that the operating request includes unspent funds from FY 2018. The agency confirmed that its request inadvertently adds unspent funds from the Asset Protection project to the HVAC project instead, but the other project totals in the operating request are correct. *The Governor recommended funding essentially as requested. The Governor subsequently requested an amendment to shift \$2.2 million from FY 2019 to FY 2020 for the Noel Shelled Build Out project based on a revision to the construction schedule. The Assembly concurred. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**Superior Court Diversion Program.** The Judiciary requested the enacted level of \$50,000 from general revenues for additional risk assessments as part of a new Superior Court diversion program. The additional risk assessments are for defendants who score as high risk on a risk screen required by Chapter 342 of the 2017 Public Laws, one of several justice reinvestment bills signed into law on September 28, 2017. The Judiciary did not spend any of the \$50,000 included as part of the FY 2018 final budget; it notes that the implementation of this program was placed on hold because of the upcoming transition to a new Attorney General. The funding will be utilized in FY 2019 for staffing costs to monitor and maintain records on defendants in the program and for purchases of associated computer equipment and software. *The Governor recommended funding as requested. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The Judiciary requested \$98,649 from general revenues for its share of centralized information technology services, consistent with the enacted level. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Operations.** The Department requested \$0.2 million more for all other expenses. This includes increases of \$22,832 from general revenues, \$0.2 million from federal funds, and \$0.1 million from restricted receipts, primarily from the workers' compensation administrative fund. The requested changes reflect, for example, training expenses, insurance, computer equipment, and telephone costs. Many of the larger changes reflect actual FY 2018 experience. The general revenue increases include computer equipment, telephone expenses, and a claim filed in a judicial tenure and discipline matter that resulted in increases in professional liability insurance. *The Governor recommended \$0.3 million less from general revenues than requested based on three separate statewide savings initiatives designed to reduce operating costs. The Governor subsequently requested an amendment to add \$18,755 from federal funds to reflect revisions to eight different grants based on updated information. The Assembly concurred.*

## Military Staff

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 8,163,874                | \$ 9,366,784               | \$ 9,250,313               | \$ 9,250,313             |
| Contracted Services              | 1,382,787                   | 1,690,521                  | 1,871,780                  | 1,871,780                |
| <b>Subtotal</b>                  | <b>\$ 9,546,661</b>         | <b>\$ 11,057,305</b>       | <b>\$ 11,122,093</b>       | <b>\$ 11,122,093</b>     |
| Other State Operations           | 6,863,374                   | 6,555,358                  | 18,786,027                 | 18,786,027               |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | 285,977                     | 324,600                    | 289,850                    | 289,850                  |
| Capital                          | 10,105,735                  | 12,355,051                 | 14,096,104                 | 13,076,633               |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 26,801,747</b>        | <b>\$ 30,292,314</b>       | <b>\$ 44,294,074</b>       | <b>\$ 43,274,603</b>     |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 2,976,112                | \$ 3,081,090               | \$ 3,097,681               | \$ 3,097,681             |
| Federal Aid                      | 20,708,420                  | 18,480,072                 | 31,652,184                 | 31,652,184               |
| Restricted Receipts              | 38,728                      | 100,000                    | 55,000                     | 55,000                   |
| Other                            | 3,078,487                   | 8,631,152                  | 9,489,209                  | 8,469,738                |
| <b>Total</b>                     | <b>\$ 26,801,747</b>        | <b>\$ 30,292,314</b>       | <b>\$ 44,294,074</b>       | <b>\$ 43,274,603</b>     |
| <b>FTE Authorization</b>         |                             | <b>92.0</b>                | <b>92.0</b>                | <b>92.0</b>              |
| <b>FTE Average</b>               |                             | <b>83.0</b>                |                            |                          |

**FY 2019 Revised Request.** The Military Staff requested \$13.7 million more from all sources than enacted for FY 2019. This includes increases of \$8,656 from general revenues, \$13.4 million from federal funds and \$0.4 million from other funds, and a reduction of \$45,000 from restricted receipts. The request assumes the authorized level of staffing.

*The Governor recommended \$0.3 million more from all sources than requested and the authorized level of staffing. This includes \$43,138 of statewide savings, noted below where appropriate. She subsequently requested several amendments shifting Rhode Island Capital Plan fund expenditures of \$1.0 million from FY 2019 to FY 2020, based on projected delays. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The Military Staff requested \$2,663 more from general revenues than enacted for its share of human resources centralized services. The revised request of \$166,375 is \$36,350 more than FY 2018 expenditures. The Budget Office instructed agencies to include the enacted amount for these expenses. *The Governor concurred and also reduced requested expenditures for information technology services by \$6,263 based on billings through November. The Assembly concurred.*

**Firefighters.** The Military Staff requested \$6,069 more than enacted from all sources for the Rhode Island National Guard firefighters program. Salary and benefit costs are \$14,221 more than enacted, including general revenue savings of \$86,701 attributed to Quonset firefighters who returned to work from injured on duty status, offset by a like amount from federal funds for the position and cost-of-living adjustments. As of January 2019, the Military Staff had five firefighters out on injured on duty status, one less than assumed in the enacted budget.

Operating expenses are \$8,152 less from federal funds for staff training. The revised request for these expenses are \$21,365 more than FY 2018. *The Governor recommended \$98,423 less from all sources than requested. This includes \$5,492 less from general revenues from statewide benefit savings and \$0.1 million less from federal funds to properly fund the remaining positions. The Assembly concurred.*

**Cybersecurity and Activations.** The Military Staff requested an additional \$75,000 from general revenues to support the activation of National Guard troops to provide support to civil authorities during both emergency and non-emergency events. The FY 2019 enacted budget includes \$51,638, bringing projected expenditures to \$126,638. The Military Staff indicated that expenditures are likely to be less than the revised request based on expenditures incurred through January 7. FY 2015 was the last year there was a gubernatorial election, and inauguration and expenditures were \$189,912. This included \$0.1 million for storm related activation costs. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salaries and Benefits.** The Military Staff requested \$2,017 more from all sources than enacted for salary and benefit costs for the remaining 62.0 full-time equivalent positions. This includes \$55,105 less from general revenues, offset by \$57,122 more from federal funds primarily for the impact of statewide cost-of-living adjustments. The enacted budget assumes \$0.4 million in turnover savings, which is equivalent to 5.5 vacancies. The revised request assumes turnover savings for 6.0 vacancies. As of the last pay period in December 2018, there were 6.0 vacancies.

*The Governor recommended \$34,286 less than requested from all sources, including \$57,336 more from general revenues to reflect a shift of federal fund expenditures to general revenues, based on the proper state's share. The recommendation also includes \$7,548 less from general revenues from statewide benefit savings. It appears that statewide benefit savings from non-general revenue sources were not taken. As of January 19, the Military Staff had 9.0 positions vacant. The Assembly concurred.*

**Counterdrug Asset Forfeiture.** Based on delays, the revised request shifts \$725,000 of the \$1.0 million included in the enacted budget from federal funds to construct a new counterdrug facility at Camp Fogarty in East Greenwich to FY 2020. The funds are part of the state's overall Google settlement. This 15,000 square foot training facility will be used by the Rhode Island National Guard Counterdrug program. *The Governor recommended funding as requested. The Assembly concurred. A detailed analysis of the project is included in the Capital Budget section of this publication.*

**Military Funeral Honors.** The Military Staff requested \$10,250 more than enacted from general revenues to reflect projected costs for military funeral honors in FY 2019. Retired military members are paid a \$50 stipend to perform military honors at the funerals. A federal memorandum from October 2012 indicated that federal funds will no longer be provided for any branches of service besides the Army, for which the National Guard Bureau will still pay stipends for two individuals. The request is \$4,700 more than FY 2018 expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

**Military Family Relief Fund.** Based on anticipated receipts, the Military Staff requested \$45,000 less than enacted from restricted receipts for the Military Family Relief Fund. The fund is administered by the Adjutant General pursuant to Rhode Island General Law, Section 30-3-41. The fund is supported through private donations and a check-off option on Rhode Island income tax forms as set forth in Rhode Island

General Law, Section 44-30-2.9. Money from the fund is distributed to families on an income-based formula to cover a variety of needs. The fund provides financial support, in the form of grants, to National Guard and Reserve families encountering financial hardships due to extended deployments. *The Governor recommended funding as requested. The Assembly concurred.*

**Facilities Maintenance.** The Military Staff requested \$0.6 million more than enacted; all but \$19,369 is from federal funds for facility repairs and maintenance. This includes \$0.7 million for renovations and repairs at all National Guard facilities, projects at other armories and militia facilities and \$0.1 million less for snow removal. The revised request is \$0.9 million more than FY 2018 expenses. The Military Staff contracts for various upkeep and professional services. These include landscapers, janitors, exterminators, information technology support, and surveyors and engineers for small scale construction projects that do not meet the criteria for a capital project. *The Governor recommended funding as requested. The Assembly concurred.*

**Utilities.** The Military Staff requested \$0.2 million more than enacted from all sources for electricity, fuel, water and sewer payments, which are shared expenses with the National Guard. The requested changes are based on the anticipated usage and rates for FY 2019 and include updated estimates for the new Quonset simulator building. The Military Staff also noted that shares of general revenues and federal funds are dependent on anticipated usage in buildings that vary from 100 percent federally funded, 75 percent from federal sources and 25 percent from general revenues, or 50 percent each from federal funds and general revenues. The request is \$392,446 more than FY 2018 expenditures. *The Governor recommended funding as requested. The Assembly concurred.*

**Capital Projects.** The Military Staff requested \$13.4 million more than enacted, including \$13.0 million more from federal funds and \$0.4 million more from Rhode Island Capital Plan funds for asset protection projects. Of the requested federal fund increase, \$7.5 million is for the Joint Force Headquarters Building and \$5.0 million is to construct 13,540 square feet of additional armory and storage space at the Middletown Armory. *The Governor concurred and included \$0.5 million more from Rhode Island Capital Plan funds. She subsequently requested several amendments shifting \$1.0 million from Rhode Island Capital Plan funds from FY 2019 to FY 2020, based on projected delays. The Assembly concurred. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**Other Expenses.** The Military Staff requested \$164,279 more than enacted, including \$34,897 from general revenues for all other expenses for the National Guard. Of the requested increase, \$125,367 is for rent for usage of the Quonset Air Base. The expenses were accrued and not paid in FY 2018. It should be noted that the lease agreement between the Rhode Island Airport Corporation, Rhode Island National Guard Bureau and the Federal Aviation Administration expired on September 30, 2017. Negotiations for a new ten-year lease are ongoing and the revised request does not assume an increase in cost. The request also includes adjustments for supplies, insurance and travel expenses. *The Governor recommended \$37,646 less from general revenues than requested from three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*



## Rhode Island Emergency Management Agency

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 3,193,155                | \$ 3,563,979               | \$ 3,670,169               | \$ 3,595,169             |
| Contracted Services              | 405,451                     | 386,487                    | 515,284                    | 534,508                  |
| <b>Subtotal</b>                  | <b>\$ 3,598,606</b>         | <b>\$ 3,950,466</b>        | <b>\$ 4,185,453</b>        | <b>\$ 4,129,677</b>      |
| Other State Operations           | 4,969,175                   | 5,351,925                  | 5,335,914                  | 5,392,190                |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | 3,559,169                   | 7,033,436                  | 12,908,447                 | 13,015,134               |
| Capital                          | 596,144                     | 3,989,414                  | 1,891,454                  | 1,891,454                |
| Capital Debt Service             | 1,494,414                   | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 14,217,508</b>        | <b>\$ 20,325,241</b>       | <b>\$ 24,321,268</b>       | <b>\$ 24,428,455</b>     |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 1,881,904                | \$ 2,043,945               | \$ 2,283,219               | \$ 2,208,219             |
| Federal Aid                      | 10,590,168                  | 16,335,897                 | 20,028,796                 | 20,210,983               |
| Restricted Receipts              | 251,022                     | 450,985                    | 514,839                    | 514,839                  |
| Other                            | 1,494,414                   | 1,494,414                  | 1,494,414                  | 1,494,414                |
| <b>Total</b>                     | <b>\$ 14,217,508</b>        | <b>\$ 20,325,241</b>       | <b>\$ 24,321,268</b>       | <b>\$ 24,428,455</b>     |
| <b>FTE Authorization</b>         | <b>32.0</b>                 | <b>32.0</b>                | <b>32.0</b>                | <b>32.0</b>              |
| <b>FTE Average</b>               | <b>28.3</b>                 |                            |                            |                          |

**FY 2019 Revised Request.** The Rhode Island Emergency Management Agency requested \$2.7 million more than enacted. This includes increases of \$0.4 million from general revenues, \$1.8 million from federal funds, \$0.1 million from restricted receipts, and \$0.4 million from Rhode Island Capital Plan funds.

*The Governor recommended \$4.0 million more than enacted and \$1.3 million more than requested. General revenues are \$0.2 million more than enacted and \$0.2 million less than requested. This includes \$43,565 of statewide savings, noted below where appropriate.*

**The Assembly included general revenue turnover savings of \$75,000 based on spending through the third quarter, added \$0.2 million from federal funds that was mistakenly excluded from the agency's request and concurred with the remainder of the recommendation.**

**Statewide Communications Network.** The Agency requested \$3.5 million from all funds, including \$1.5 million from general revenues, \$0.5 million from federal funds, and \$1.5 million from Rhode Island Capital Plan funds for expenses related to the Rhode Island Statewide Communications Network. This is \$11,388 more than enacted from general revenues, which includes \$4,688 more for staffing costs. The request also includes \$6,700 more for other adjustments such as mobile phone service; the Agency noted that these items were inadvertently underbudgeted in its operating request last year. The federal funds are utilized for major maintenance costs, heating, ventilation, and air conditioning systems, and the replacement of radio control boards, and Rhode Island Capital Plan funds are also utilized for proposed upgrades to the network.

*The Governor recommended \$23,897 less than requested from general revenues. This includes \$463 in statewide benefit savings and \$23,434 in potential savings from a statewide initiative to reduce the cost of certain commodities. **The Assembly concurred.***

**Indirect Cost Recovery.** The Agency's request includes \$0.2 million from restricted receipts for funding available through recovery of indirect costs on some of its federal grants. The Assembly has assumed funding in the Agency's indirect cost recovery account; over the last four years, the final appropriation has been \$75,000 in FY 2015, \$163,258 in FY 2016, \$136,248 in FY 2017, and \$138,142 in FY 2018, but there has been no spending from this account. The revised request increases the projected spending by \$0.1 million.

The Agency indicated that it currently has an indirect cost rate of 6.2 percent from the Department of Homeland Security, but will have to submit a complete application to the federal agency by December 31, 2018. The revised request includes \$107,309 for personnel costs, \$63,191 for a contract fiscal clerk position, and \$20,000 for costs associated with administering federal grants. Indirect cost recoveries from federal grants can be used for any purpose and should have the effect of reducing general revenue expenses. *The Governor's recommendation is consistent with the request. **The Assembly concurred.***

**Other Salaries and Benefits.** The Agency requested \$0.1 million more than enacted to restore turnover savings included in the enacted budget and shift expenditures from federal funds to general revenues based on matching requirements. The revised request includes \$0.3 million more from general revenues and \$0.2 million less from federal funds. The Agency indicated that the requested adjustments to general revenues and federal funds are to ensure the required state match is provided for federal Emergency Management Performance Grants. The Agency noted it inadvertently did not request enough general revenues last year to meet the state match requirement, and it is realigning fund sources to ensure the correct match is now included. As of the pay period ending November 24, 2018, the Agency has 3.0 vacant positions.

