

---

# **Section VI**

## **Special Reports**

---

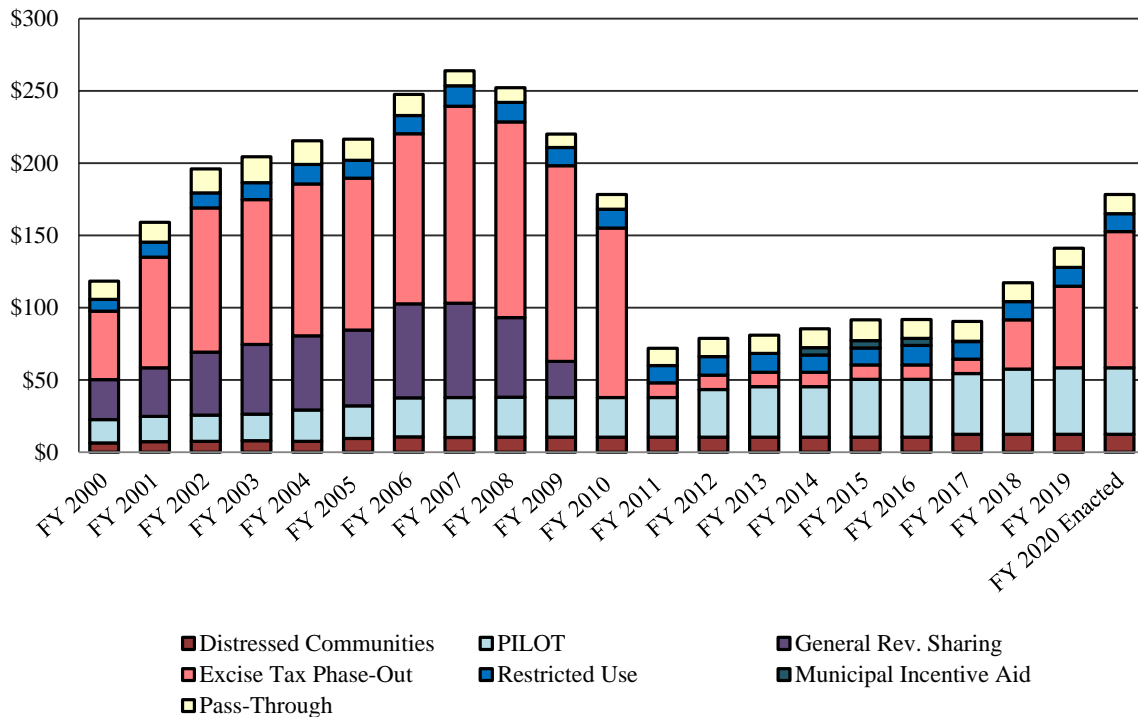


# State Aid to Local Governments

## Introduction

The Assembly provided state aid to cities and towns totaling \$128.0 million in FY 2019 and \$165.0 million in FY 2020. Funding for general aid programs in FY 2019 includes \$114.8 million, which is \$1.5 million more than the enacted level and is consistent with the Governor’s revised budget. Funding for general aid programs in FY 2020 includes \$152.7 million, \$39.5 million more than enacted, and \$21.5 million more than the Governor’s recommendation. Funding for restricted use programs includes the enacted level of \$13.2 million for FY 2019 and \$12.2 million for FY 2020. Local communities will also receive an estimated \$13.3 million for FY 2019 and FY 2020 in public service corporation property taxes, which the state collects and passes through to the communities.

The following graph shows historical funding data, in millions. The graph below also shows the allocation of funding for state aid programs from FY 2000 through FY 2020.



The major changes included in the aid proposal are discussed on the following pages, followed by tables that show the recommended distribution of general aid by community as well as restricted aid programs by community, including library operating aid, which is considered restricted and is not included in the general aid totals, and public service corporations’ tax collections, a local levy collected at the state level and returned to local governments for tax collection efficiency purposes. It should be noted that the FY 2020 allocations for the Motor Vehicle Excise Phase-Out will be impacted by data updates which will change distributions to each community.

**General.** The Assembly provided \$114.8 million for FY 2019 and \$152.7 million for FY 2020 for general state aid programs to local governments.