*The Governor recommended \$23,379 less from all sources including \$69,603 less from general revenues than requested. This includes \$4,416 in statewide benefit savings and an additional \$18,963 in turnover savings. It also reflects shifting \$46,224 in expenditures from general revenues to available federal funds that were identified as available after the request was submitted. It appears that statewide benefit savings from non-general revenue sources were not taken. **Based on the third quarter report, the Assembly included general revenue turnover savings of \$75,000.***

**Disaster Funding.** The Agency requested \$0.3 million more than enacted from federal funds for reimbursements to entities in the state that have applied for federal disaster relief. The requested increase is for audit fees not included in last year's budget submission. The funding reflects projected reimbursements to be made in FY 2019 for entities affected by Hurricane Sandy, Tropical Storm Irene, and the blizzards of 2012, 2013 and 2015. It takes several years to close out such grants. *The Governor recommended \$1.8 million more than requested to reflect available grant funding that was inadvertently excluded from the request. **The Assembly concurred.***

**Emergency Operations and Performance Grants.** The Agency requested \$2.5 million less than enacted from federal fund expenditures for emergency operations. The funding, which is primarily passed through to local emergency management agencies, is used for construction and renovation of a state or local government's principal emergency management operations center and to provide support for emergency operations necessary to ensure continuity of government and operations in major disasters. The Agency noted the requested reduction is based in part on pass through grants in recent fiscal years. *The Governor recommended funding as requested. **The Assembly concurred.***

**Homeland Security Grants.** The Agency requested \$1.1 million less than enacted from federal funds for homeland security related upgrades throughout the state. The Agency noted the requested reduction is

based in part on actual grants in recent fiscal years. However, the request is still \$1.9 million more than FY 2018 expenditures and \$2.5 million more than the FY 2017 expenses. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Federal Grants.** The Agency requested \$5.3 million more than enacted from federal funds for all other grant awards and related expenditures. The adjustment mostly reflects funding for the West Warwick wastewater treatment project which was inadvertently underbudgeted in the Agency's operating request last year. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to add \$0.2 million from available 2016 federal pre-disaster mitigation funds that were mistakenly excluded from the request. The Assembly concurred.*

**Capital Projects.** The Agency's FY 2019 revised budget includes \$0.4 million from Rhode Island Capital Plan funds. The funding, which is not included in the enacted budget, is for a feasibility study concerning a state-owned building on Colorado Avenue in Warwick. The Agency confirmed that its request should include only \$0.2 million of unspent funds carried forward from FY 2018 for this purpose, and the additional \$0.2 million is in error. *The Governor recommended funding consistent with the enacted budget. The Assembly concurred. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**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, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another. The enacted budget includes \$43,775 from general revenues for human resources and \$141,982 from general revenues for information technology services. The Agency requested \$1,500 from general revenues for facilities management services not included in the enacted budget.

*The Governor recommended \$47,015 less than requested. This includes \$51,693 less for information technology services based on billings through November partially offset by \$4,678 more for Microsoft 365 renewal cost increases. The Assembly concurred.*

**Other Operations.** The Agency requested \$78,661 more than enacted, including \$58,660 more from general revenues, for all other expenditures primarily to reflect adjustments for insurance premiums and mobile phone service based on actual expenses in recent fiscal years. The Agency notes that these items were inadvertently underbudgeted in its operating request last year. *The Governor recommended \$15,252 less from general revenues than requested based on two separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*



## Department of Public Safety

|                                   | FY 2018<br>Reported   | FY 2019<br>Enacted    | FY 2019<br>Revised    | FY 2019<br>Final      |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenditures by Program</b>    |                       |                       |                       |                       |
| Central Management                | \$ 8,785,578          | \$ 7,728,386          | \$ 12,045,858         | \$ 11,978,940         |
| E-911                             | 5,186,445             | 6,968,614             | 6,350,275             | 6,350,275             |
| Fire Marshal*                     | 3,859,652             | -                     | -                     | -                     |
| Capitol Police                    | 4,222,217             | 4,500,764             | 4,407,624             | 4,407,624             |
| Sheriffs                          | 19,580,384            | 20,696,695            | 20,515,915            | 20,515,915            |
| Municipal Police Training Academy | 572,323               | 625,982               | 707,327               | 707,327               |
| State Police                      | 74,641,671            | 83,984,277            | 89,561,626            | 89,090,207            |
| <b>Total</b>                      | <b>\$ 116,848,270</b> | <b>\$ 124,504,718</b> | <b>\$ 133,588,625</b> | <b>\$ 133,050,288</b> |
| <b>Expenditures by Category</b>   |                       |                       |                       |                       |
| Salaries and Benefits             | \$ 96,421,117         | \$ 101,135,430        | \$ 98,904,565         | \$ 98,837,647         |
| Contracted Services               | 1,142,057             | 750,859               | 1,913,254             | 1,913,254             |
| <b>Subtotal</b>                   | <b>\$ 97,563,174</b>  | <b>\$ 101,886,289</b> | <b>\$ 100,817,819</b> | <b>\$ 100,750,901</b> |
| Other State Operations            | 10,686,028            | 11,785,168            | 15,659,478            | 15,659,478            |
| Aid to Local Units of Government  | 31,951                | -                     | -                     | -                     |
| Assistance, Grants, and Benefits  | 7,449,438             | 6,103,610             | 10,323,843            | 10,477,460            |
| Capital                           | 1,117,679             | 4,729,651             | 6,787,485             | 6,162,449             |
| Capital Debt Service              | -                     | -                     | -                     | -                     |
| Operating Transfers               | -                     | -                     | -                     | -                     |
| <b>Total</b>                      | <b>\$ 116,848,270</b> | <b>\$ 124,504,718</b> | <b>\$ 133,588,625</b> | <b>\$ 133,050,288</b> |
| <b>Sources of Funds</b>           |                       |                       |                       |                       |
| General Revenue                   | \$ 100,929,838        | \$ 103,337,018        | \$ 104,032,363        | \$ 104,032,363        |
| Federal Aid                       | 10,676,653            | 15,613,903            | 23,653,909            | 23,653,909            |
| Restricted Receipts               | 1,304,821             | 552,603               | 1,036,918             | 1,123,617             |
| Other                             | 3,936,958             | 5,001,194             | 4,865,435             | 4,240,399             |
| <b>Total</b>                      | <b>\$ 116,848,270</b> | <b>\$ 124,504,718</b> | <b>\$ 133,588,625</b> | <b>\$ 133,050,288</b> |
| <b>FTE Authorization</b>          | <b>615.6</b>          | <b>564.6</b>          | <b>564.6</b>          | <b>563.6</b>          |
| <b>FTE Average</b>                | <b>575.8</b>          |                       |                       |                       |

\*Transferred to Department of Business Regulation starting FY 2019

**FY 2019 Revised Request.** The Department's revised request includes \$8.4 million more than enacted from all sources including \$0.2 million less from general revenues, \$7.3 million more from federal funds, \$0.5 million more from restricted receipts, and \$0.9 million more from other funds for 564.6 full-time equivalent positions.

*The Governor recommended \$9.1 million more than enacted, which is \$0.7 million more than requested. General revenues are \$0.7 million more than enacted and \$0.9 million more than requested. This includes \$1.1 million in statewide savings noted below where appropriate. The Assembly provided total expenditures of \$133.1 million, \$0.5 million less than recommended, which predominantly reflects revisions to capital projects. It authorized 1.0 position less than enacted.*

**Staffing.** The Department requested FY 2019 staffing consistent with the enacted authorization of 564.6 full-time equivalent positions. As of November 24, 2018, the Department had 542.0 filled positions. The request includes \$99.4 million from all sources for salaries and benefits including \$91.8 million from general revenues. This is \$1.8 million less than the enacted budget from all sources, including \$2.6 million less from general revenues.

The 2018 Assembly eliminated 15.0 vacancies but did not identify the positions. The Department's revised request distributed the reductions as follows: 13.0 positions in the Division of State Police and 2.0 positions in the E-911 Division. It is worth noting that the enacted budget specifically increased the staff for E-911 by 5.0 positions.

*The Governor recommended \$0.5 million less than requested from all sources, including \$0.9 million more from general revenues. This includes \$0.5 million in statewide benefit savings and \$0.4 million in statewide turnover savings. She recommended staffing consistent with the request. **The Assembly eliminated 1.0 full-time equivalent position related to a request to fill a new fiscal clerk position.***

**Heroin Opioid Prevention Effort (HOPE) Initiative.** In October 2018, the Department of Public Safety announced the Heroin Opioid Prevention Effort (HOPE) Initiative, a statewide effort between law enforcement and substance abuse professionals that will help individuals struggling with addiction.

The Department requested \$975,000 from new federal funds for personnel and operating expenditures to implement this program. This request reflects general revenue savings of \$0.3 million for state police personnel costs because current staff will now be funded from federal grant funding. The Department is a sub-grantee of a federal award given to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to support the Heroin Opioid Prevention Effort Initiative. The U.S. Department of Health and Human Services granted the Rhode Island Department of Behavioral Healthcare, Developmental Disabilities and Hospitals \$12.6 million for FY 2019 to administer programs under this initiative. Expenditures include \$329,916 for salaries and benefits for current staff to start implementing this program, \$430,000 for professional services including medical professionals, lecturers for training and information technology services, and \$215,084 for general operating expenditures.

After the request was submitted, the Department was notified that it should expect to receive only \$450,000 of these funds for FY 2019 because it subsequently received two additional federal grants for this initiative from the Department of Justice. A memorandum of understanding between the Department and the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals had not been signed as of December 10, 2018.

*The Governor recommended \$337,990 more than requested from federal funds. This includes an additional \$197,400 to distribute as grants to local communities and to consult with substance abuse professionals. The recommendation includes \$140,590 to reflect the new federal grants noted above. **The Assembly concurred.***

**Sex Offender Registration and Notification Act Grant Funding.** The Department requested \$67,268 less from federal funds than enacted for the Division of Central Management and the Division of State Police. The largest single adjustment relates to the Division of Central Management purchasing software. In FY 2018, the Department requested \$71,468 of an unspent balance from the Sex Offender Registration and Notification Act grant as part of a coordinated effort between state agencies such as the Attorney General's Office, the State Police, and local experts. There was a delay in spending these funds in FY 2018 because the coordination between state agencies prevented the Department from issuing a request for proposals in a timely manner. The Department reported that the software will not be purchased in FY 2019 and FY 2020 because it also wants to consult with the Department of Corrections before reissuing a request for proposals. The request also includes \$4,200 more from federal funds to conduct trainings. *The*

*Governor recommended \$400,000 more from the Sex Offender Registration and Notification Act Grant. This reflects an additional grant the Department received after submitting its budget request. These funds will be used for the software, contrary to the Department's initial determination not to purchase the software in FY 2019 or FY 2020. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. The request includes the enacted amount of \$133,398 for facilities management and \$825,409 for human resources. It also includes \$160,466 for information technology charges, which inadvertently excludes \$103. *The Governor recommended \$218,970 more than enacted, which includes \$64,314 less for facilities management and \$283,285 more for information technology services based on billings through November and December, and updated costs for Microsoft Office 365. The Assembly concurred.*

### **Central Management**

**New Fiscal Clerk (1.0 FTE).** The Department requested \$66,918 from restricted receipts for a new fiscal clerk position to assist the Division with processing financial transactions. This position was filled in September and is funded by indirect cost recovery funds on federal grants awarded to the Department. These funds are available for flexible use including reducing general revenue expenses. This position was not included in the Department's FY 2019 budget request nor assumed in the enacted budget. It appears a vacant position from the Division of State Police was reallocated. This request reflects the September hire date. The FY 2020 full cost for the position is \$72,320. *The Governor recommended funding and staffing as requested. The Assembly did not provide authorization or funding for this position. There are currently no negotiated indirect cost recovery rates on federal grants and as of June 6, 2019, the total receipts from Federal Emergency Management grants to be used for administrative costs are \$24,084, which is not enough to support the cost of this new position. This is also not the same as indirect cost recovery.*

**Other Salaries and Benefits (1.0 FTE).** The Department requested \$125,815 more than enacted from all sources including \$53,509 more from general revenues for 13.0 full-time equivalent positions, one more than enacted. The enacted budget authorized and funded 12.0 full-time equivalent positions. As of November 24, 2018, there were 2.0 vacancies. The request includes an increase in salary for the Director of Finance and Central Management, funding to fill 1.0 administrative position, and sufficient funding for the Public Information Officer which was filled using the prior administrative vacancy that is now requested. The request also reflects other adjustments based on current staffing. *The Governor recommended \$13,475 less than requested which includes \$6,271 to reflect statewide benefit savings and \$7,204 from statewide turnover savings. The Assembly concurred.*

**Crime Victim Assistance.** The Department requested \$3.0 million more from federal Crime Victim Assistance funds for additional local grants based on a recent increase in the amount awarded to states. The Department grants awards to local programs that support direct services to victims of violent crime. Local programs must provide free services to victims of federal, state, and local crimes while fostering community efforts to aid crime victims. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Grants.** The Department requested \$1.1 million more from other federal grants including \$0.3 million more from the National Criminal Histories Improvement grant, \$0.3 million more from the Rhode Island Forensic Improvement Program, \$0.1 million more from the Sexual Assault Services Program, and

\$0.4 million more from other federal grants. The request reflects current federal grant awards. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Operations.** The Department requested \$48,218 less from all sources for other expenses including \$250 more from general revenues. Changes to federal funding include \$5,500 less for legal services and \$42,968 less for accounting services. The enacted budget, consistent with the Department's request, includes funding for an independent contractor to assist the Division with grant management. However, the Department decided that these services are no longer needed. *The Governor recommended \$471 less from general revenues from three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

## E-911

**Salaries and Benefits.** As part of her original FY 2019 budget the Governor recommended \$153,881 to fund two new E-911 Telecommunicator positions. The recommendation assumed a start date of July 1, 2018. The Assembly provided \$0.3 million from general revenues to fund three more positions, for a total of five new telecommunicators and 52.6 full-time equivalent positions. The Department's revised request includes \$0.2 million less than enacted from general revenues for 50.6 positions based on delays in filling current vacancies. As of November 24, 2018, there were 9.6 vacant positions.

The request reflects internal promotions of four assistant shift supervisors to shift supervisors. The request also increases the starting salary of E-911 telecommunicators by two grades, making the starting salary \$39,978. A hearing was conducted to address the salary increases for the starting salary of the E-911 telecommunicators on October 3, 2018. It should be noted that the requested increase was not approved or funded in the enacted budget.

The 2018 Assembly eliminated 15.0 vacancies from the Department but it did not identify the positions; the Department's revised request reduces the amount of staffing in the Division by 2.0 positions. At the time the budget was enacted the Division had 42.0 filled positions, or 10.6 vacancies. *The Governor recommended \$118,527 less than requested including \$41,852 in statewide benefit savings and \$76,775 from turnover savings based on current vacancies. The Assembly concurred.*

**Technology Upgrades.** The 2018 Assembly provided an additional \$0.7 million from general revenues for the Division to perform technology upgrades and for a statewide assessment of needs to implement Next Generation 911 and Text-to-911. The Assembly also enacted legislation in Article 7 of 2018-H 7200, Substitute A, as amended, to rename the E-911 Surcharge to the Emergency Services and First Response Surcharge, reflecting the current use of the funds for emergency services and first responder agencies. It required the Office of Digital Excellence to include recommendations for shared services across municipalities and to report on planned use of the Information Technology Investment Fund for projects related to public safety communications and emergency services. The fund receives 10 percent of the fees.

The Department requested funding consistent with the enacted budget and is planning to update pictometry data, begin updating GIS data which is part of a larger five to seven year project, replace laser projectors, upgrade all computer systems to Windows 10, purchase office equipment, and conduct additional training. The Division is planning to launch Text-to-911 in February 2019.

*The Governor recommended \$250,000 less than requested which would provide \$450,000 for FY 2019. The recommendation does not fund the upgrade to Windows 10. The Assembly concurred.*

**Other Operations.** The Department requested \$5,153 more from general revenues for all other expenses including \$5,050 more for psychological testing of new recruits. *The Governor recommended \$32,611 less*

*than requested which reflects three separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

### Sheriffs

**Salaries and Benefits.** The Department requested \$242,546 less than enacted from general revenues for salaries and benefits. The request reflects additional turnover savings equivalent to approximately two positions and includes adjustments to medical benefits based on current staffing and an overstatement assumed in the enacted budget. The enacted budget assumed turnover savings of \$0.2 million for the Division. The Division has 181.0 full-time equivalent positions authorized, of which all but four filled as of November 24, 2018; of that, 22.0 positions on injured-on-duty status. This means they are not working but are paid from this budget and appear in the filled position count. *The Governor recommended \$267,642 less than requested which includes \$145,511 from statewide benefit savings and \$122,131 from statewide turnover savings. The Assembly concurred.*

**Fleet Maintenance.** The Department requested \$179,303 more than enacted from general revenues for state fleet expenditures including maintenance and repairs, which is largely consistent with FY 2018 expenditures. The Department has 53 vehicles in circulation, of which 25 are over 10 years old. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Operations.** The Department requested \$123,638 more from general revenues for other operating expenses including \$25,000 more for updated charges for space in Judiciary buildings. Planned expenditures also include more for uniforms, as well as taser batteries, cartridges, spare holsters, a simulator suit, and ballistic vests for new hires. It also includes other specialized equipment for crowd control. *The Governor recommended \$20,125 more than requested which includes \$60,000 more to begin replacing radios as part of a six year plan and \$39,875 less from three statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

### Capitol Police

**Salaries and Benefits.** The Department requested \$125,906 less from general revenues for the salaries and benefits for 38.0 full-time equivalent positions not assigned to internal service funds. The request reflects \$0.2 million more for overtime expenditures offset by \$0.3 million in turnover savings from delays in filling vacancies. The enacted budget authorized 51.0 full-time equivalent positions which includes 38.0 positions funded from general revenues and 13.0 positions charged to other agencies through internal service funds. The enacted budget also assumes \$0.1 million in turnover savings. As of November 24, 2018, the Division had 40.0 filled positions including 11.0 positions funded through internal service funds; it planned to have 11.0 recruits in January. *The Governor recommended \$49,887 less than requested which includes \$27,188 from statewide benefits savings and \$22,699 from statewide turnover savings. As of February 4, the Division had a total of 2.0 vacancies. The Assembly concurred.*

**Recruitment Costs.** The Department requested \$116,337 more from general revenues for costs related to new capitol police cadets. The Department recruited 11.0 full-time equivalent cadets in December 2018, and the recruits started duty in January 2019. The request reflects the additional costs of training, medical evaluations, and supplies for the new recruits. The enacted budget assumed \$11,625 from general revenues for the recruitment of the new police officers including psychological and medical examinations. However, the request, upon which the Governor's recommendation and the enacted budget were based, did not originally include the additional funding needed to outfit the new recruits with the necessary supplies and uniforms. *The Governor recommended \$8,200 less than requested which reflects three statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

## Municipal Police Training Academy

**Rent.** The Department requested \$33,032 more from general revenues to pay rent for space at the Community College of Rhode Island's Flanagan Campus in Lincoln and the National Guard's Camp Fogarty in East Greenwich. The request reflects an estimated increase of \$12,470 for rental costs at Camp Fogarty and \$21,062 at the Community College, contrary to the enacted budget which adopted a savings initiative proposed by the Department and the Governor.

The Governor's FY 2019 recommendation proposed moving the Training Academy from the Community College to the National Guard's Camp Fogarty to save \$25,475 in lease payments. The Department assumed that the National Guard would not charge the Division for use of the space based on prior practice. However, the Department decided to continue using space at the Community College and signed a lease with the school which is effective until June 30, 2019. The National Guard also started charging rent this year for the use of Camp Fogarty, but as of January 15, 2019, no lease or memorandum of agreement had been signed. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Operations.** The Department requested \$73,765 more from all sources for other expenses of the Municipal Police Training Academy. This includes \$6,933 more from general revenues, \$46,832 more from federal funds, and \$20,000 more from the Governor's Highway Safety Association Foundation grant. The general revenue increase includes the cost of using an attorney from the Attorney General's office to teach at the Training Academy, riot shields and body armor, conducting an additional training class, and other operating expenses.

*The Governor recommended \$25,452 less than requested from all sources. She includes general revenue savings of \$5,452 of which \$2,636 is from statewide benefits savings, \$1,297 from statewide turnover savings, and \$1,519 from three statewide savings initiatives designed to reduce operating costs. It is unclear how turnover savings will be achieved as the Division's 2.0 positions are filled. The recommendation excludes funding from the Governor's Highway Safety Association Foundation grants. Subsequently, the Department indicated that the funds will be shown in the Department of Transportation's budget. The Assembly concurred.*

## State Police

**Lottery Tiverton Casino Related Patrols.** The Department requested \$1.2 million from Lottery funds to fund the overtime costs of 5.0 full-time equivalent troopers to monitor the activity at the new Tiverton Casino for which the enacted budget included no funding. The Division started patrolling the Tiverton Casino on August 13, 2018. This request reflects the overtime costs for 2.0 troopers to monitor the Casino during the day, 2.0 troopers at night, and 1.0 supervisor during the day. *The Governor did not recommend the funding. It appears the patrols ended in early November and cost \$0.4 million from general revenues. The Assembly concurred.*

**Other Salaries and Benefits.** The Department requested \$2.6 million less from all sources to fund the remaining 264.0 full-time equivalent positions. This includes \$1.7 million less from general revenues, \$0.2 million more from federal funds, \$0.2 million more from restricted receipts, and \$1.2 million less from other funds. The position count reflects the shift of two positions to Central Management. The request inadvertently excludes \$1.6 million from Department of Transportation reimbursements for construction patrol and enforcement. Adjusting for that, the budget would be \$1.0 million less from all sources including \$0.4 million more from Lottery funds for increased staffing of the Gaming Enforcement Unit.

Changes to the enacted budget include additional turnover savings, based on vacancies that occurred later in FY 2018 and the beginning of FY 2019. This is offset by \$1.4 million more for overtime expenses reportedly because there is less staff and more events, including rallies and protests that require state police

details. This would bring total overtime expenses to \$6.6 million, \$1.9 million more than FY 2018 expenditures of \$4.7 million.

*The Governor recommended \$1.2 million more than requested from all sources including \$1.4 million more from general revenues. The recommendation reflects a shift of \$1.8 million from Lottery funds to general revenues for the Gaming Enforcement Unit consistent with the November revenue estimate which assumed expenses would not be first deducted from Lottery revenues. It also includes \$34,000 from general revenues for overtime expenses related to the inauguration. The recommendation corrects the exclusion of \$1.6 million from Department of Transportation reimbursements. Additionally, the recommendation includes \$263,749 from statewide benefit savings and a distribution of \$249,373 of statewide turnover savings. As of January 5, 2019 the Division had 267.0 filled positions. The Assembly concurred.*

**Vehicles.** The Department requested \$1.6 million more from Google Forfeiture funds and Forfeited Property funds to purchase vehicles. The Department purchased vehicles in FY 2018 but the delivery did not occur until 2019; therefore, the expenditure occurs in FY 2019. *The Governor recommended funding as requested. The Assembly concurred.*

**Fleet Maintenance.** The Department requested \$397,434 more from general revenues for state fleet expenditures consistent with prior years' expenses. The request also reflects additional gas, insurance, and regularly scheduled maintenance for the new vehicles that were purchased in FY 2018 and in FY 2019. It should be noted that the Department has historically miscalculated its request for vehicle maintenance costs. The enacted budget was based on the Department's FY 2019 request, which apparently underfunded the amount needed. The FY 2019 request is the lowest amount requested for fleet maintenance since FY 2014; the Department has spent an average of \$1.9 million for fleet maintenance since FY 2014. *The Governor recommended funding as requested. The Assembly concurred.*

**Fleet Revolving Loan Repayment Fund.** The Department requested \$268,218 more from general revenues to make payments on vehicles financed through the State Fleet Revolving Fund. This request reflects the debt service for vehicles purchased during FY 2019 but fails to include outstanding payments for vehicles purchased in FY 2017 and FY 2018. The enacted budget was based on the Department's FY 2019 request which incorrectly stated the amount needed for vehicle payments in FY 2019 as well as past and future debts. Additionally, the Department appears to have omitted the prior year's debt service payment in its current budget request. The request still underfunds the amount owed. The amount due for FY 2019 is \$0.7 million, which is \$418,359 more than requested. *The Governor recommended funding as requested. The Assembly concurred.*

**Capital Projects.** The Department requests \$834,000 more from Rhode Island Capital Plan funds for capital projects including \$0.4 million more for the State Police Master Plan and \$0.4 million for the State Police Training Academy Upgrades. This request is not consistent with the capital plan. The request reflects changes to the funding for the State Police Training Academy upgrades including requesting the unspent balance of \$0.4 million from FY 2018. *The Governor recommended \$0.4 million more than requested for capital projects.*

*The Governor subsequently requested an amendment to include \$500,036 less for the Department's Asset Protection projects and Training Academy Upgrades for FY 2019. This amendment reflects projected spending for FY 2019 and updated renovation goals. The Assembly concurred with the Governor's amendment and included \$0.1 million less for design work related to the Headquarters Roof Replacement; the Department used asset protection funding to pay for these services. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**Maintenance and Repairs.** The Department requested \$0.3 million more from all sources for maintenance and repairs, including \$0.3 million more from general revenues and \$30,250 less from restricted receipts.

Expenditures include maintenance to the building and office equipment, waste management, and snowplowing and sanding. Projected expenditures are \$98,844 more than FY 2018 spending, primarily for repairs on office and other equipment, for which the Department cannot give specific details. *The Governor recommended funding as requested. The Assembly concurred.*

**Utilities and Internet.** The Department requested \$0.4 million more from general revenues for utilities and internet services at the State Police Headquarters and the barracks. The request largely reflects FY 2018 expenditures; the Department has spent more than authorized for the past four years. *The Governor recommended funding as requested. The Assembly concurred.*

**Network System and Information Technology Upgrades.** The Department requested \$1.1 million more from all sources for network system and information technology upgrades including \$0.3 million more from general revenues. The general revenue increase reflects FY 2018 actual spending for computer equipment. The Department requested \$0.8 million more from federal funds, which largely reflects the remaining balance of Google Forfeiture funds for purchases delayed from FY 2018.

In FY 2018, as part of its revised request, the Department requested \$1.2 million more than the FY 2018 enacted budget from general revenues for software enhancements, laptops and computer purchases, and equipment for the Rhode Island Law Enforcement Telecommunications System. The final enacted budget for FY 2018 provided \$258,850 from general revenues to replace switches and a router at the State Police headquarters, and \$1.1 million in FY 2019 from Google Forfeiture funds for the requested supplies. In FY 2018, the Department reported that it did not purchase the equipment as it needed the funding to cover overspending in other areas.

Similarly, the FY 2019 enacted budget includes \$1.1 million from Google Forfeiture funds to purchase laptops, radios, fingerprint equipment as well as software license renewals. However, after the budget was enacted, the Department was informed that software maintenance agreements could not be purchased with Google Forfeiture funds; those have been repurposed to buy replacement firearms, SWAT team bullet proof vests, and naloxone. *The Governor recommended \$190,000 more from general revenues to replace radios as part of a six-year plan. The Assembly concurred.*

**Forfeiture Funds.** The Department requested \$222,008 more from restricted receipts primarily for office supplies, equipment and vehicles. Rhode Island General Law, Section 21-28-5.04 allows 70.0 percent of proceeds from forfeitures to be used by law enforcement agencies, including the state police, based upon the agency's contribution to the investigation that led to the forfeiture. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to include an additional \$222,008 from restricted receipts for the Department to distribute as local grants and to purchase additional safety equipment. The Assembly included \$153,617 which reflects the actual balance of the restricted receipts. Of that, \$23,500 is for four municipalities that participated in investigations and the remaining \$130,117 for additional safety equipment and vehicles.*

**Other Operations.** The Department requested \$0.2 million more from all sources for all other operating expenses including \$289,311 more from general revenues, \$160,625 less from federal funds, and \$145,488 more from restricted receipts. The general revenue increase largely reflects FY 2018 expenditures including more for travel, rent, professional services, and additional supplies. The request includes \$160,625 less from federal funds, which reflects a reduction in expenditures from Google Forfeiture funds to offset costs in other areas. *The Governor recommended \$0.1 million less from all sources than requested, which includes \$143,194 less from general revenues from three statewide savings initiatives designed to reduce operating costs. The recommendation includes \$36,816 more from the Paul Coverdell Forensic Science Grant for additional supplies. The Assembly concurred.*

## Office of the Public Defender

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 10,371,084               | \$ 11,272,586              | \$ 10,923,107              | \$ 10,746,107            |
| Contracted Services              | 200,822                     | 259,450                    | 250,808                    | 250,808                  |
| <b>Subtotal</b>                  | <b>\$ 10,571,906</b>        | <b>\$ 11,532,036</b>       | <b>\$ 11,173,915</b>       | <b>\$ 10,996,915</b>     |
| Other State Operations           | 991,067                     | 1,052,980                  | 1,046,562                  | 1,046,562                |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | 26,854                      | 45,000                     | 45,000                     | 45,000                   |
| Capital                          | 48,249                      | 46,500                     | 46,500                     | 46,500                   |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 11,638,076</b>        | <b>\$ 12,676,516</b>       | <b>\$ 12,311,977</b>       | <b>\$ 12,134,977</b>     |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 11,574,438               | \$ 12,575,531              | \$ 12,236,312              | \$ 12,059,312            |
| Federal Aid                      | 63,638                      | 100,985                    | 75,665                     | 75,665                   |
| Restricted Receipts              | -                           | -                          | -                          | -                        |
| Other                            | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 11,638,076</b>        | <b>\$ 12,676,516</b>       | <b>\$ 12,311,977</b>       | <b>\$ 12,134,977</b>     |
| <b>FTE Authorization</b>         | <b>93.0</b>                 | <b>95.0</b>                | <b>95.0</b>                | <b>95.0</b>              |
| <b>FTE Average</b>               | <b>89.3</b>                 |                            |                            |                          |

**FY 2019 Revised Request.** The Office of the Public Defender requested \$221,822 less from general revenues and \$25,320 less from federal funds. *The Governor recommended \$117,397 less than requested to reflect statewide savings, noted below where appropriate. The Assembly included \$0.2 million less from general revenues and concurred with the remainder of the recommendation.*

**Salaries and Benefits.** The Office requested \$0.3 million less than enacted from general revenues for salaries and benefits. The requested changes primarily reflect additional turnover savings. *The Governor recommended \$0.1 million less than requested to reflect statewide benefit savings. The Assembly included savings of \$0.2 million from general revenues based on the Office's third quarter report.*

**Edward Byrne Memorial Grant.** The Office requested \$25,320 less than enacted from the federal Edward Byrne Memorial Justice Assistance Grant. The Office utilized the funding for a contract social worker to assist with the assessment and evaluation of adult clients and placement into social service community programs. The Office indicated that the requested funding of \$29,000 represents a carry-forward balance of \$4,000 from a previous award and its most recent 2017 award of \$25,000. The Office noted that its 2017 award cannot be utilized until pending federal litigation is resolved. Based on a November 2018 United States District Court ruling, the 2017 award funds can be utilized. *The Governor recommended funding as requested. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. The Office requested \$12,186 from general revenues for its share of centralized information technology services, consistent with the enacted level. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Operations.** The Office requested \$38,566 more than enacted from general revenues for all other expenses. Some of the changes reflect FY 2018 spending and a trending increase in services such as \$8,000 more for interpreters and translators, \$6,000 more for court transcripts, and \$4,000 more for expert witnesses, primarily medical experts. The changes also include \$5,000 more in the rental account to reflect a parking rate increase and anticipated utility payments, \$11,500 more for the cost of legal compilations and subscription services that have increased in recent years, \$12,700 more for telephone expenses based on FY 2018 spending, and \$11,184 less for travel reimbursement to better reflect the Office stationing more staff in the branch offices and employees bundling their investigations in order to reduce costs. *The Governor recommended \$28,306 less than requested to reflect three separate statewide initiatives designed to reduce operating costs. The Assembly concurred.*

## Department of Environmental Management

|                                    | FY 2018<br>Reported  | FY 2019<br>Enacted    | FY 2019<br>Revised   | FY 2019<br>Final     |
|------------------------------------|----------------------|-----------------------|----------------------|----------------------|
| <b>Expenditure by Program</b>      |                      |                       |                      |                      |
| Office of the Director             | \$ 9,746,139         | \$ 11,043,408         | \$ 10,867,571        | \$ 10,867,571        |
| Bureau of Natural Resources        | 44,814,673           | 65,139,345            | 57,472,093           | 53,679,660           |
| Bureau of Environmental Protection | 25,519,890           | 32,506,754            | 30,541,738           | 30,834,200           |
| <b>Subtotal</b>                    | <b>\$ 80,080,702</b> | <b>\$ 108,689,507</b> | <b>\$ 98,881,402</b> | <b>\$ 95,381,431</b> |
| <b>Expenditures by Category</b>    |                      |                       |                      |                      |
| Salaries and Benefits              | \$ 47,352,558        | \$ 51,800,733         | \$ 50,060,263        | \$ 50,129,263        |
| Contracted Services                | 5,488,752            | 6,946,945             | 7,258,395            | 7,315,395            |
| <b>Subtotal</b>                    | <b>\$ 52,841,310</b> | <b>\$ 58,747,678</b>  | <b>\$ 57,318,658</b> | <b>\$ 57,444,658</b> |
| Other State Operations             | 13,599,542           | 16,367,157            | 15,881,880           | 17,287,909           |
| Aid to Local Units of Government   | -                    | -                     | -                    | -                    |
| Assistance, Grants, and Benefits   | 4,736,540            | 7,042,070             | 6,910,523            | 6,933,523            |
| Capital                            | 8,903,310            | 26,482,602            | 18,720,341           | 13,665,341           |
| Capital Debt Service               | -                    | -                     | -                    | -                    |
| Operating Transfers                | -                    | 50,000                | 50,000               | 50,000               |
| <b>Total</b>                       | <b>\$ 80,080,702</b> | <b>\$ 108,689,507</b> | <b>\$ 98,881,402</b> | <b>\$ 95,381,431</b> |
| <b>Sources of Funds</b>            |                      |                       |                      |                      |
| General Revenue                    | \$ 40,345,607        | \$ 41,841,215         | \$ 41,032,676        | \$ 41,450,676        |
| Federal Aid                        | 20,297,374           | 31,763,160            | 31,738,097           | 31,735,126           |
| Restricted Receipts                | 13,895,059           | 17,580,291            | 15,695,625           | 15,695,625           |
| Other                              | 5,542,662            | 17,504,841            | 10,415,004           | 6,500,004            |
| <b>Total</b>                       | <b>\$ 80,080,702</b> | <b>\$ 108,689,507</b> | <b>\$ 98,881,402</b> | <b>\$ 95,381,431</b> |
| <b>FTE Authorization</b>           | <b>400.0</b>         | <b>395.0</b>          | <b>395.0</b>         | <b>395.0</b>         |
| <b>FTE Average</b>                 | <b>373.5</b>         |                       |                      |                      |

**FY 2019 Revised Request.** The Department requested \$10.1 million less than the FY 2019 enacted budget. This includes \$0.1 million less from federal funds, \$1.9 million less from restricted receipts, and \$8.2 million less from other sources. The revised request for general revenues is consistent with the enacted budget. *The Governor recommended \$0.3 million more than requested from all sources and included \$0.8 million less from general revenues, \$0.1 million more from federal funds, \$251 more from restricted receipts, and \$1.1 million more from other funds. This includes \$625,066 of statewide savings, noted below where appropriate. The Assembly provided \$0.5 million less than recommended from all sources.*

**Staffing.** The Department requested \$1.4 million less than enacted from all sources for salaries and benefits for 395.0 full-time equivalent positions. The enacted budget includes a reduction in the staff authorization of 5.0 unidentified positions, includes turnover savings equivalent to approximately 12.0 positions, and provides \$0.8 million in cost-of-living adjustments. The Department upgraded a number of classified positions through a public hearing held in August 2018. The upgrades have a direct impact of \$0.1 million on the Department, split evenly between general revenues and other sources. The Department's FY 2019 revised request also includes 3.0 new positions while eliminating 3.0 other, unidentified positions.