Fiscal Year	2000	2005	2010	2015	2018	2019 Enacted	2019 Final	2020 Gov. Rec.	2020 Enacted	Chg. To Enacted
<b>General Aid - State Sources</b>										
Distressed Communities	\$ 6.6	\$ 9.5	\$ 10.4	\$ 10.4	\$ 12.4	\$ 12.4	\$ 12.4	\$ 12.4	\$ 12.4	\$ -
PILOT	16.1	22.7	27.6	40.1	45.2	46.1	46.1	40.8	46.1	-
Excise Tax Phase-Out	47.3	105.0	117.2	10.0	34.5	54.7	56.3	78.0	94.3	39.5
Municipal Incentive Aid	-	-	-	5.0	-	-	-	-	-	-
General Rev. Sharing	27.6	52.4	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>\$ 97.5</b>	<b>\$ 189.7</b>	<b>\$ 155.1</b>	<b>\$ 65.5</b>	<b>\$ 92.1</b>	<b>\$ 113.2</b>	<b>\$ 114.8</b>	<b>\$ 131.2</b>	<b>\$ 152.7</b>	<b>\$ 39.5</b>
<b>Restricted Use Aid - State Sources</b>										
Library Resource Aid	\$ 5.7	\$ 8.1	\$ 8.8	\$ 8.8	\$ 9.4	\$ 9.4	\$ 9.4	\$ 9.4	\$ 9.6	\$ 0.2
Library Const. Aid	1.6	2.5	2.6	2.3	2.2	2.2	2.2	1.9	1.9	(0.2)
Police & Fire Incentive	0.9	1.1	-	-	-	-	-	-	-	-
Prop. Val. Reimb.	0.0	0.6	1.6	0.7	0.9	1.6	1.6	0.7	0.7	(0.9)
Oversight Reimbursement	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	(0.0)
<b>Subtotal</b>	<b>\$ 8.2</b>	<b>\$ 12.3</b>	<b>\$ 13.0</b>	<b>\$ 11.9</b>	<b>\$ 12.6</b>	<b>\$ 13.2</b>	<b>\$ 13.2</b>	<b>\$ 12.0</b>	<b>\$ 12.2</b>	<b>\$ (1.0)</b>
<b>Total - State Sources</b>	<b>\$ 105.7</b>	<b>\$ 202.0</b>	<b>\$ 168.2</b>	<b>\$ 77.4</b>	<b>\$ 104.7</b>	<b>\$ 126.4</b>	<b>\$ 128.0</b>	<b>\$ 143.2</b>	<b>\$ 165.0</b>	<b>\$ 38.6</b>
<b>Other Aid - Pass-Through</b>										
Public Service Corp.	\$ 12.8	\$ 14.6	\$ 10.2	\$ 14.3	\$ 13.2	\$ 13.3	\$ 13.3	\$ 13.3	\$ 13.3	\$ 0.0

*In millions*

- **Distressed Communities Relief Fund.** The Assembly provided the enacted level of \$12.4 million for the Distressed Communities Relief Fund. Communities' aid distribution is based on updated qualifying tax levies and reflects the exclusion of Johnston as a distressed community for FY 2020. For both the first year of a community's qualification as a distressed community and the year that a community no longer qualifies, it receives a transition payment of half its proportional share.

- **Payment in Lieu of Taxes Program.** The Assembly provided the enacted level of \$46.1 million for FY 2020 for the Payment in Lieu of Taxes program that reimburses municipalities for property taxes that would have been due on real property exempted from taxation by state law, including property owned by private nonprofit higher educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility, or correctional facility. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced. The FY 2020 recommendation reflects a 26.6 percent reimbursement rate. The Governor's budget proposed only \$40.8 million.

- **Motor Vehicle Excise Tax Phase-Out.** The Assembly fully-funded the Motor Vehicle Excise Tax Phase-Out program. The Governor's budget proposed legislation to complete the phase-out a different way with more of the cost shifted to later years; the Assembly did not concur. The Assembly provided \$56.3 million for FY 2019, \$1.5 million more than enacted. For FY 2020 it includes \$94.3 million based on updated estimates which is \$39.5 million more than enacted, and \$16.3 million more than the Governor recommended. The 2017 Assembly restarted the phase-out, which had been frozen for several years. For FY 2020, the changes include lowering the rate cap by \$15 to \$35, lowering the assessed value from 90.0 percent to 85.0 percent, and raising the minimum exemption to \$3,000 per year. As of FY 2018, cars older than 15 years old are no longer taxed. The tax is eliminated as of FY 2024.

- **Library Resource Sharing Aid.** The Assembly provided an additional \$0.2 million from general revenues for total funding of \$9.6 million for state support of public libraries. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funding level represents 22.1 percent.

- **Library Construction Aid.** The Assembly provided \$1.9 million to fully fund library construction aid requirements for FY 2020. The state reimburses libraries up to half of the total costs for eligible projects

on an installment basis, for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project.

- **Property Valuation Reimbursement.** The Assembly provided \$1.6 million for FY 2019 and \$0.7 million for FY 2020 to reimburse communities conducting property valuation updates.
- **Oversight Reimbursement.** The Assembly provided \$50,697 for FY 2020 to provide reimbursements of 50.0 percent of the cost of a financial advisor position to communities no longer under state Fiscal Stability Act oversight. This is \$16,899 less than enacted for FY 2019 and reflects the anticipated end of oversight for Woonsocket in March 2020.
- **Public Service Corporation Tax.** The Budget assumes the state will collect and distribute \$13.3 million, \$2,629 more than FY 2019 expenditures, of property taxes from public service corporations on behalf of municipalities and pass that back to them. A final figure will be calculated in mid-2019 when updated data is available. The 2009 Assembly adopted the Governor's recommendation to require the tax rate applied to the tangible personal property of public service corporations not be less than the prior year.