Subsequent to the budget submission, the Department indicated that the request unintentionally excludes \$0.1 million from general revenues as a result of a technical error. At an estimated average cost per position of \$128,518, the Department's revised request would fund 391.9 full-time equivalent positions, maintaining turnover savings equivalent to 3.1 positions. This is consistent with the Department's indication that it intends to staff up as close to its authorization as possible during FY 2019; however, the Department had 374.0 filled full-time equivalent positions as of the pay period ending October 27, 2018. It is also noteworthy that while 60.5 percent of the enacted budget for salaries and benefits is from general revenues, only 4.7 percent of the savings in the revised budget is.

*The Governor recommended \$0.3 million less than requested from general revenues which is offset by \$1,874 more from federal funds and \$251 more from restricted receipts. The request includes \$224,575 less for statewide benefit savings and \$170,663 less to account for the distribution of statewide turnover savings. These decreases to general revenues are offset by an increase of \$0.1 million to correct the technical error. As of the pay period ending February 2, 2019, the Department had 375.0 filled full-time equivalent positions. The Assembly concurred.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. For the Department's share of centralized services, the request includes the enacted amount of \$2.5 million, including \$10,620 from restricted receipts and the rest from general revenues. By service, it is \$0.6 million for human resource service centers and \$1.9 million for information technology charges. It should be noted that in FY 2018, the Department was charged \$0.3 million less than the final appropriation, including \$0.3 million less from general revenues. *The Governor recommended \$0.2 million less than requested from all sources based on actual billings through November. This includes \$0.3 million less from general revenues offset by \$50,287 more from federal funds. The Assembly concurred.*

#### **Office of the Director**

**Deputy Director (1.0 FTE).** The Department requested \$0.2 million for a new deputy director position within the Office of the Director. The position is requested for both FY 2019 and FY 2020; funding in FY 2019 is entirely from the Department's indirect cost recovery restricted receipts while funding in FY 2020 would be split from general revenues and those restricted receipts. The Department included a reduction of 1.0 unidentified full-time equivalent position elsewhere in the Office to remain within its enacted authorization. The Department indicated the position was last vacated in April 2005, then called an Associate Director, and would oversee operations within the Office of the Director.

On December 10, 2018, the Department of Administration submitted notice in accordance with Rhode Island General Law, Section 36-4-34.1, transferring an associate director from the Department of Administration to the Department of Environmental Management to serve in this role for a period of 12 months. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Salaries and Benefits (-1.0 FTE).** The Department requested \$0.3 million less than enacted from all sources for the salaries and benefits of the remaining 34.0 positions in the Office of the Director. As noted in the previous item, the Department allocated 1.0 vacant position to accommodate a new deputy director. The decrease is additional savings from the voluntary retirement incentive; none was taken in the enacted budget from non-general revenue sources. It should be noted that the decrease to restricted receipts reflects funding for the deputy director and is mostly from indirect cost recovery, which are flexible funds that can be used in lieu of and as flexibly as general revenues. That is offset by increases to the

Department's other restricted receipts. The enacted budget contains no turnover savings for the Office. The Office had 34.0 filled positions as of the pay period ending October 27, 2018.

*The Governor recommended funding as requested and included \$30,613 in additional savings from general revenues. This includes \$15,936 in statewide benefit savings and \$14,677 to account for the distribution of statewide turnover savings. Although the Office was fully staffed at the time of the recommendation, it can meet the turnover target through offsetting costs to its indirect cost recovery restricted receipts as the recommendation does not include available savings for statewide adjustments from other sources. The Assembly concurred.*

**Bays, Rivers, and Watersheds Fund.** The Department requested \$149,500 more than enacted from the Bays, Rivers and Watershed restricted receipt account to reflect the carry-forward of funding from FY 2018, when the program was underspent by \$0.3 million. The fund is derived from fees collected for the disposal of septicage from a \$1 per hundred gallons charge on septicage disposal in the state. The 2016 Assembly abolished the Bays, Rivers and Watersheds Coordination Team; the restricted receipts are utilized by the Department for efforts relating to watershed and marine monitoring, water pollution abatement, and climate change. Last year the program underspent by \$0.3 million, when \$0.2 million was spent; prior grantees will receive awards in this fiscal year. *The Governor recommended funding as requested. The Assembly concurred.*

**Abandoned Vessel Removal.** The Department requested \$50,000 less than enacted for the Abandoned Vessel Removal program to reflect past expenditures and allowance for any unplanned vessel removal. The fund derives revenues from an additional fee assessed during the vessel registration process. Funds from the account may only be used to cover the costs of removing, disposing, and/or selling derelict and abandoned vessels and other obstructions, including any associated administrative or environmental remediation costs. Past expenditures for the program include \$37,876 in FY 2017 and \$2,516 in FY 2018. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Operations.** The Department requested \$17,249 more than enacted from all sources for other operations within the Office of the Director. This includes \$18,000 more from indirect cost recovery and Regional Greenhouse Gas Initiative restricted receipts offset by \$751 less from general revenues. The spending from restricted receipts is for new computer equipment while the decrease to general revenues reflects aligning the budget with actuals from FY 2018 for mobile phone charges. *The Governor recommended funding as requested and included \$89,032 in savings from general revenues based on three statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

### **Bureau of Environmental Protection**

**Clean Diesel Program.** The Department requested \$62,500 from general revenues for the Clean Diesel Program, for which no funds were included in the enacted budget. The 2016 Assembly established a Rhode Island Clean Diesel Fund to reduce emissions from heavy-duty diesel engines operating on state roads and help companies improve supply chain efficiency. The Department accepted applications for its first and only grant round in May 2017 and ended FY 2018 by underspending its final appropriation for the program by the amount requested. The request reflects the award for the final grantee, the town of South Kingstown. *The Governor concurred. The Assembly concurred.*

**Diesel Emissions Program.** The Department requested \$0.3 million more than enacted from federal funds for the Diesel Emissions program. The funding source is a grant from the United States Environmental Protection Agency to continue developing grant, rebate, or low cost revolving programs to fund clean diesel projects. The request reflects carrying forward unspent funding from the last two fiscal years. The FY 2017 appropriation of \$0.2 million went completely unspent, while the FY 2018 appropriation of \$0.4 million also went unspent by \$0.2 million. The request for proposals closed on November 12, 2018 with

grantees to be selected by mid-January. *The Governor recommended funding as requested. The Assembly concurred.*

**Bureau of Environmental Protection Staffing.** The Department requested \$1.1 million less than enacted for other salaries and benefits from all sources of funds for 175.0 full-time equivalent positions of the Bureau of Environmental Protection. This includes \$29,200 less from general revenues, \$0.6 million less from federal funds, \$0.6 million less from restricted receipts, and \$28,930 more from other funds. The decrease reflects savings from the voluntary retirement incentive; none was taken from non-general revenues sources in the enacted budget. There is turnover equivalent to approximately 5.0 full-time equivalent positions in the enacted budget, which the request appears to maintain. *The Governor recommended funding as requested and included \$163,455 in savings from general revenues. This includes \$88,835 of statewide benefit savings and \$74,260 to account for the distribution of statewide turnover savings. The recommendation does not include statewide savings from other sources. The Assembly concurred.*

**National Pollution Discharge Elimination.** The Department requested \$148,000 more than enacted from federal funds for its pollutant discharge elimination system. Additional funding reflects unspent funds from FY 2018, when the final appropriation for the system went underspent by \$153,780. Funding supports ongoing efforts at monitoring and assessing the ecological condition of freshwater wetlands in partnership with the Rhode Island Natural History Survey and University of Rhode Island. *The Governor recommended funding as requested. The Assembly concurred.*

**Strengthening Regional Partnerships.** The Department requested \$0.1 million less than enacted from federal funds to reflect the end of a grant from the United States Environmental Protection Agency for a watershed counts initiative in partnership with the University of Rhode Island's Coastal Institute. The grant ended during FY 2018. The initiative focused on protecting the headwaters of Narragansett Bay. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Federal Grants.** The Department requested \$0.1 million more than enacted for expenses from its remaining federal funds. The enacted budget contains \$3.9 million for these programs. The most significant alteration among the 30 grants is an increase of \$0.1 million for the groundwater program. It has been a practice of the Department to request all available funding during budget revision, only to dramatically underspend at the end of the year. The request reflects an effort to end that practice. For FY 2018, the Department spent \$1.3 million, or \$2.9 million less than the final appropriation on the grants included in this item. *The Governor recommended funding as requested. Subsequent to the budget submission, the Governor requested an amendment to increase federal funds by \$0.3 million to reflect available funding from a Department of Defense site restoration grant. The Assembly concurred.*

**Environmental Response Fund.** The Department requested \$0.3 million less than enacted from restricted receipts for expenses from the Environmental Response Fund to reflect actual spending from FY 2017 and FY 2018. The enacted budget contains \$0.9 million for this program, excluding salaries and benefits. In FY 2017, \$0.4 million was spent on this program, while a similar amount was spent in FY 2018. The fund derives revenues from fees associated with permits for violations of vehicles which transport hazardous materials. Applicable uses of the fund include a number of activities related to response to hazardous material spills. *The Governor recommended funding as requested. The Assembly concurred.*

**Environmental Trust.** The Department's request excludes funding from the environmental trust of the Bureau of Environmental Protection. The enacted budget includes \$0.1 million in expenditures from the trust. Each Bureau of the Department has an environmental trust account typically used for one-time revenues such as donations or grants. The Department indicated there is no funding remaining in the trust for this Bureau and excludes it as a result. There have been no expenditures from the trust since FY 2017, when it was used to fund consultants and training for the Department's lean initiative. Funding is also

excluded in the Department's FY 2020 request. *The Governor excluded funding as requested. The Assembly concurred.*

**Oil Spill Prevention, Administration, and Response Fund.** The Department requested the enacted level of \$1.3 million from the Oil Spill Prevention, Administration, and Response Fund restricted receipts, which are derived from a \$0.05 per barrel fee on petroleum products received at marine terminals in Rhode Island. The funding is used to promptly respond to, contain and remediate oil spills, maintain a state of emergency response readiness through responder training and equipment acquisition, and pay emergency loans to workers affected by a spill as well as damage compensation for legitimate claims that cannot otherwise be compensated by responsible parties or the federal government. The Department spent an average of \$1.0 million annually from FY 2014 to FY 2018.

*The Governor recommended funding as requested. As part of the FY 2020 recommendation, the Governor proposed doubling the fee supporting the fund, increasing collections by an estimated \$1.5 million, and expanding the allowable uses of the fund to pay for compliance and monitoring activities for storm water management and brownfields remediation. The fees have not been increased since the inception of the fund. Additionally, her revised budget would require the transfer \$1.0 million from the fund to state general revenues in FY 2019.*

*Subsequently, the Governor requested an amendment which would further expand the eligible uses of the fund to provide grants for municipalities and state agencies to undertake projects that invest in infrastructure adaptation on public lands to be resilient to climate change and protect or enhance natural systems or habitats. The Assembly did not concur with the transfer or to expand uses of the fund.*

**Underground Storage Tank Reimbursement.** The Department requested \$0.7 million less than enacted from the underground storage tank reimbursement fund restricted receipts. The purpose of the fund, which derives revenues from an environmental protection regulatory fee on motor fuel, is to facilitate the clean-up of releases from leaking underground storage tanks and storage-tank systems, including those located on sites in order to protect the environment, drinking water supplies, and public health. The revised request of \$1.5 million more closely aligns the budget with actual expenditures from FY 2018 and FY 2017, \$1.3 million and \$1.1 million, respectively. *The Governor recommended funding as requested. Additionally, the Governor proposed to transfer \$1.0 million from this fund to state general revenues in FY 2019. The Assembly did not concur with the transfer.*

**Volkswagen Settlement.** Volkswagen has agreed to settle allegations that it violated the federal Clean Air Act by selling vehicles that emit air pollution over the legal limit, and by cheating on federal emission tests to hide the excess pollution. As part of the settlement, states are eligible to receive funds to pay part of the cost of projects to reduce diesel emissions from vehicles, to install electric vehicle infrastructure, and conduct other environmentally beneficial projects; the state will receive a total of \$18.5 million. The Department of Environmental Management is the designated state agency for implementation of a Beneficiary Mitigation Plan for use of \$14.4 million of the Volkswagen Settlement funds. The plan would use approximately \$10 million to replace 20 Rhode Island Public Transit Authority diesel buses with zero-emission electric buses and purchase associated charging equipment over 10 years. Other uses of the funds are \$1.5 million to expand vehicle charging stations throughout the state for personal electric cars and \$2.2 million for the administrative costs to implement these initiatives. The remaining \$4.1 million in settlement funds were awarded to the Office of the Attorney General and will be spent on "environmentally beneficial projects" as directed by the Attorney General. The Department's budget request includes \$0.1 million in both FY 2019 and FY 2020 for salary and benefit costs associated with administering the funds. These funds offset a decrease from federal funds. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Operations.** The Department requested \$49,050 less than enacted from all sources for other expenses within the Bureau of Environmental Protection. By source, this includes \$950 more from general revenues offset by \$50,000 less from restricted receipts. The increase to general revenues reflects \$500 more for stenographic services at meetings and an additional \$450 for database administration. The reduction from restricted receipts is an effort to align FY 2018 and FY 2017 spending for the water and air protection program. The enacted budget includes \$0.1 million for the program while actual FY 2018 expenses were \$12,790. *The Governor recommended funding as requested and included \$12,309 in additional savings from general revenues based on three statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

### Bureau of Natural Resources

**Food Safety Modernization (1.0 FTE).** The Department requested \$0.1 million from federal funds and authorization for 1.0 new agriculture marketing specialist. The Department indicated the position would focus on economic development within agriculture, seafood, and local food business. The position would work with 2.0 other currently authorized positions under the Food Safety Modernization program transferred to the Department from the Department of Health by the 2017 Assembly, currently budgeted in the Fish and Wildlife program. The request reflects funding for two-thirds of the year. The Department's request removes 1.0 unidentified position elsewhere in the Bureau to remain within its overall enacted authorization. *The Governor recommended funding as requested. The Assembly concurred.*

**Parks and Recreation Seasonal Staff.** The Department requested \$3.5 million, or \$0.1 million less than enacted from general revenues for seasonal staff for the parks and recreation program. The enacted budget includes \$0.2 million to account for the annualized minimum wage increase for 2018 as well as the impending wage increase in January 2019. The Department's revised request excludes funding for the assessed fringe benefit assessment on seasonal workers which appears to be an error; for FY 2018, the assessed fringe benefit rate was charged on the salaries paid to seasonal workers in this program. The Department indicated the Office of Management and Budget is working with Accounts and Control to determine if this rate should be charged. If it is, it will be included in the Governor's recommendation. *The Governor recommended funding as requested.*

*The Governor subsequently requested an amendment to increase funding for seasonal staff by \$0.1 million to address a wage disparity issue with similar positions at municipal and private beaches. The Assembly concurred.*

**Other Bureau of Natural Resources Staffing (-1.0 FTE).** The Department requested \$0.2 million less than enacted for other salaries and benefits from all sources of funds for 184.0 full-time equivalent positions of the Bureau of Natural Resources. This includes \$0.1 million more from general revenues, \$0.2 million less from federal funds, \$5,214 less from restricted receipts, and \$0.2 million less from other funds. The Department indicated that the request unintentionally excluded \$0.1 million from general revenues for one position and that it was an oversight not to budget expenses from other funds, which should be similar to FY 2018 when \$71,022 was spent. The remaining decrease reflects additional savings from the voluntary retirement incentive; none was taken from non-general revenue sources in the enacted budget. The increase is a result of the position upgrades mentioned earlier. As a result of those upgrades, there have been a number of position title and salary changes making a comparison between the two years difficult. The request includes a reduction of an unidentified position which indicates there is an additional position. There is turnover savings equivalent to 7.0 full-time equivalent positions in the enacted budget; the request appears to restore most of that.

*The Governor recommended \$0.1 million less than requested from general revenues. This includes \$0.1 million more in funding to correct the unintentional exclusion offset by \$0.1 million of statewide benefit savings and \$81,366 to account for the distribution of statewide turnover savings. The recommendation*

*did not include savings for statewide adjustments from other sources or restore the expenses from other sources inadvertently excluded from the request. The Assembly concurred.*

**Parks and Recreation Operations.** The Department requested \$7,731 more than enacted from general revenues for non-staffing expenses for its Division of Parks and Recreation. The Department's FY 2020 request reflects an effort to align expenses with actuals from FY 2018, when the appropriation was overspent by \$0.7 million. However, the revised request does not appear to adjust for FY 2018 expenses as the request is \$0.8 million less than was spent during FY 2018. The Department did not identify specific measures being taken to keep spending at the requested level. *The Governor recommended funding as requested and included \$96,095 in additional savings from general revenues based on three statewide savings initiatives designed to reduce operating costs.*

*The Governor subsequently requested an amendment to increase funding by \$0.3 million to address overspending identified in the Department's third quarter report. The Assembly concurred.*

**Eisenhower House.** The Department requested \$38,150 less than enacted from restricted receipts and the enacted level of \$50,000 from general revenues for staffing, operations, and maintenance at the Eisenhower House. The 2017 Assembly enacted Article 7 of H-5175, Substitute A, as amended, which transferred the operations of the House, including its staff and funding, to the Department of Environmental Management during FY 2017. *The Governor recommended funding as requested. The Assembly concurred.*

**Great Swamp Shooting Range.** The Department requested \$0.3 million less than enacted from restricted receipts for the expansion of the existing shooting range at the Great Swamp Management Area in West Kingston. Work for this project is funded through federal funds from a grant awarded from the United States Fish and Wildlife Service. The enacted budget assumes funding from hunting license receipts would supplement the federal funding. As the project was completed in the late summer 2018, the request reduces expenditures accordingly. *The Governor recommended funding as requested. The Assembly concurred.*

**New Federal Grants.** The Department requested \$1.0 million more than enacted to reflect seven new federal grants not included in the enacted budget. It is common practice for departments to receive a number of federal grants throughout the year. These grants were received at various times from late 2017 through October 2018 and will fund programs to restore grassland on Block Island, protect coastal birds, and monitor the population of white-tailed deer. *The Governor recommended funding as requested.*

*Subsequent to the budget submission, the Governor requested an amendment to increase federal funds by \$0.8 million to reflect adjustments to seven grants either unintentionally excluded from the Department's budget submission or newly received. The Assembly added the funding as requested and reduced funding from another grant based on projected expenditures for a net reduction of \$0.3 million.*

**Boating Safety Grant.** The Department requested \$0.5 million less than enacted from its federal boating safety grant. The enacted budget assumes funding for the purchase of boats and motor vehicles as well construction but those are not expected to occur. The Department's request removes funding for these one-time purchases and adjusts items such as state fleet and maintenance costs to reflect actual expenditures from FY 2018 and FY 2017. *The Governor recommended funding as requested. The Assembly concurred.*

**Comprehensive Wildlife Management Plan.** The Department requested \$0.2 million less than enacted from federal funds for the comprehensive wildlife management plan. The plan assesses the health of the state's wildlife and habitats, identifies the threats they face, and outlines actions needed to conserve them over the long term. The Department spent \$0.6 million on this program in FY 2018, which was \$0.1 million less than the final appropriation. The request reflects the removal of funding for environmental services

consistent with updated spending projections. *The Governor recommended funding as requested. The Assembly concurred.*

**Narragansett Bay Reserve Operations.** The Department requested \$0.3 million less than enacted from a federal grant to support research on strategies to enhance salt marsh resilience against the effects of climate change. The two-year study will be led by the Narragansett Bay National Estuarine Research Reserve, which is managed by Department. This study is part of a national effort and will involve eight other National Estuarine Research Reserve sites across the country. The reduction aligns funding for this program closer to actuals from FY 2018, when the Department spent \$0.5 million of its \$0.9 million appropriation. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Federal Grants.** The Department requested \$31,150 more than enacted for expenses from its remaining federal funds. The enacted budget contains \$12.7 million for these programs. The most significant alteration among the 46 grants is a decrease of \$0.2 million for enforcement operations from a National Oceanic and Atmospheric Administration grant. The Department has tended to request all available funding during budget revisions, only to significantly underspend at the end of the year. The request reflects an effort to end that practice. For FY 2018, the Department spent \$6.9 million, or \$6.2 million less than the final appropriation on the grants included in this item. *The Governor recommended funding as requested. The Assembly concurred.*

**Environmental Trust Natural Resources.** The Department's request includes \$0.3 million in new funding for the environmental trust of the Bureau of Natural Resources. The enacted budget included no expenditures from the trust. Each Bureau of the Department has an environmental trust account typically used for one-time revenues such as donations or grants. Since FY 2017, the Department has accrued \$0.6 million in this trust from concession sales, easements on cables which run through Scarborough, and donations. During FY 2018, the Department spent \$0.3 million from the trust; it was used to fund repairs to bathrooms at Burlingame Campground. For FY 2019, expenditures include additional repairs, a study on state park organizational management and operations, and motor vehicles. *The Governor recommended funding as requested. The Assembly concurred.*

**Fish and Game Land Acquisition and Development.** The Department requested \$0.1 million less than enacted from fish and game land acquisition and development restricted receipts. The program spent \$13,630 and \$0.2 million in FY 2017 and FY 2018, respectively, compared to appropriations of \$0.5 million. The revised request would provide \$0.3 million for land acquisition, consistent with more recent Department estimates. *The Governor recommended funding as requested. The Assembly concurred.*

**State Forestry Fund.** The Department requested \$60,000 less than enacted for expenditures from the state forestry fund restricted receipts. The fund derives revenues from fees for services provided by the Division of Forest Environment for the protection, enhancement, and management of the state's forest resources. The fund can be used "to promote the science and practice of forestry in this state." The enacted budget includes \$139,200 for expenditures from the fund. The request brings expenditures more in line with actuals from FY 2018 and FY 2017, when \$39,257 and \$26,068 were spent, respectively. *The Governor recommended funding as requested. The Assembly concurred.*

**Recreation Projects.** The Department requested \$2.5 million less than enacted for recreational projects funded by federal funds from the Department of Transportation. Projects include maintenance of state trails, purchases of equipment and materials, and funding for materials for local communities to maintain state trails. The request brings the appropriation more in line with expected expenditures. In FY 2018, the Department underspent its final appropriation of \$3.1 million for these projects by \$2.5 million; in FY 2017 underspending totaled \$2.8 million on a \$3.6 million appropriation. *The Governor recommended funding as requested. The Assembly concurred.*

**Capital Projects.** The Department requested \$5.5 million less from Rhode Island Capital Plan funds than enacted for eight capital projects. Funding will be used for repairs to state owned dams, improvements to Fort Adams State Park, repairs and improvements to the state-owned piers in Galilee and Newport, construction of a new office facility for the natural resources division in the Arcadia Management Area, and improvements to the state's recreational facilities. The request is less than enacted to reflect revised project schedules. The Department's request is inconsistent with its FY 2020 through FY 2024 capital request as it excludes \$0.2 million for improvements to Newport's piers; the Department indicated this exclusion was an error. Adjusting for that, the request is \$7.7 million, or \$5.3 million less than enacted, from Rhode Island Capital Plan funds. *The Governor recommended \$1.1 million more than requested from Rhode Island Capital Plan funds to reflect additional funding for eight different projects.*

*The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. The revisions to the initial recommendations align the Governor's recommendation to her priorities given available resources. The revisions shift \$1.1 million for the Galilee piers project to later years. The Assembly reduced FY 2019 Rhode Island Capital Plan fund expenditures by \$3.9 million and revised a number of projects based on updated schedules. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**Other Operations.** The Department requested \$38,000 less than enacted from all sources for other operations within the Bureau of Natural Resources. By source, this includes \$2,500 less from general revenues and \$35,500 less from restricted receipts. The decrease to general revenues reflects the removal of funding from the handgun safety state fleet costs to reflect actuals from FY 2018. The decrease to restricted receipts reflects the removal of funding for vehicles and architectural services from shellfish and marine licensing. *The Governor recommended funding as requested and included \$32,392 in additional savings from general revenues based on three statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*



## Coastal Resources Management Council

|                                  | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|
| <b>Expenditures by Category</b>  |                             |                            |                            |                          |
| Salaries and Benefits            | \$ 3,500,626                | \$ 3,777,250               | \$ 3,865,830               | \$ 3,725,830             |
| Contracted Services              | 165,332                     | 176,660                    | 349,660                    | 349,660                  |
| <b>Subtotal</b>                  | <b>\$ 3,665,958</b>         | <b>\$ 3,953,910</b>        | <b>\$ 4,215,490</b>        | <b>\$ 4,075,490</b>      |
| Other State Operations           | 176,987                     | 169,578                    | 473,413                    | 473,413                  |
| Aid to Local Units of Government | -                           | -                          | -                          | -                        |
| Assistance, Grants, and Benefits | 1,335,510                   | 1,613,936                  | 2,688,829                  | 2,688,829                |
| Capital                          | 118,575                     | 731,000                    | 1,010,000                  | 810,000                  |
| Capital Debt Service             | -                           | -                          | -                          | -                        |
| Operating Transfers              | -                           | -                          | -                          | -                        |
| <b>Total</b>                     | <b>\$ 5,297,030</b>         | <b>\$ 6,468,424</b>        | <b>\$ 8,387,732</b>        | <b>\$ 8,047,732</b>      |
| <b>Sources of Funds</b>          |                             |                            |                            |                          |
| General Revenue                  | \$ 2,470,459                | \$ 2,760,157               | \$ 2,757,303               | \$ 2,667,303             |
| Federal Aid                      | 2,704,146                   | 2,733,267                  | 4,376,554                  | 4,326,554                |
| Restricted Receipts              | 101,300                     | 250,000                    | 250,000                    | 250,000                  |
| Other                            | 21,125                      | 725,000                    | 1,003,875                  | 803,875                  |
| <b>Total</b>                     | <b>\$ 5,297,030</b>         | <b>\$ 6,468,424</b>        | <b>\$ 8,387,732</b>        | <b>\$ 8,047,732</b>      |
| <b>FTE Authorization</b>         | <b>29.0</b>                 | <b>30.0</b>                | <b>30.0</b>                | <b>30.0</b>              |
| <b>FTE Average</b>               | <b>28.0</b>                 |                            |                            |                          |

**FY 2019 Revised Request.** The Coastal Resources Management Council requested \$2.1 million more than the enacted budget from all sources, including \$0.4 million more from general revenues, \$1.6 million more from federal funds, and \$0.1 million more from Rhode Island Capital Plan funds. *The Governor recommended \$0.2 million less than requested from all sources, which includes \$0.4 million less from general revenues offset by \$0.2 million more from Rhode Island Capital Plan funds. The recommendation includes statewide adjustments totaling \$23,157, noted in the items below where appropriate. The Assembly provided \$0.3 million less than recommended from all sources.*

**Staffing.** The Council requested \$0.2 million more than enacted from all sources, including \$0.1 million more from general revenues and \$0.1 million more from federal funds, for salary and benefit expenses of its 30.0 full-time equivalent positions. While an increase is requested, it appears there will be additional turnover savings for the Council as the FY 2019 enacted budget fully funds 28.0 of the 30.0 authorized positions and funds the other 2.0 positions for three quarters of the year. These positions have not been filled as of the pay period ending December 22, 2018; the Council indicated hiring will not be until January 2019. *The Governor recommended \$2,399 less than enacted from general revenues which includes \$22,702 less for statewide benefit adjustments. Both vacancies were filled during January. It appears the recommendation does not account for all of the turnover savings and therefore overfunds staffing costs. The recommendation includes the requested amount from federal funds which does not include any statewide adjustments. The Assembly reduced expenditures by \$0.1 million from all sources to correct the overstatement.*

**Wind Energy Legal Services.** The Council requested \$0.2 million from general revenues for legal services related to wind energy projects. The enacted budget contains no funding for these services. The Council's FY 2019 revised request reflects approximately three-quarters of the year at an hourly rate of \$315 for 20 hours a week. The FY 2020 request reflects a full year at that rate. However, as of December 7, 2018, the Council has expended \$30,079 on legal services, all of which appear to be the traditional services the Council contracts yearly. *The Governor did not recommend funding. The Assembly concurred.*

**Other Legal Services.** The Council requested \$20,000 more than enacted from general revenues for legal services, restoring the funding to previous levels. The enacted budget includes less based on recent experience. This request is in addition to funding requested for wind energy projects. As of December 7, 2018, the Council expended \$30,079 of the \$138,000 appropriation, suggesting the request may be overstated. *The Governor did not recommend funding. The Assembly concurred.*

**StormTools.** The Council requested \$21,152 more than enacted from federal funds for StormTools. The request reflects unspent funding from FY 2018. Developed by the Council and the University of Rhode Island, StormTools shows detailed risks and maps associated with any property in the coastal zone resulting from storm activity. The Council partners with the University of Rhode Island Environmental Data Center to host and maintain StormTools. *The Governor recommended funding as requested. The Assembly concurred.*

**Shoreline Change (Beach) Special Area Management Plan.** The Council requested \$0.1 million more than enacted from federal funds to continue the beach special area management plan. The Council indicated that this plan supports the goals and objectives of Governor Raimondo's Executive Order 17-10 "Action Plan to Stand up to Climate Change" signed on September 15, 2017. The Council will provide technical support to state and municipal staff and other decision makers to apply planning guidance and decision making tools to enhance the resiliency of Rhode Island communities from coastal hazards. Funding reflects the remaining amount of the grant; funding is excluded from the Council's FY 2020 request. *The Governor recommended funding as requested. The Assembly concurred.*

**Aquatic Invasive Species.** The Council requested \$34,390 more than enacted from federal funds for the aquatic invasive species management program. Funding reflects unspent funds from FY 2018 and will be used to continue the coordination and communication of early detection and rapid response strategies to prevent the spread of aquatic invasive species. *The Governor recommended funding as requested. The Assembly concurred.*

**Coastal Environmental Risk Indices.** The Council requested \$41,093 more than enacted from federal funds to develop two Coastal Environmental Risk Indices in collaboration with the University of Rhode Island. Funding reflects the remaining available funding for these grants, which are removed in the Council's FY 2020 request. The grants are from the National Oceanic and Atmospheric Administration and the Office of Housing and Urban Development. The indices will provide a summary of the risk that coastal areas face from the environment and be applied to selected coastal pilot sites. *The Governor recommended funding as requested. The Assembly concurred.*

**Ninigret Pond Breachway Maintenance.** The Council requested \$1.2 million more than enacted from federal funds to maintain the breachways and enhance the salt marsh of Ninigret Pond. This project was formerly part of the Council's capital plan, as the South Coast Restoration Project. It was originally scheduled to end in FY 2017; however, the Council has been carrying forward unspent federal funding to continue the work. In FY 2018, the Council spent \$0.7 million of its \$1.9 million appropriation. The \$1.2 million balance is carry-forward funding; the FY 2020 request excludes funding for the project. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Federal Grants.** The Council requested \$0.1 million less than enacted from federal funds for other grant based projects including the exclusion of funding for three grants which have ended. Offsetting the decrease is an increase of \$2,000 for efforts to restore Quonochontaug Pond; none of the appropriation was spent on this project during FY 2018. The Council indicated there are currently five potential new grant opportunities it is seeking. *The Governor recommended funding as requested. The Assembly concurred.*