### State Aid

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

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

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

### General State Aid

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

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

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

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

Rankings	East			North			West		
	Central Falls	Cranston	Providence	Johnston	Providence	Pawtucket	Providence	Warwick	Woonsocket
FY 2017									
Levy/Full Value	3	8	9	6	5	7	2	4	1
Per Capita Income 2014	1	8	6	10	7	2	4	5	3
Personal Income/Full Value	1	13	15	11	5	4	7	2	3
Full Value Per Capita	1	8	7	9	6	3	4	5	2
Qualifying Rankings	4	3	2	1	4	4	4	4	4
FY 2018									
Levy/Full Value	2	8	9	4	6	7	3	5	1
Per Capita Income 2015	1	7	6	11	9	2	4	5	3
Personal Income/Full Value	1	16	18	6	3	4	12	5	2
Full Value Per Capita	1	11	8	7	6	3	4	5	2
Qualifying Rankings	4	2	2	3	3	4	3	4	4
FY 2019									
Levy/Full Value	2	7	11	5	4	8	3	6	1
Per Capita Income 2015	1	7	6	10	11	4	3	5	2
Personal Income/Full Value	1	10	22	8	3	4	15	6	2
Full Value Per Capita	1	7	9	8	6	3	4	5	2
Qualifying Rankings	4	3	1	3	3	4	3	4	4
FY 2020									
Levy/Full Value	3	5	13	7	6	8	2	4	1
Per Capita Income 2017	1	7	6	11	9	3	4	5	2
Personal Income/Full Value	1	9	19	14	4	3	11	6	2
Full Value Per Capita	1	7	8	11	6	3	4	5	2
Qualifying Rankings	4	3	2	1	3	4	3	4	4

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

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

The Assembly provided the enacted level of \$12.4 million for the Distressed Communities Relief program. Communities' aid distribution is based on updated qualifying tax levies. Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification. The FY 2019 enacted budget provided Johnston its first full payment. Johnston falls out of the program for FY 2020, and as such, the recommended budget provides it a 50.0 percent transition payment.

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

payment to communities in July of each year. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced.

The Assembly provided the enacted amount of \$46.1 million for FY 2020, which represents a reimbursement rate of 26.6 percent of the value. The Governor had recommended only \$40.8 million, or 23.6 percent.

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

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

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

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

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

The 2017 Assembly enacted legislation to restart the phase-out, which fixes the existing \$10.0 million reimbursement as the base level. Over time, the legislation incrementally reduces the maximum tax rate levied and percentage of National Automobile Dealer Association assessed value, while increasing the minimum exemption. The legislation also exempts cars older than 15 years from taxation as of FY 2018, a change from the prior age exemption of 25 years. For FY 2020, the changes include lowering the rate cap by \$15 to \$35, lowering the assessed value from 90.0 percent to 85.0 percent, and raising the minimum exemption to \$3,000 per year. The tax is eliminated as of FY 2024.

The Governor's budget included legislation to complete the phase-out a different way. It lowered the rate cap to \$40, lowered the assessed value to 87.5 percent, and raised the minimum exemption to \$2,800. She included \$78.0 million for FY 2020, \$23.2 million more than enacted for FY 2019, but \$16.3 million less than estimated under current law. For FY 2019, she included \$1.5 million more than enacted based on updated data. Proposed changes by component are shown in the following table.

The Assembly maintained the schedule enacted by the 2017 Assembly. It provided \$56.3 million for FY 2019, \$1.5 million more than enacted based on updated data. For FY 2020, it included \$94.3 million based on updated estimates which is \$39.5 million more than enacted.

Fiscal Year	No Tax After Age	Current Law			Governor's Recommendation			Change to Current Law		
		% of Retail Value	Cap on Rate per \$1,000	Exemption Floor	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor
2017	25	100.0%	\$ -	\$ 500	100.0%	\$ -	\$ 500	-	\$ -	\$ -
2018	15	95.0%	\$ 60	\$ 1,000	95.0%	\$ 60	\$ 1,000	-	\$ -	\$ -
2019	15	90.0%	\$ 50	\$ 2,000	90.0%	\$ 50	\$ 2,000	-	\$ -	\$ -
2020	15	85.0%	\$ 35	\$ 3,000	87.5%	\$ 40	\$ 2,800	2.5%	\$ 5	\$ (200)
2021	15	80.0%	\$ 35	\$ 4,000	84.0%	\$ 35	\$ 3,800	4.0%	\$ -	\$ (200)
2022	15	75.0%	\$ 30	\$ 5,000	79.0%	\$ 30	\$ 4,800	4.0%	\$ -	\$ (200)
2023	15	70.0%	\$ 20	\$ 6,000	67.5%	\$ 25	\$ 6,000	-2.5%	\$ 5	\$ -
<b>2024</b>		<i>No Tax Levied</i>								

**Municipal Incentive Aid.** The Municipal Incentive Aid program, which encouraged sustainable funding of retirement plans and reduction of unfunded liabilities was conceived as a three-year program. FY 2016 was the third and final year. Consistent with current law, the Assembly did not include funding for the program for FY 2020 and the out-year forecast does not assume continued funding.

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

For FY 2016, Johnston did not meet the funding requirements for eligibility and its FY 2016 payment was reappropriated to FY 2017. The final FY 2017 Budget included the reappropriated FY 2016 Johnston aid but as Johnston remained ineligible, its share was redistributed amongst the other communities in May 2017.

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

Legislation in 2005 and 2006 provided that a portion of video lottery net terminal income from Lincoln and Newport, up to a maximum of \$10.0 million, would be dedicated to the program for non-distressed communities. The 2009 Assembly adopted Governor Carcieri's recommendation to subject the program permanently to appropriation. It has not been funded since FY 2009.

### **Restricted Use State Aid**

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

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



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

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

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

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

The Assembly provided \$9.6 million for FY 2020, \$0.2 million more than enacted for state support of public libraries. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funding level represents a 22.1 percent reimbursement rate.

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

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

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

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

The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects through the end of FY 2014. The Office has been permitted to accept applications since July 1, 2014. The Assembly provided \$1.9 million to fully fund library construction aid requirements for FY 2020.

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

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

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

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

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

The Assembly provided \$1.6 million for FY 2019 and \$0.7 million for FY 2020, reflecting anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations. The state does not reimburse non-distressed municipalities for complete revaluations, only for updates. Expenditures fluctuate annually and actual distributions for the last eight fiscal years are shown in the following table.

<b>Fiscal Year</b>	<b>Expenditures</b>	<b>Fiscal Year</b>	<b>Expenditures</b>
2011	\$ 718,306	2016	\$ 1,300,849
2012	\$ 905,250	2017	\$ 446,302
2013	\$ 889,640	2018	\$ 732,812
2014	\$ 436,537	2019*	\$ 1,630,534
2015	\$ 681,508	2020*	\$ 688,856

*\*Enacted Budget*

**Actuarial Valuations.** Pension legislation adopted by the 2011 Assembly requires municipalities administering local plans to complete actuarial reviews and to submit them to the study commission, with the state reimbursing communities for half the cost. Governor Chafee included legislation in Article 26 of 2012-H 7323, clarifying that the state will reimburse municipalities for half of the cost of the actuarial valuations due on April 1, 2012. A total of \$0.3 million was spent over FY 2012 and FY 2013.

**Oversight Reimbursement.** Rhode Island General Law, Sections 45-9-10 and 45-9-10.1 require that the state reimburse 50.0 percent of the cost of an official to act as a financial advisor to municipalities no longer subject to state Fiscal Stability Act oversight. For FY 2019, the Assembly provided \$67,596 for full year reimbursement to Woonsocket, and a partial year reimbursement for East Providence. For FY 2020, the Budget includes \$50,967. This is \$16,899 less than enacted for FY 2019 and represents a partial year reimbursement to Woonsocket anticipated to exit oversight in March 2020.

### **Pass-Through Revenues**

**Public Service Corporation Tax.** The Budget assumes the state will collect and distribute \$13.3 million for FY 2019 and FY 2020 of property taxes from public service corporations on behalf of municipalities and pass that back to them; FY 2020 is \$2,629 more than enacted to reflect updated estimates. The 2009 Assembly concurred with Governor Carcieri’s proposal to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rates. Annual tax collections had dropped from \$16.6 million in FY 2004 to \$10.2 million in FY 2010.

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

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

### **Other Local Revenues**

**Meals and Beverage.** The 2003 Assembly enacted a one percent additional tax on gross receipts from sale of food and beverages sold in or from eating and drinking establishments, effective August 1, 2003. Meals are defined as food sold ready for immediate consumption, regardless of when or where consumed. Eating establishments include all entities preparing these foods, including caterers. The Division of Taxation

collects the tax and distributes it to the city or town where the meals and beverages were delivered. Distributions for the last five fiscal years are shown in the following table.