**Special Area Management Plan.** The Council requested \$148,000 more than enacted from federal funds to work with the University of Rhode Island on rewriting some of the Council's management programs. The FY 2018 final budget included \$70,000 for this purpose, which went unspent. The Council indicated that the University conducts scientific research on a number of initiatives for the Council but there were delays in determining the use of the funding. The revised request reflects unspent funding from FY 2018 and comes from the additional funding awarded by the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act as a result of funding lost by Oregon. The Council also programmed part of its annual award from the Administration for this program. *The Governor recommended funding as requested. The Assembly concurred.*

**Office Renovations.** The Council requested \$60,000 more than enacted from federal funds to renovate and furnish its new location; the enacted budget contains no funding for this purpose. During FY 2018, the Council indicated it would be transitioning to a different suite in its current building and needed funding to assist with that move. The FY 2018 final budget includes \$21,000 to replace office furniture of which \$5,672 was spent. The Council indicated the building needs small renovations, which accounts for \$30,000 of the increase; the other \$30,000 is for new furniture and computers. *The Governor recommended funding as requested. The Assembly concurred.*

**Capital Projects.** The Council requested \$0.1 million more than enacted from Rhode Island Capital Plan funds for capital projects; the revised request is consistent with the Council's capital request. The Council indicated the revised request should match the approved plan. This includes \$28,875 more to finish the Green Hill Pond study to reflect unspent funding from FY 2018. The \$50,000 requested for the Narragansett Bay Special Area Management Plan was intended to be the FY 2020 request to match the approved plan. *The Governor recommended \$0.2 million more than requested to reflect the addition of funding for the Beach Special Area Management Plan likely done in error based on the Council's inadvertent inclusion of this project which is complete.*

*The funding included in the capital budget differs from the amounts included in the appropriations bills submitted by the Governor a month earlier, primarily because that budget overstated available resources from Rhode Island Capital Plan funds. In some cases, there were also unrelated changes that caused a discrepancy between the capital budget and the amounts identified in the appropriations bills. The revisions remove the funding for this completed project. The Assembly reduced FY 2019 Rhode Island Capital Plan fund expenditures by \$0.2 million. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**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, the costs for the staff and other expenses related to these services 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 are charged for the costs which in turn pay for the staff and expenses. For the Council's share of centralized services, the request includes the enacted amount of \$17,366 for information technology services from general revenues. This is \$1,953 more than was charged in FY 2018. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Operations.** The Council requested \$0.1 million more than enacted from federal funds for remaining expenses. The funds are from the National Oceanic and Atmospheric Administration as part of the Coastal Zone Management Act. The Council uses these funds to support its daily operations. The Council underspent this grant by \$0.2 million in FY 2018. The request would bring spending in line with the actual spending from FY 2018, \$0.2 million. *The Governor recommended funding as requested and included \$455 in additional general revenue savings based on two separate statewide savings initiatives designed to reduce operating costs. The Assembly concurred.*

## Department of Transportation

|                                  | FY 2018<br>Reported   | FY 2019<br>Enacted    | FY 2019<br>Revised    | FY 2019<br>Final      |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Expenditures by Program</b>   |                       |                       |                       |                       |
| Central Management               | \$ 9,216,408          | \$ 11,244,350         | \$ 13,594,996         | \$ 13,594,996         |
| Management and Budget            | 1,124,196             | 5,822,202             | 2,395,574             | 2,395,574             |
| Infrastructure Program           | 443,119,117           | 573,954,579           | 616,383,128           | 609,698,130           |
| <b>Total</b>                     | <b>\$ 453,459,721</b> | <b>\$ 591,021,131</b> | <b>\$ 632,373,698</b> | <b>\$ 625,688,700</b> |
| <b>Expenditures by Category</b>  |                       |                       |                       |                       |
| Salaries and Benefits            | \$ 69,785,332         | \$ 87,593,075         | \$ 86,708,505         | \$ 81,708,505         |
| Contracted Services              | 52,397,568            | 41,590,550            | 44,811,840            | 44,811,840            |
| <b>Subtotal</b>                  | <b>\$ 122,182,900</b> | <b>\$ 129,183,625</b> | <b>\$ 131,520,345</b> | <b>\$ 126,520,345</b> |
| Other State Operations           | 27,451,632            | 42,986,941            | 47,552,807            | 44,802,807            |
| Aid to Local Units of Government | -                     | -                     | -                     | -                     |
| Assistance, Grants, and Benefits | 7,282,166             | 23,384,569            | 19,360,876            | 19,360,876            |
| Capital                          | 149,982,065           | 255,154,126           | 288,897,056           | 288,012,833           |
| Capital Debt Service             | 52,508                | -                     | 315,050               | 315,050               |
| Operating Transfers              | 146,508,450           | 140,311,870           | 144,727,564           | 146,676,789           |
| <b>Total</b>                     | <b>\$ 453,459,721</b> | <b>\$ 591,021,131</b> | <b>\$ 632,373,698</b> | <b>\$ 625,688,700</b> |
| <b>Sources of Funds</b>          |                       |                       |                       |                       |
| General Revenue                  | \$ -                  | \$ -                  | \$ -                  | \$ -                  |
| Federal Aid                      | 241,762,901           | 299,540,160           | 324,513,786           | 324,513,786           |
| Restricted Receipts              | 1,620,091             | 3,034,406             | 3,006,725             | 3,006,725             |
| Other                            | 210,076,729           | 288,446,565           | 304,853,187           | 298,168,189           |
| <b>Total</b>                     | <b>\$ 453,459,721</b> | <b>\$ 591,021,131</b> | <b>\$ 632,373,698</b> | <b>\$ 625,688,700</b> |
| <b>FTE Authorization</b>         | <b>775.0</b>          | <b>755.0</b>          | <b>755.0</b>          | <b>755.0</b>          |
| <b>FTE Average</b>               | <b>662.7</b>          |                       |                       |                       |

**FY 2019 Revised Request.** The Department of Transportation requested FY 2019 revised expenditures of \$652.4 million from all sources, \$61.4 million more than enacted. This includes a slight reduction from restricted receipts and increases of \$14.4 million from federal funds and \$47.0 million from other funds. The request increases staffing authorization by 0.6 full-time equivalent positions.

*The Governor recommended \$20.1 million less from all sources than requested, including \$40.0 million less from the Highway Maintenance Account. The recommendation reflects an upward revision to the gasoline tax yield estimate, as well as receipt of a \$8.3 million gasoline tax payment. The Governor recommended staffing consistent with the enacted level. She subsequently requested several amendments, revising projects to reflect delays and adjusting expenditures for vehicles and equipment.*

**The Assembly provided \$625.7 million from all sources, \$6.7 million less than recommended primarily to reflect turnover savings and updated winter maintenance expenditures; it repurposed these resources for capital projects in FY 2020. The Assembly authorized the enacted level of staffing.**

## Fund Sources

The Department of Transportation receives funding through four major sources: federal funds, gasoline tax proceeds, Rhode Island Capital Plan funds and transportation related fees collected by the Division of Motor Vehicles. General obligation bond proceeds had been historically used as the state's match for federal funds; however, increasing amounts of motor vehicle fees and Rhode Island Capital Plan funds are being used as the state match in lieu of future bonding; no new bonds have been authorized since 2010. The Department also receives funding from other sources, such as restricted receipts and funding derived from the sale of department-owned land. This analysis will explain the individual fund sources as well as expenditures from these sources. The following table illustrates the fund sources for FY 2019.

| Source                             | FY 2018<br>Reported   | FY 2019<br>Enacted    | FY 2019<br>Revised    | FY 2019<br>Final      |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Federal Highway Admin. Funds       | \$ 184,406,164        | \$ 201,621,097        | \$ 205,745,081        | \$ 205,745,081        |
| Other Federal Funds                | 57,356,737            | 97,919,063            | 118,768,705           | 118,768,705           |
| Gasoline Tax*                      | 99,352,828            | 105,318,730           | 110,539,185           | 105,224,285           |
| Unallocated Bond Proceeds          | [9,394,193]           | -                     | -                     | -                     |
| Toll Revenue                       | -                     | 41,000,000            | 7,000,000             | 7,000,000             |
| Land Sale Revenue                  | 265,935               | 1,147,815             | 4,865,012             | 4,865,012             |
| Interstate 195 Land Sales          | (1,928)               | 1,500,000             | 1,500,000             | 1,500,000             |
| Rhode Island Capital Plan Funds    | 40,517,778            | 41,822,782            | 50,160,032            | 49,222,445            |
| Restricted Receipts                | 1,620,091             | 3,034,406             | 3,006,725             | 3,006,725             |
| Motor Vehicle Fee Transfer         | 69,942,116            | 97,007,238            | 130,688,958           | 130,256,447           |
| Public Utilities Access Permit Fee | -                     | 500,000               | 50,000                | 50,000                |
| Other Funds                        | -                     | 150,000               | 50,000                | 50,000                |
| <b>Total</b>                       | <b>\$ 453,459,721</b> | <b>\$ 591,021,131</b> | <b>\$ 632,373,698</b> | <b>\$ 625,688,700</b> |

\*Excludes gas tax debt service for DOT, RIPTA & costs for centralized services & consolidated initiatives in DOA

**Federal Funds - Highway Administration.** On December 4, 2015, President Obama signed into law the Fixing America's Surface Transportation (FAST) Act for \$305 billion for five years. Under this authorization, the state would receive an average of \$231 million annually from the Federal Highway Administration. This is approximately \$21 million more through federal fiscal year 2021 than the Department previously received. These federal funds are apportioned to states according to authorizations contained in federal law. The Department's annual allotment of funds is based on existing and prior year contracts for projects, anticipated new construction, design and engineering costs, and other planning activities such as traffic studies. These funds appear in both the Department's capital and operating budgets. In the Department's capital plan, funds appear in the project labeled Highway Improvement Program.

The previous federal authorization, the Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21) for highway and transit programs was set to expire on September 30, 2014. Before the expiration, Congress provided a short-term fix in July 2014 by transferring \$10.8 billion to the fund. This transfer was offset by new revenues of \$6.4 billion from pension smoothing, \$3.5 billion from customer users' fees and \$1.0 billion from excess funding in the Leaking Underground Storage Tank Fund. This transfer into the fund continued to fund all state apportionments at the enacted level through May 31, 2015, which is two-thirds of the federal fiscal year. Congress then extended the deadline for two additional months.

The Highway Improvement Program represents those highway and intermodal projects that utilize federal funds administered by the Federal Highway Administration. The program utilizes state funds for matching purposes in the form of proceeds from general obligation bonds. Federal funds earmarked for the Department's transit projects administered by the Federal Transit Administration are not included under this project but are included in the Fixed Guideway (Commuter Rail) Project. Rhode Island Public Transit Authority projects using transit funds are included in the Authority's capital budget submission. The Highway Improvement Program is directed towards implementing the Department's capital program as

identified in the Transportation Improvement Program. This is adopted by the State Planning Council and approved by the Governor and established priorities for planning, design, and project implementation.

In October 2015, the Department proposed its 10-year plan for federal FY 2016 through FY 2025, which has since been adopted. Annually the Department will propose changes to the plan, to make sure that projects are “appropriately coordinated, that communities and constituents can have annual inputs.” Solicitation for inputs were due August 11, 2017 for the federal FY 2018 through FY 2027 period. This plan was adopted on December 14, 2017. Federal law requires that a statewide transportation improvement plan covers a period of no less than four years. The Department noted that two states have moved to establish 10-year plans: New Jersey and North Carolina.

The following table illustrates the proportion of funding allotted to each program area in the FY 2019 budget. It excludes salary and benefit costs.

| Program Area                     | FY 2019<br>Final      | Share of<br>Total |
|----------------------------------|-----------------------|-------------------|
| Administrative Program           | \$ 5,969,309          | 3.3%              |
| Bike/Pedestrian Program          | 5,460,537             | 3.0%              |
| Bridge Program                   | 25,132,042            | 13.8%             |
| CMAQ Program                     | 5,440,963             | 3.0%              |
| Highway Program                  | 15,369,249            | 8.5%              |
| Interstate Program               | 9,987,624             | 5.5%              |
| GARVEE Projects                  | 27,403,754            | 15.1%             |
| Federal Highway Earmark Projects | 18,169,454            | 10.0%             |
| Pavement Management Program      | 17,064,326            | 9.4%              |
| Traffic Safety Program           | 19,298,075            | 10.6%             |
| Transit                          | 27,254,181            | 15.0%             |
| Other Programs                   | 5,145,026             | 2.8%              |
| <b>Total</b>                     | <b>\$ 181,694,540</b> | <b>100%</b>       |

**Other Federal Funds.** This source is the federal funds the Department receives that are not for capital improvement projects. A majority of this funding comes from the National Highway Transportation Safety Administration and is used to fund safety activities such as enforcement, traffic studies, signage and research. Other federal funding comes from the Federal Transit Authority, which is being used for the development of commuter rail in the southern part of the state. The Department’s FY 2019 revised request includes \$108.2 million from these funds, which is \$10.3 million more than enacted to reflect \$11.5 million of federal discretionary grants the Department received. These funds are understated by \$10.1 million, the amount that the Department indicated was inadvertently omitted for salaries and benefits.

Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The approved rate for federal FY 2017 and FY 2018 was 112.57 percent. The Federal Highway Administration has authorized an indirect cost recovery rate of 109.0 percent for federal FY 2019. Though the rate for FY 2019 is lower than FY 2018, the Department indicated that it has not adjusted its assumptions from the approximate 90 percent rate used in its budgets in five years based on its tendency to underspend federal funds.

*The Governor recommended \$10.6 million more than requested to correct for understated expenditures, including an adjustment to reflect an updated indirect cost recovery rate. She subsequently requested an amendment to reduce these expenditures by \$5.0 million; however, the Department indicated that more federally funded positions were being filled and based on projected expenditures, it appeared that the Department would have overspent federal funds. The Assembly concurred with the original recommendation.*

**General Obligation Bond Proceeds.** The state utilized general obligation bonds to provide a match totaling \$40 million for federal funds in addition to the match used for GARVEE projects, which is provided by the Motor Fuel Tax Revenue bonds. General obligation bond debt service is paid with gasoline tax revenue and the Motor Fuel Tax Revenue Bonds' debt service is paid by \$0.02 of the gasoline tax. The voters approved \$60.0 million of general obligation bonds in both November 2002 and 2004 that matched federal highway funds and was programmed for FY 2004 through FY 2007. The voters approved \$80.0 million in November 2006, 2008 and 2010 to provide \$40.0 million each year, with funding programmed through FY 2014. The 2011 Assembly replaced borrowing with pay-go sources. *The recommendation does not assume new general obligation bond borrowing for the Department. The Assembly concurred.*

**Unallocated Bond Proceeds.** During previous debt authorizations, the actual state match from general obligation bond authorizations fluctuated, based on the amount of federal funds received in a given fiscal year. In these cases, the bond proceeds were kept in a separate account and remained unallocated. Over several years, the funds accumulated to a level of approximately \$25 million, which the Department has used as "working capital" during the year to make payments to vendors.

In his FY 2015 budget recommendation, Governor Chafee included a portion of these funds to be used for maintenance related activities by the Department. As part of the transportation funding reforms previously described, the Assembly programmed these funds to enhance available resources, including \$17.0 million in FY 2015 and \$8.0 million in FY 2016. It should be noted that, as with all general obligation bond proceeds, these sources are not shown in the Department's operating budget.

Based on a report of the Intermodal Surface Transportation Fund produced by the Controller in August 2015, \$23.0 million of the general obligation bond proceeds were available; however, they were not reflected in the Department's FY 2017 through FY 2021 capital budget. The funds were subsequently included in the FY 2018 through FY 2022 capital budget, which assumed use of \$15.0 million in FY 2016, \$5.0 million in FY 2017 and \$3.0 million in FY 2018. All the bond proceeds have been spent. *The Governor concurred. The Assembly concurred.*

**Toll Revenue.** The Department refers to its 10-year capital and operating plans as RhodeWorks. It is a comprehensive initiative with one component aimed at accelerating the replacement and reconstruction of state bridges with the goal of reducing the percentage of deficient bridges.

The Assembly adopted the RhodeWorks legislation in 2016-H 7409, Substitute A, as amended, that the Governor signed into law on February 11, 2016. The legislation authorizes tolling on large commercial vehicles. Pursuant to the legislation, the total amount of tolls imposed upon the same individual large commercial truck for making a border-to-border trip through Interstate 95 Connecticut to Interstate 95 Massachusetts is not to exceed \$20. The daily maximum amount collected upon the same individual large commercial truck shall not exceed \$40. Tolls will be collected along six major highway corridors at 14 locations. The Department has contracted with Kapsch TrafficCom to design, build, operate, and maintain the electronic tolling system for ten years.