<b>Fiscal Year</b>	<b>Total Collections</b>
2018	\$ 28,896,727
2017	\$26,337,072
2016	\$25,683,737
2015	\$23,901,840
2014	\$22,334,876

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

<b>Fiscal Year</b>	<b>Total Collections</b>
2018	\$ 5,070,279
2017	\$ 4,415,901
2016	\$ 4,057,884
2015	\$ 3,413,541
2014	\$ 3,138,100

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

## **Distribution by Community**

## General Aid Total

Includes Distressed Communities, PILOT, Motor Vehicles Excise Tax\*

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.*</i>	<i>FY 2019 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 841,884	\$ 893,647	\$ 893,647	\$ 51,763
Bristol	1,844,851	1,896,402	1,896,402	51,551
Burrillville	1,209,727	1,225,095	1,225,095	15,368
Central Falls	778,330	721,222	721,222	(57,108)
Charlestown	243,681	243,559	243,559	(122)
Coventry	1,448,240	1,513,027	1,513,027	64,787
Cranston	12,662,699	12,553,218	12,553,218	(109,481)
Cumberland	1,369,021	1,435,030	1,435,030	66,009
East Greenwich	1,040,604	1,095,921	1,095,921	55,317
East Providence	1,898,113	2,250,374	2,250,374	352,261
Exeter	534,739	564,536	564,536	29,797
Foster	468,246	439,626	439,626	(28,620)
Glocester	582,819	584,144	584,144	1,325
Hopkinton	439,028	440,403	440,403	1,375
Jamestown	99,177	104,445	104,445	5,268
Johnston	3,637,649	3,676,138	3,676,138	38,489
Lincoln	842,552	910,043	910,043	67,491
Little Compton	62,951	66,928	66,928	3,977
Middletown	296,803	297,982	297,982	1,179
Narragansett	277,376	303,733	303,733	26,357
Newport	1,793,359	1,813,586	1,813,586	20,227
New Shoreham	43,379	52,106	52,106	8,727
North Kingstown	821,119	733,454	733,454	(87,665)
North Providence	3,565,889	3,663,820	3,663,820	97,931
North Smithfield	970,239	965,888	965,888	(4,351)
Pawtucket	7,100,592	7,235,052	7,235,052	134,460
Portsmouth	376,198	361,091	361,091	(15,107)
Providence	50,625,447	50,766,420	50,766,420	140,973
Richmond	360,344	366,909	366,909	6,565
Scituate	325,391	285,902	285,902	(39,489)
Smithfield	1,835,094	1,738,081	1,738,081	(97,013)
South Kingstown	829,698	860,612	860,612	30,914
Tiverton	294,968	304,343	304,343	9,375
Warren	534,788	542,910	542,910	8,122
Warwick	5,554,815	5,951,041	5,951,041	396,226
Westerly	1,420,419	1,380,133	1,380,133	(40,286)
West Greenwich	311,443	283,021	283,021	(28,422)
West Warwick	2,145,263	2,249,768	2,249,768	104,505
Woonsocket	3,666,480	3,916,147	3,916,147	249,667
<b>Subtotal</b>	<b>\$ 113,153,415</b>	<b>\$ 114,685,755</b>	<b>\$ 114,685,755</b>	<b>\$ 1,532,340</b>
Phase Out - Fire Districts	69,496	70,714	70,714	1,218
<b>Total</b>	<b>\$ 113,222,911</b>	<b>\$ 114,756,469</b>	<b>\$ 114,756,469</b>	<b>\$ 1,533,558</b>

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

## General Aid Total

Includes Distressed Communities, PILOT, Motor Vehicles Excise Tax\*

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2020 Gov. Rec.*</i>	<i>FY 2020 Enacted</i>	<i>Change to FY 2019 Final</i>
Barrington	\$ 841,884	\$ 1,407,893	\$ 2,169,738	\$ 1,276,091
Bristol	1,844,851	2,091,192	2,385,515	489,113
Burrillville	1,209,727	1,507,392	2,150,241	925,146
Central Falls	778,330	1,112,461	1,329,215	607,993
Charlestown	243,681	296,996	335,999	92,440
Coventry	1,448,240	1,853,555	2,080,041	567,014
Cranston	12,662,699	15,496,053	18,569,870	6,016,652
Cumberland	1,369,021	1,753,921	1,985,458	550,428
East Greenwich	1,040,604	1,021,071	1,177,863	81,942
East Providence	1,898,113	3,283,774	3,311,853	1,061,479
Exeter	534,739	671,816	752,546	188,010
Foster	468,246	527,773	645,551	205,925
Glocester	582,819	709,347	798,968	214,824
Hopkinton	439,028	529,210	590,572	150,169
Jamestown	99,177	107,578	129,966	25,521
Johnston	3,637,649	3,940,546	5,142,608	1,466,470
Lincoln	842,552	929,616	1,094,910	184,867
Little Compton	62,951	68,672	82,117	15,189
Middletown	296,803	304,650	363,064	65,082
Narragansett	277,376	311,670	373,742	70,009
Newport	1,793,359	1,801,967	1,992,611	179,025
New Shoreham	43,379	59,257	138,397	86,291
North Kingstown	821,119	751,351	915,668	182,214
North Providence	3,565,889	4,510,495	5,583,930	1,920,110
North Smithfield	970,239	1,196,840	1,577,186	611,298
Pawtucket	7,100,592	10,172,033	11,459,229	4,224,177
Portsmouth	376,198	492,441	592,217	231,126
Providence	50,625,447	52,458,035	59,179,351	8,412,931
Richmond	360,344	442,459	496,496	129,587
Scituate	325,391	295,623	370,648	84,746
Smithfield	1,835,094	2,026,073	2,963,766	1,225,685
South Kingstown	829,698	852,791	994,608	133,996
Tiverton	294,968	312,900	377,613	73,270
Warren	534,788	658,021	738,124	195,214
Warwick	5,554,815	7,195,201	8,429,734	2,478,693
Westerly	1,420,419	1,744,589	2,020,795	640,662
West Greenwich	311,443	351,431	566,150	283,129
West Warwick	2,145,263	2,546,570	2,592,797	343,029
Woonsocket	3,666,480	5,309,347	6,188,614	2,272,467
<b>Subtotal</b>	<b>\$ 113,153,415</b>	<b>\$ 131,102,608</b>	<b>\$ 152,647,771</b>	<b>\$ 37,962,016</b>
Phase Out - Fire Districts	69,496	101,654	101,654	30,940
<b>Total</b>	<b>\$ 113,222,911</b>	<b>\$ 131,204,261</b>	<b>\$ 152,749,425</b>	<b>\$ 37,992,956</b>

\*FY 2019 Enacted MV Figures reflect value of FY 2018 levy, the FY 2020 figures reflect updated data

### Distressed Communities Relief

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.</i>	<i>FY 2019 Final</i>	<i>Change to Enacted</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	217,757	217,757	217,757	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	1,233,378	1,233,378	1,233,378	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	1,065,944	1,065,944	1,065,944	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	1,000,937	1,000,937	1,000,937	-
North Smithfield	-	-	-	-
Pawtucket	1,507,940	1,507,940	1,507,940	-
Portsmouth	-	-	-	-
Providence	5,606,831	5,606,831	5,606,831	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	904,159	904,159	904,159	-
Woonsocket	847,512	847,512	847,512	-
<b>Total</b>	<b>\$ 12,384,458</b>	<b>\$ 12,384,458</b>	<b>\$ 12,384,458</b>	<b>\$ -</b>



### Distressed Communities Relief

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2020 Gov. Rec.</i>	<i>FY 2020 Enacted</i>	<i>Change to FY 2019 Final</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	217,757	201,648	201,648	(16,109)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	1,233,378	2,547,805	2,547,805	1,314,427
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	1,065,944	532,972	532,972	(532,972)
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	1,000,937	914,169	914,169	(86,768)
North Smithfield	-	-	-	-
Pawtucket	1,507,940	1,400,733	1,400,733	(107,207)
Portsmouth	-	-	-	-
Providence	5,606,831	5,155,694	5,155,694	(451,137)
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	904,159	859,102	859,102	(45,057)
Woonsocket	847,512	772,334	772,334	(75,178)
<b>Total</b>	<b>\$ 12,384,458</b>	<b>\$ 12,384,458</b>	<b>\$ 12,384,458</b>	<b>\$ -</b>

**Payment in Lieu of Taxes**

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.</i>	<i>FY 2019 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 17,514	\$ 17,514	\$ 17,514	\$ -
Bristol	1,335,274	1,335,274	1,335,274	-
Burrillville	98,273	98,273	98,273	-
Central Falls	895	895	895	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,403,870	5,403,870	5,403,870	-
Cumberland	-	-	-	-
East Greenwich	659,856	659,856	659,856	-
East Providence	244,237	244,237	244,237	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,431,152	1,431,152	1,431,152	-
New Shoreham	-	-	-	-
North Kingstown	1,762	1,762	1,762	-
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	575,928	575,928	575,928	-
Portsmouth	-	-	-	-
Providence	33,497,659	33,497,659	33,497,659	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	763,295	763,295	763,295	-
South Kingstown	207,011	207,011	207,011	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,687,863	1,687,863	1,687,863	-
Westerly	164,915	164,915	164,915	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
<b>Total</b>	<b>\$ 46,089,504</b>	<b>\$ 46,089,504</b>	<b>\$ 46,089,504</b>	<b>\$ -</b>