The FY 2018 final budget assumes revenue of \$4.0 million based on two gantries being operational in late 2017. The two gantries became operational in June and the Department reported receipts of \$0.4 million. The FY 2019 enacted budget included revenues of \$41.0 million based on all gantries being operational. The revised request includes net toll receipts of \$7.0 million, or \$34.0 million less. The Department indicated that in August 2018, it concluded and submitted the environmental assessment impacts for the remaining gantries and is awaiting a decision from the Federal Highway Administration. The revised estimate is based on the two current gantries being in operation for the entire fiscal year, as well as the Oxford Bridge in Providence and Plainfield Pike in Cranston being operational in late June 2019. *The Governor concurred. The Assembly concurred.*

**Land Sale Revenue.** Sales of Department-owned land can be used to purchase land and equipment, or to offset operating costs throughout the Department, including personnel expenses. Funding is being used to upgrade the Department's materials testing facility in Providence. At the end of FY 2018, the Department had \$11.4 million in available receipts. The revised request assumes use of \$4.9 million from this source, \$3.7 million more than enacted. *The Governor concurred. The Assembly concurred.*

**Interstate 195 Land Sales.** Consistent with the enacted budget, the Department assumed use of \$1.5 million in FY 2019 from the sale of land made available through the relocation of Interstate 195. The Department sold the land made available from the relocation to finance a portion of project expenses. The 2011 Assembly enacted 2011-H 5994, Substitute A, as amended, which provided that after the appraisal of the parcels, they would be purchased by the Economic Development Corporation through the issuance of bonds. The payment of the bond proceeds to the Department allowed it to complete the relocation project, while the Corporation can sell the parcels at its own pace. The principal amount for the bonds is \$38.4 million, amortized over a ten-year period. *The Governor concurred. The Assembly concurred.*

**Rhode Island Capital Plan Funds.** These funds are appropriated according to the Department's capital budget request and appear as other funds in the Department's operating budget. Funds are used for projects such as storage and maintenance facilities, as well as upgrades to department-owned property, such as roof repairs or fire alarm installation. Beginning in FY 2013, approximately \$20 million from this source was included to be used as a portion of the state match for federal highway funds. The Department requested \$43.7 million from this source in its FY 2019 revised request, \$1.9 million more than enacted. This includes new expenditures of \$1.0 million to replace capital equipment.

The Department reported expenditures of \$40.5 million for FY 2018, \$9.8 million less than the final appropriation. The revised request does not include the automatic reappropriation, which the Department indicated was an oversight. *The Governor recommended \$6.5 million more than requested to primarily reflect the automatic reappropriation for several projects. She subsequently requested several amendments shifting \$0.9 million to FY 2020. The Assembly provided \$49.2 million from Rhode Island Capital Plan funds. It essentially concurred with the subsequent amendments, with the exception of shifting \$0.2 million to FY 2020, based on a review of historical expenditures.*

**Restricted Receipts.** This source includes funds the Department receives when it performs work for municipalities and other entities and is used to fund personnel costs for employees who perform work on the projects. This source contributes \$3.0 million to the Department, which is \$0.1 million less than enacted, based on projected work for FY 2019. *The Governor concurred. The Assembly concurred.*

**Motor Vehicle Fee Transfer.** The request includes \$170.7 million of transportation related fees and surcharges collected by the Division of Motor Vehicles and transferred to the Department. This includes \$73.7 million of unspent funds from FY 2018. Fiscal year 2014 was the first year of the phased-in vehicle surcharge fees, including a \$10 surcharge on biennial vehicle registrations, a \$5 surcharge on annual vehicle registrations and a \$10 surcharge on operator licenses, purchased on a five-year basis. The following table summarizes the incremental fee increases.

| Fiscal Year | Biennial Registration Fee | Annual Registration Fee | License Fee |
|-------------|---------------------------|-------------------------|-------------|
| 2013        | \$ 60.00                  | \$ 30.00                | \$ 30.00    |
| 2014        | \$ 70.00                  | \$ 35.00                | \$ 40.00    |
| 2015        | \$ 80.00                  | \$ 40.00                | \$ 50.00    |
| 2016        | \$ 90.00                  | \$ 45.00                | \$ 60.00    |

The biennial registration surcharge increased in \$10 increments to a total of \$30, the annual registration surcharge increased in \$5 increments to a total of \$15, and the license surcharge increased in \$10 increments to a total of \$30 beginning in FY 2014 and ending in FY 2016.

These fees are transferred to the Department for use as a portion of the state match for federal funds. The table below shows actual estimated revenue derived from the surcharges through FY 2019.

| Fiscal Year | Biennial Registrations | Annual Registrations | Licenses     | Total         |
|-------------|------------------------|----------------------|--------------|---------------|
| 2014        | \$ 3,817,669           | \$ 791,140           | \$ 1,260,140 | \$ 5,868,949  |
| 2015        | \$ 7,611,636           | \$ 1,989,693         | \$ 3,098,765 | \$ 12,700,094 |
| 2016        | \$ 10,557,994          | \$ 3,905,012         | \$ 6,978,578 | \$ 21,441,584 |
| 2017        | \$ 10,653,395          | \$ 3,940,297         | \$ 4,773,270 | \$ 19,366,962 |
| 2018        | \$ 10,380,521          | \$ 3,839,371         | \$ 4,957,571 | \$ 19,177,463 |
| 2019        | \$ 10,769,527          | \$ 3,983,250         | \$ 4,603,151 | \$ 19,355,928 |

The 2016 Assembly adopted legislation to establish a new schedule for annual registration fees for commercial trucks, truck tractors, and truck trailers with gross vehicle weight of over 10,000 pounds that are used for commercial purposes, effective for FY 2018. Annual registration costs would be reduced on a sliding scale from a 26.0 percent reduction for vehicles at lower weights to a 50.0 percent reduction in annual registration costs for vehicles weighing 26,000 pounds or more. The estimated loss of revenue was \$4.2 million; however, the 2017 Assembly repealed the legislation prior to it taking effect.

In addition to the surcharges, portions of other fees collected by the Division of Motor Vehicles are transferred to the Department. The Assembly included Article 21 of 2014-H 7133, Substitute A, as amended, which allocates new revenue sources, as well as transferring existing sources currently deposited into general revenues, into the Highway Maintenance Account for the Department of Transportation to use for costs related to maintenance and repairs of highways, roads and bridges.

The new sources of funding include an increase in the vehicle emission inspection fee from \$39 to \$55, the transfer of rental car surcharges, and the addition of a \$25 surcharge for good driving dismissals. The legislation also established a schedule to transfer the majority of all other transportation related fees currently collected by the Division of Motor Vehicles to the Highway Maintenance Account. The inspection fee, the good driver dismissal surcharge and car rental surcharges were transferred as of FY 2015, and the remaining revenues were transferred incrementally beginning with 25.0 percent in FY 2016 and 75.0 percent in FY 2017, with all of the funds being transferred in FY 2018.

The 2017 Assembly amended the distribution of the Highway Maintenance Account to require transfers of 50.0 percent for FY 2017 and 80.0 percent for FY 2018. It also amended the disposition of the Highway Maintenance Account to provide the Authority with an additional \$5.0 million in each FY 2018 and FY 2019. This is in addition to the share of 5.0 percent that the Authority receives under current law. The 2018 Assembly concurred with the Governor's proposal to further alter the transfer to the Highway Maintenance Account from 80.0 percent to 60.0 percent for FY 2018. All funds collected in FY 2019 and after would be transferred to the account. The following table shows the source and the total including surcharges explained previously.

| Source                            | FY 2018<br>Reported  | FY 2019<br>Enacted   | FY 2019<br>Revised   | FY 2019<br>Final     |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Inspection Sticker Increase       | \$ 13,005,524        | \$ 11,605,178        | \$ 11,605,178        | \$ 11,605,178        |
| Title Fees                        | 10,485,297           | 10,742,547           | 10,742,547           | 10,742,547           |
| Rental Car Surcharge              | 3,408,679            | 3,266,302            | 3,266,302            | 3,266,302            |
| Good Driving Surcharge            | 498,035              | 492,101              | 492,101              | 492,101              |
| License and Registration Transfer | 31,083,531           | 51,545,182           | 51,545,182           | 51,545,182           |
| <b>Subtotal</b>                   | <b>\$ 58,481,066</b> | <b>\$ 77,651,310</b> | <b>\$ 77,651,310</b> | <b>\$ 77,651,310</b> |
| Surcharges                        | 19,177,463           | 19,355,928           | 19,355,928           | 19,355,928           |
| <b>Total</b>                      | <b>\$ 77,658,529</b> | <b>\$ 97,007,238</b> | <b>\$ 97,007,238</b> | <b>\$ 97,007,238</b> |

*Does not include carry-forward funds*

*The Governor recommended \$40.0 million less in expenditures from highway maintenance funds than requested, based on anticipated spending and FY 2018 experience. The Assembly concurred.*

**Public Utilities Access Permit Fee.** The revised request includes the enacted amount of \$500,000 in receipts charged to utility companies for accessing the Department's rights-of-way. This would be implemented through rules and regulations and was included in the enacted budget based on the Governor's recommendation. The Department has not updated its rules and regulations to reflect this. *The revised budget assumes receipts of \$50,000 or \$450,000 less than enacted from the implementation of this initiative, effective in June 2019. The Assembly concurred.*

**Other Funds.** These funds are derived from the sale of department-owned surplus property and equipment, proceeds from the state infrastructure bank and proceeds derived from the sale of outdoor advertising at the Department's maintenance facilities. The revised request includes \$226,000 from these sources, \$76,000 more than enacted based on FY 2018 receipts. *The Governor concurred. The Assembly concurred.*

**Gasoline Tax Proceeds.** The distribution of proceeds derived from the gasoline tax remained the same from FY 2009 through FY 2015. However, as previously noted, FY 2016 was the first year the gasoline tax increased as a result of inflation. It increased the gasoline tax by one cent, for a total of 34 cents. The revised request also assumes a 34-cent gasoline tax for FY 2019. The distribution of the gasoline tax is illustrated in the following table.

| Entity                                | FY 2018<br>Reported | FY 2019<br>Enacted | FY 2019<br>Revised | FY 2019<br>Final |
|---------------------------------------|---------------------|--------------------|--------------------|------------------|
| Department of Transportation          | 19.25               | 19.25              | 19.25              | 19.25            |
| Rhode Island Public Transit Authority | 9.75                | 9.75               | 9.75               | 9.75             |
| Turnpike and Bridge Authority         | 3.5                 | 3.5                | 3.5                | 3.5              |
| Elderly Transportation                | 1.0                 | 1.0                | 1.0                | 1.0              |
| Underground Storage Tank Fund         | 0.5                 | 0.5                | 0.5                | 0.5              |
| <b>Total (in cents)</b>               | <b>34.0</b>         | <b>34.0</b>        | <b>34.0</b>        | <b>34.0</b>      |

The following table shows how the New England states rank.

| As of 10/01/2018                | Tax - Cents per gallon |             |
|---------------------------------|------------------------|-------------|
|                                 | Gas                    | Diesel      |
| <b>Rhode Island<sup>1</sup></b> | <b>34.0</b>            | <b>34.0</b> |
| Connecticut                     | 43.5                   | 43.9        |
| Maine                           | 30.0                   | 31.2        |
| Massachusetts <sup>2</sup>      | 26.5                   | 26.5        |
| New Hampshire                   | 23.8                   | 23.8        |
| Vermont                         | 31.8                   | 32.0        |
| New England Average             | 31.6                   | 31.9        |
| U.S. Average                    | 34.2                   | 36.3        |

*Source: American Petroleum Institute includes state surcharges*

*<sup>1</sup> Increased 1 cpg on 7/1/15*

*<sup>2</sup> Increased 3 cpg 7/1/13, indexed to inflation; 11/14 referendum repealed index*

**Department of Transportation Gasoline Tax.** Section 31-36-7 of the Rhode Island General Laws sets the gasoline tax at 32 cents per gallon, indexed to the Consumer Price Index every other year, rounded to the nearest cent, effective July 1, 2014. Additionally, Section 46-12.9-11 of the Rhode Island General Laws establishes a one-cent environmental protection regulatory fee, half of which is deposited in the Intermodal Surface Transportation Fund. The disposition of proceeds is outlined in Section 31-36-20 of the General Laws. Upon receipt, all gasoline tax proceeds are deposited into the Intermodal Surface Transportation Fund from which statutory transfers are made to the Department, the Rhode Island Public Transit Authority,

the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services for the elderly/disabled transportation program.

The following table shows the recent history of available gasoline tax proceeds and other non-federal funds included in the FY 2019 budget.

| <b>Non Federal Sources</b>                 | <b>FY 2018<br/>Reported</b> | <b>FY 2019<br/>Enacted</b> | <b>FY 2019<br/>Revised</b> | <b>FY 2019<br/>Final</b> |
|--|-----------------------------|----------------------------|----------------------------|--------------------------|
| <i>Gas Tax Yield per Cent</i>              | 4.493                       | 4.474                      | 4.521                      | 4.648                    |
| <i>RIDOT Cents</i>                         | 19.25                       | 19.25                      | 19.25                      | 19.25                    |
| <i>RIPTA Cents</i>                         | 9.75                        | 9.75                       | 9.75                       | 9.75                     |
| <i>Turnpike and Bridge Authority Cents</i> | 3.50                        | 3.50                       | 3.50                       | 3.50                     |
| <b>Transportation Revenues</b>             |                             |                            |                            |                          |
| Balance Forward                            | \$ 63,844,653               | \$ 2,309,763               | \$ 82,134,155              | \$ 82,134,155            |
| Gas Tax                                    | 146,030,983                 | 145,419,788                | 154,869,106                | 159,021,182              |
| Motor Vehicles Fees, Surcharges & Transfer | 77,658,528                  | 97,007,238                 | 97,007,238                 | 97,007,238               |
| Toll Revenue                               | 443,804                     | 41,000,000                 | 7,000,000                  | 7,000,000                |
| Surplus Property & Outdoor Advertising     | 222,693                     | 150,000                    | 226,000                    | 226,000                  |
| Restricted Receipts                        | 1,468,334                   | 3,034,406                  | 2,936,595                  | 2,936,595                |
| Interstate 195 Land Sales                  | -                           | 1,500,000                  | 1,500,000                  | 1,500,000                |
| Land Sales                                 | 4,320,664                   | 2,647,815                  | 3,000,000                  | 3,000,000                |
| Public Utilities Access Permit Fee         | -                           | 500,000                    | 50,000                     | 50,000                   |
| Rhode Island Capital Plan Funds            | 40,517,778                  | 41,822,782                 | 50,160,032                 | 49,222,445               |
| <b>Total Revenues</b>                      | <b>\$ 334,507,437</b>       | <b>\$ 335,391,792</b>      | <b>\$ 398,883,126</b>      | <b>\$ 402,097,615</b>    |
| <b>Transportation Expenses</b>             |                             |                            |                            |                          |
| Pay-go/Capital                             | \$ 49,715,806               | \$ 113,615,197             | \$ 101,538,165             | \$ 101,538,165           |
| Winter Maintenance                         | 19,170,311                  | 19,937,665                 | 20,842,385                 | 18,092,385               |
| Vehicles & Maintenance                     | 12,821,850                  | 12,102,177                 | 20,678,356                 | 20,731,720               |
| General Maintenance                        | 32,007,283                  | 37,771,844                 | 39,644,788                 | 34,644,788               |
| Other Operations                           | 9,726,322                   | 17,188,193                 | 24,243,079                 | 24,243,079               |
| GARVEE Bond Debt Service                   | 8,976,319                   | 8,948,910                  | 9,542,489                  | 9,798,125                |
| G.O. Debt Service*                         | 39,347,446                  | 38,601,448                 | 38,280,060                 | 38,280,060               |
| State Match - Gas Tax                      | 3,975,923                   | 976,436                    | 2,411,091                  | 2,411,091                |
| Internal Service Funds Transparency*       | 1,329,016                   | 1,786,946                  | 1,441,165                  | 1,441,165                |
| Restricted Receipts                        | 1,620,091                   | 3,034,406                  | 3,006,725                  | 3,006,725                |
| Interstate 195 Land Sales                  | (1,928)                     | 1,500,000                  | 1,500,000                  | 1,500,000                |
| Land Sales                                 | 265,935                     | 1,147,815                  | 4,865,012                  | 4,865,012                |
| Surplus Property & Outdoor Advertising     | -                           | 150,000                    | 50,000                     | 50,000                   |
| Equipment Replacement                      | 2,653,866                   | 1,500,000                  | 1,500,000                  | 1,500,000                |
| Facilities                                 | 2,602,226                   | 4,471,436                  | 5,164,815                  | 4,227,228                |
| RIPTA - Gas Tax                            | 43,738,674                  | 43,625,937                 | 46,323,289                 | 47,569,515               |
| RIPTA - Highway Account - 5 Percent**      | 8,697,726                   | 9,850,362                  | 9,850,362                  | 9,850,362                |
| Turnpike and Bridge Authority              | 15,726,416                  | 15,660,593                 | 16,699,356                 | 17,146,719               |
| <b>Total Expenditures</b>                  | <b>\$ 252,373,282</b>       | <b>\$ 331,869,365</b>      | <b>\$ 347,581,137</b>      | <b>\$ 340,896,139</b>    |
| <b>Surplus/Deficit</b>                     | <b>\$ 82,134,155</b>        | <b>\$ 3,522,427</b>        | <b>\$ 51,301,989</b>       | <b>\$ 61,201,476</b>     |

\*Shown in the Department of Administration's budget

\*\*In addition to 5.0%, will receive \$5.0 million budget

The revised request assumes a per penny yield of \$4.404 million, which is \$70,651 less than assumed in the enacted budget.

*The revised budget assumes a per penny yield of \$4.521 million, consistent with the Office of Revenue Analysis November estimate. This is \$46,186 more than enacted. Additionally, the Office indicated that a one-time \$8.3 million payment was received in October that is not expected to reoccur. The revised budget adjusts expenditures for debt, Rhode Island Public Transit Authority and the Rhode Island Turnpike and*

*Bridge Authority to reflect this. Adjustments to gasoline tax expenditures were not made in either the revised or the FY 2020 budgets for the Department; essentially it is retained in the fund's surplus for later use.*

**The adopted budget assumes a per penny yield of \$4.648 million, which is \$127,818 more than the revised recommendation reflective of updated estimates from the Office of Revenue Analysis.**

**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, the costs for the staff and other expenses related to these services were budgeted in the Department of Administration. The state uses internal service funds to reimburse one agency for services provided to another.

The Department requested \$1.0 million more than enacted from gasoline tax for centralized human resources services. It subsequently indicated that it intended to request a \$0.5 million increase. This would bring FY 2019 revised expenditures for all centralized services to \$4.9 million, which is \$0.6 million or 13.1 percent more than FY 2018 expenses. The Department indicated that it intends to ask the Department of Administration to fund four additional positions, two each in the Division of Information Technology, and Human Resources to help expedite hiring for the Department. It should be noted that the Department of Administration indicated that it has not received any information from the Department regarding the request for additional staff. Given that this request has not been initiated, it is unlikely that full year funding of \$0.5 million will be needed.

*The Governor concurred and recommended an additional \$135,364 for information technology services based on billings through November. The revised budget does not assume additional staffing in the Department of Administration for Department of Transportation dedicated projects. The Assembly concurred.*

**New Position (0.6 FTE).** The Department requested \$0.1 million from gasoline tax and staffing authorization for a part-time programming services officer position to assist the Division of Planning with grant writing for federal discretionary funds. The position is currently filled within the Department's existing staffing level as of the pay period ending on November 11, 2018. *The Governor included funding and recommended that the Department fill the position within its current authorization. The Assembly concurred.*

**Other Salaries and Benefits.** The Department requested \$14.8 million less from all sources, including \$21.4 million less from federal funds and \$6.8 million more from gasoline tax, for all other salaries and benefits. The request inadvertently omitted salary and benefit expenditures of \$10.1 million from federal funds. It appears that a similar omission was reflected in the Department's FY 2019 original request; however, the funding was corrected as part of the recommended and enacted budgets. Other adjustments are \$4.6 million less than enacted, primarily to reflect turnover savings. The revised request funds 726.2 full-time equivalent positions. As of November 11, 2018, the Department had 682.6 positions filled; resulting in an average of 44 funded but not filled positions.

Most federal grants allow for recovery of overhead costs, in addition to direct administrative costs, through the application of a negotiated indirect cost rate. The approved rate for federal FY 2017 and FY 2018 was 112.57 percent. The Federal Highway Administration has authorized an indirect cost recovery rate of 109.0 percent for federal FY 2019. Though the rate for FY 2019 is lower than FY 2018, the Department indicated that it has not adjusted its assumptions from the approximate 90 percent rate used in its budgets in five years based on its tendency to underspend federal funds.

*The Governor recommended \$1.0 million less than enacted or \$13.8 million more than requested. This corrects for understated expenditures and adds \$5.0 million from federal funds based on a higher indirect cost recovery rate. The recommendation appears to include turnover savings for 22.2 positions and as of February 2, the Department had 60.4 positions vacant. The total recommendation for salaries and benefits is \$16.9 million more than spent in FY 2018. It also appears that statewide benefit savings from non-general revenue sources were not taken.*

*She subsequently requested an amendment to reduce federal fund expenditures by \$5.0 million; however, the Department indicated that more federally funded positions were being filled and based on projected expenditures, it appeared that the Department would have overspent federal funds. The Assembly concurred with the original recommendation and included \$5.0 million in turnover and statewide benefit savings from gas tax.*

**GARVEE Debt Service Adjustment.** The 2016 Assembly adopted legislation allowing the Department to refinance projects that were previously financed through the Grant Anticipation Revenue Vehicle program; \$244.9 million was outstanding. The legislation also authorized the Department to borrow \$300.0 million through GARVEE and refinance prior GARVEE debt. The Department completed the refinancing in June 2016 and the new issuance was completed in October 2016. The request includes the enacted amount of \$66.5 million for debt service, including the enacted amount of \$57.5 million from federal funds and \$8.9 million from the dedicated two cents for Motor Fuel Tax Revenue Bonds. *The Governor recommended \$0.6 million more than enacted, including \$0.1 million for an upward revision to the gasoline tax yield and \$0.5 million from a one-time payment received in October. The Assembly provided an additional \$0.3 million to reflect an upward revision of the gasoline tax yield estimate.*

**Commuter Rail.** The Department requested the enacted amount of \$4.4 million from federal stimulus funds for the Commuter Rail project, which will extend commuter rail service along Amtrak's northeast corridor south of Providence. The funds have expired. *The recommendation excludes the funds. The Assembly concurred.*

**Highway Improvement Projects.** The Department requested \$43.7 million more than enacted from all sources of funds for highway improvement projects included in its 10-year plan. This includes carry-forward funds of \$54.3 million from the Highway Maintenance Account for pavement, bridge and transportation alternative projects, \$22.9 million more from federal funds and \$34.0 million less from toll revenues, reflective of anticipated receipts. The request assumes the enacted amount of \$35.9 million from Rhode Island Capital Plan funds to match federal highway funds. The revised request does not include the automatic reappropriation of \$7.6 million, which the Department indicated was in error.

*The Governor recommended \$32.4 million less than requested; she corrected for the understated Rhode Island Capital Plan funds and reduced expenditures from the Highway Maintenance Account by \$40.0 million based on expected spending and FY 2018 experience. The Assembly concurred.*

**Pawtucket/Central Falls Train Station.** In July 2016, the Department received notification that a \$13.1 million grant from the Federal Highway Administration for the Pawtucket/Central Falls Train Station had been secured. Though the funds are included in the Department's 10-year plan, they were not included in the operating budget. The request assumes use of \$6.5 million each in FY 2019 and FY 2020. The project is estimated to cost a total of \$38.0 million, all but \$4.5 million is from federal funds. Infrastructure will include two siding tracks, two platforms, a pedestrian overpass, bus drop-off access and parking. The station is intended to be served by the Massachusetts Bay Transportation Authority along its Providence line, connecting Pawtucket/Central Falls to Providence and Boston. *The Governor concurred. The Assembly concurred.*

**Route 37 Corridor Project.** In August 2018, the Department was awarded a \$20.0 million federal Transportation Investment Generating Economic Recovery (TIGER) grant to rehabilitate the Route 37 Corridor. The request assumes use of \$5.0 million in FY 2019 and \$15.0 million in FY 2020. The total estimated project cost is \$44.0 million and is included in the Department's 10-year plan. The project will include the replacement and or rehabilitation of 15 bridges, and culverts along the Route 37 Corridor. It will also include improvements to the Pontiac Avenue westbound exit ramp. *The Governor recommended funding as requested. The Assembly concurred.*

**Vehicles and Equipment Replacement.** The request includes \$10.2 million more than enacted from all sources, including \$1.0 million from Rhode Island Capital Plan funds and \$9.3 million from gasoline tax proceeds including the carry-forward of \$8.7 million from FY 2018 to purchase heavy trucks, sweepers, loaders, backhoes and tractors to replace the Maintenance Division's existing fleet. Through FY 2018, the Department has replaced approximately 38 percent of its fleet. The Department indicated that an analysis of the Division of Maintenance's rolling stock has been made and that the current replacement program is needed to meet future fleet needs. *The Governor concurred, with the exception of providing \$1.0 million less from Rhode Island Capital Plan funds; this is consistent with the approved plan. She subsequently requested an amendment to include additional gas tax expenditures of \$53,364. The Assembly concurred.*

**Winter Maintenance Operations.** Excluding salaries and benefits, the Department requested \$18.0 million from gasoline tax proceeds for operating expenses related to the winter maintenance program for FY 2019. Funding is used to pay for vendor contracts, as well as to purchase salt, sand and liquid de-icers. The request is \$0.9 million more than enacted and \$0.6 million more than FY 2018 expenditures. The average annual cost for winter maintenance operations from FY 2014 through FY 2018 is \$16.9 million. The current request is \$1.1 million above that. *The Governor recommended funding as requested. The Assembly reduced expenditures by \$2.8 million based on projected expenses.*

**Public Transit Authority.** Currently, the Rhode Island Public Transit Authority receives 9.75 cents of the 34-cent gas tax. The funds are transferred to the Authority but reflected in the Department of Transportation's budget as a grant to the Authority in order to account for the gas tax in the state's accounting structure, since the Authority is a quasi-public corporation. The Authority also receives its share of funding from the Highway Maintenance Account, which is based on 5.0 percent of all fines and fees collected into the account.

The 2017 Assembly amended the disposition of the Highway Maintenance Account to provide the Authority with an additional \$5.0 million in each FY 2018 and FY 2019. This is projected to provide \$9.9 million to the Authority for operating expenditures. *The Governor recommended \$56.2 million to the Authority, which is \$2.7 million more than enacted, including \$0.4 million to reflect an upward revision to the gasoline tax yield estimate and \$2.3 million from the one-time payment received in October. The Assembly provided an additional \$1.2 million to reflect an upward revision of the gasoline tax yield estimate.*

**Turnpike and Bridge Authority.** The request includes the enacted amount of \$15.7 million of gasoline tax revenue to be transferred to the Rhode Island Turnpike and Bridge Authority for operations related to the four bridges under its purview: Newport Pell, Sakonnet River, Mount Hope, and Jamestown. Funding was provided by the 2014 Assembly in lieu of placing a toll on the newly constructed Sakonnet River Bridge. *The Governor recommended \$1.0 million more than enacted, including \$0.2 million to reflect an upward revision to the gas tax yield and \$0.9 million from the one-time payment received in October. The Assembly provided an additional \$0.4 million to reflect an upward revision of the gasoline tax yield estimate.*

**Utility Access Permit Operations.** The request includes the enacted amount of \$500,000 in receipts charged to utility companies for accessing the Department's rights-of-way. This would be implemented

through rules and regulations and was included in the enacted budget based on the Governor's recommendation. The Department has not updated its rules and regulations to reflect this. *The Governor recommended \$450,000 less than enacted to reflect a delay in implementation to June 2019. The Assembly concurred.*

**Lab Testing Facility Upgrade.** The Department requested \$3.8 million from available land sale proceeds to make renovations to its materials testing laboratory in Providence to provide consistent temperature, environmental and air quality, vibration and noise control. The request is \$0.6 million more than the amount included in the capital budget, reflective of subsequent bids received. The current laboratory is 12,000 square feet, which the Department indicated is undersized and antiquated. The FY 2017 Single Audit Report had cited some deficiencies with the Department's Quality Assurance Testing program. The Department stated that if improvements to the laboratory are not made, the Federal Highway Administration may cite the state for violations, which could require the state to repay \$2.7 million of federal funds used in 2013 to acquire 6.04 acres of land on Colorado Avenue in Warwick, where the Department had intended to site a new materials testing laboratory facility.

As part of its FY 2019 through FY 2023 capital budget, the Department requested \$15.0 million, including \$10.5 million from Rhode Island Capital Plan funds and \$4.5 million from land sale revenues to build a new 30,000 square foot materials testing laboratory in Warwick. Funding was neither recommended by the Governor nor approved by the Assembly. A subsequent estimate of the project cost was between \$18.0 million and \$20.0 million. *The Governor recommended funding as requested. The Assembly concurred.*

**National Highway Safety Grants.** The revised request includes \$0.4 million more than enacted from the National Highway Transportation Safety Administration for FY 2019. Grant funds are used to encourage safety on highways and provide funding for programs to lower amounts of impaired driving, risk reduction and seatbelt use. Historically, the Department overestimates its ability to spend these funds. The request is \$2.0 million more than FY 2018 expenses. *The Governor recommended funding as requested. The Assembly concurred.*

**Congestion Mitigation and Air Quality Improvement.** The Department requested \$1.1 million more than enacted from federal congestion mitigation air quality grant funds. This includes \$0.8 million less for engineering services, reflective of anticipated expenditures, offset by \$1.9 million for a liability insurance policy associated with commuter rail operations for the Pawtucket/Central Falls Train Station. The Department indicated that the policy cost was based on a worst-case scenario, and more current information indicated the increase will likely be minimal. *The Governor recommended funding as requested. The Assembly concurred.*

**RhodeWorks Legal Services.** The Department requested total expenditures of \$2.0 million from gasoline tax proceeds, including \$1.0 million each for FY 2019 and FY 2020 for litigation expenses relating to the tolling program. In July 2018, the Rhode Island Trucking Association along with the American Trucking Associations, Cumberland Farms Inc., M&M Transport Services Inc. and New England Motor Freight filed a law suit against the state, challenging the constitutionality of the tolling program. The state is being represented by Adler, Pollock and Sheehan. Expenditures through November 1, 2018 were \$234,016. *The Governor recommended funding as requested. Expenditures through February 12, 2019 were \$862,585. The Assembly concurred.*

**Capital - Airport Corporation.** The revised request includes \$0.7 million from Rhode Island Capital Plan funds to the Airport Corporation for the expansion of the Federal Inspection Services facility project. The project has been completed, and the Department indicated that the funding was requested in error. *The Governor did not include funding, consistent with the approved plan. The Assembly concurred.*

**Capital - Other Projects.** The revised request includes \$4.6 million from Rhode Island Capital Plan funds for the remaining six ongoing projects. This is \$150,000 more than enacted for the Maintenance Facility Improvements project, which the Department indicated will be used to match Regional Greenhouse Gas Initiative funds to upgrade the lighting throughout several maintenance facilities. It should be noted that the FY 2019 through FY 2023 approved capital plan includes \$4.0 million from Rhode Island Capital Plan funds in the Department of Administration's budget to fund energy efficiency improvements, including indoor and outdoor lighting projects, new heating, ventilation and air conditioning, renewable energy and building automation systems.

*The Governor recommended \$0.5 million more than requested to include FY 2018 unspent funds. She subsequently requested several amendments shifting capital expenditures of \$0.9 million from FY 2019 to FY 2020 based on projected delays. The Assembly provided \$4.2 million from Rhode Island Capital Plan funds. It essentially concurred with the subsequent amendments, with the exception of shifting \$0.2 million to FY 2020, reflective of historical expenditures for the Train Station Maintenance and Repairs project. A detailed analysis of the projects is included in the Capital Budget section of this publication.*

**Other Maintenance Division.** The revised request includes \$0.9 million more from gasoline tax for all other expenses in the Maintenance Division. These include activities such as trash and debris removal, landscaping, sand removal, and graffiti removal. The request includes \$0.7 million more for small scale capital improvements and \$0.1 million more for leased space to house acquired vehicles and equipment. The request also includes savings of \$0.3 million from electricity costs associated with lighting masts and traffic signals along state owned highways and roads. In 2016, the Department started to convert its streetlight fixtures to high-efficiency fixtures. Of the 7,200 lighting structures, 4,900 or 68.0 percent have been converted. *The Governor recommended funding as requested. The Assembly concurred.*

**Other Expenses.** The Department requested \$0.7 million more than enacted from gasoline tax proceeds for all other expenses. This includes \$0.1 million for information technology services for the project management system, which is used by project managers to track project information, and \$0.3 million to convert the Department's telephone system. It also includes \$0.1 million more for cell phones, based on historical expenditures, and \$0.1 million for temporary services. *The Governor recommended funding as requested. The Assembly concurred.*