**Payment in Lieu of Taxes**

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2020 Gov. Rec.</i>	<i>FY 2020 Enacted</i>	<i>Change to FY 2019 Final</i>
Barrington	\$ 17,514	\$ 14,447	\$ 16,308	\$ (1,206)
Bristol	1,335,274	1,330,772	1,502,180	166,906
Burrillville	98,273	88,867	100,313	2,040
Central Falls	895	687	775	(120)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,403,870	4,771,444	5,386,022	(17,848)
Cumberland	-	-	-	-
East Greenwich	659,856	572,247	645,955	(13,901)
East Providence	244,237	217,998	246,077	1,840
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,431,152	1,408,819	1,590,280	159,128
New Shoreham	-	-	-	-
North Kingstown	1,762	1,006	1,135	(627)
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	575,928	513,532	579,677	3,749
Portsmouth	-	-	-	-
Providence	33,497,659	29,400,443	33,187,319	(310,340)
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	763,295	666,009	751,793	(11,502)
South Kingstown	207,011	184,978	208,804	1,793
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,687,863	1,510,326	1,704,861	16,998
Westerly	164,915	148,835	168,006	3,091
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
<b>Total</b>	<b>\$ 46,089,504</b>	<b>\$ 40,830,409</b>	<b>\$ 46,089,504</b>	<b>\$ -</b>

### Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.*</i>	<i>FY 2019 Final*</i>	<i>Change to Enacted</i>
Barrington	\$ 824,370	\$ 876,133	\$ 876,133	\$ 51,763
Bristol	509,577	561,128	561,128	51,551
Burrillville	1,111,454	1,126,822	1,126,822	15,368
Central Falls	559,678	502,570	502,570	(57,108)
Charlestown	243,681	243,559	243,559	(122)
Coventry	1,448,240	1,513,027	1,513,027	64,787
Cranston	6,025,451	5,915,970	5,915,970	(109,481)
Cumberland	1,369,021	1,435,030	1,435,030	66,009
East Greenwich	380,748	436,065	436,065	55,317
East Providence	1,653,876	2,006,137	2,006,137	352,261
Exeter	534,739	564,536	564,536	29,797
Foster	468,246	439,626	439,626	(28,620)
Glocester	582,819	584,144	584,144	1,325
Hopkinton	439,028	440,403	440,403	1,375
Jamestown	99,177	104,445	104,445	5,268
Johnston	2,571,705	2,610,194	2,610,194	38,489
Lincoln	842,552	910,043	910,043	67,491
Little Compton	62,951	66,928	66,928	3,977
Middletown	296,803	297,982	297,982	1,179
Narragansett	277,376	303,733	303,733	26,357
Newport	362,207	382,434	382,434	20,227
New Shoreham	43,379	52,106	52,106	8,727
North Kingstown	819,357	731,692	731,692	(87,665)
North Providence	2,564,952	2,662,883	2,662,883	97,931
North Smithfield	970,239	965,888	965,888	(4,351)
Pawtucket	5,016,724	5,151,184	5,151,184	134,460
Portsmouth	376,198	361,091	361,091	(15,107)
Providence	11,520,957	11,661,930	11,661,930	140,973
Richmond	360,344	366,909	366,909	6,565
Scituate	325,391	285,902	285,902	(39,489)
Smithfield	1,071,799	974,786	974,786	(97,013)
South Kingstown	622,687	653,601	653,601	30,914
Tiverton	294,968	304,343	304,343	9,375
Warren	534,788	542,910	542,910	8,122
Warwick	3,866,952	4,263,178	4,263,178	396,226
Westerly	1,255,504	1,215,218	1,215,218	(40,286)
West Greenwich	311,443	283,021	283,021	(28,422)
West Warwick	1,241,104	1,345,609	1,345,609	104,505
Woonsocket	2,818,968	3,068,635	3,068,635	249,667
<b>Subtotal</b>	<b>\$ 54,679,453</b>	<b>\$ 56,211,793</b>	<b>\$ 56,211,793</b>	<b>\$ 1,532,340</b>
Phase Out - Fire Districts	69,496	70,714	70,714	1,218
<b>Total</b>	<b>\$ 54,748,948</b>	<b>\$ 56,282,506</b>	<b>\$ 56,282,506</b>	<b>\$ 1,533,558</b>

*\*FY 2019 Enacted MV Figures reflect value of FY 2018 levy, the FY 2019 figures reflect updated data*

### Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY2019 Enacted</i>	<i>FY2020 Gov. Rec.*</i>	<i>FY2020 Enacted*</i>	<i>Change to FY2019 Final</i>
Barrington	\$ 824,370	\$ 1,393,446	\$ 2,153,430	\$ 1,277,297
Bristol	509,577	760,420	883,335	322,207
Burrillville	1,111,454	1,418,525	2,049,928	923,106
Central Falls	559,678	910,126	1,126,792	624,222
Charlestown	243,681	296,996	335,999	92,440
Coventry	1,448,240	1,853,555	2,080,041	567,014
Cranston	6,025,451	8,176,804	10,636,043	4,720,073
Cumberland	1,369,021	1,753,921	1,985,458	550,428
East Greenwich	380,748	448,824	531,908	95,843
East Providence	1,653,876	3,065,776	3,065,776	1,059,639
Exeter	534,739	671,816	752,546	188,010
Foster	468,246	527,773	645,551	205,925
Glocester	582,819	709,347	798,968	214,824
Hopkinton	439,028	529,210	590,572	150,169
Jamestown	99,177	107,578	129,966	25,521
Johnston	2,571,705	3,407,574	4,609,636	1,999,442
Lincoln	842,552	929,616	1,094,910	184,867
Little Compton	62,951	68,672	82,117	15,189
Middletown	296,803	304,650	363,064	65,082
Narragansett	277,376	311,670	373,742	70,009
Newport	362,207	393,148	402,331	19,897
New Shoreham	43,379	59,257	138,397	86,291
North Kingstown	819,357	750,345	914,533	182,841
North Providence	2,564,952	3,596,326	4,669,761	2,006,878
North Smithfield	970,239	1,196,840	1,577,186	611,298
Pawtucket	5,016,724	8,257,768	9,478,819	4,327,635
Portsmouth	376,198	492,441	592,217	231,126
Providence	11,520,957	17,901,898	20,836,338	9,174,408
Richmond	360,344	442,459	496,496	129,587
Scituate	325,391	295,623	370,648	84,746
Smithfield	1,071,799	1,360,064	2,211,973	1,237,187
South Kingstown	622,687	667,813	785,804	132,203
Tiverton	294,968	312,900	377,613	73,270
Warren	534,788	658,021	738,124	195,214
Warwick	3,866,952	5,684,875	6,724,873	2,461,695
Westerly	1,255,504	1,595,754	1,852,789	637,571
West Greenwich	311,443	351,431	566,150	283,129
West Warwick	1,241,104	1,687,468	1,733,695	388,086
Woonsocket	2,818,968	4,537,013	5,416,280	2,347,645
<b>Subtotal</b>	<b>\$ 54,679,453</b>	<b>\$ 77,887,741</b>	<b>\$ 94,173,809</b>	<b>\$ 37,962,017</b>
Phase Out - Fire Districts	69,496	101,654	101,654	30,940
<b>Total</b>	<b>\$ 54,748,948</b>	<b>\$ 77,989,394</b>	<b>\$ 94,275,463</b>	<b>\$ 37,992,957</b>

\*FY 2019 Enacted MV Figures reflect value of FY 2018 levy, the FY 2020 figures reflect updated data

### Library Aid

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.</i>	<i>FY 2019 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 377,408	\$ 377,408	\$ 377,408	\$ -
Bristol	192,571	192,571	192,571	-
Burrillville	173,440	173,440	173,440	-
Central Falls	26,487	26,487	26,487	-
Charlestown	51,117	51,117	51,117	-
Coventry	232,971	232,971	232,971	-
Cranston	599,627	599,627	599,627	-
Cumberland	279,091	279,091	279,091	-
East Greenwich	131,335	131,335	131,335	-
East Providence	418,643	418,643	418,643	-
Exeter	49,367	49,367	49,367	-
Foster	33,624	33,624	33,624	-
Glocester	78,446	78,446	78,446	-
Hopkinton	34,850	34,850	34,850	-
Jamestown	123,716	123,716	123,716	-
Johnston	120,586	120,586	120,586	-
Lincoln	202,908	202,908	202,908	-
Little Compton	34,306	34,306	34,306	-
Middletown	145,601	145,601	145,601	-
Narragansett	187,492	187,492	187,492	-
Newport	412,478	412,478	412,478	-
New Shoreham	84,344	84,344	84,344	-
North Kingstown	278,709	278,709	278,709	-
North Providence	197,946	197,946	197,946	-
North Smithfield	77,887	77,887	77,887	-
Pawtucket	390,645	390,645	390,645	-
Portsmouth	114,736	114,736	114,736	-
Providence*	1,983,098	1,983,098	1,983,098	-
Richmond	24,913	24,913	24,913	-
Scituate	104,590	104,590	104,590	-
Smithfield	295,708	295,708	295,708	-
South Kingstown	213,881	213,881	213,881	-
Tiverton	122,624	122,624	122,624	-
Warren	56,679	56,679	56,679	-
Warwick	737,667	737,667	737,667	-
Westerly	315,893	315,893	315,893	-
West Greenwich	36,772	36,772	36,772	-
West Warwick	160,224	160,224	160,224	-
Woonsocket	197,081	197,081	197,081	-
<b>Total</b>	<b>\$ 9,299,463</b>	<b>\$ 9,299,463</b>	<b>\$ 9,299,463</b>	<b>\$ -</b>
Institutional Libraries	62,609	62,609	62,609	-
<b>Total</b>	<b>\$ 9,362,072</b>	<b>\$ 9,362,072</b>	<b>\$ 9,362,072</b>	<b>\$ -</b>

\*Includes the Statewide Reference Library Resource Grant.

### Library Aid

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.</i>	<i>FY 2020 Enacted</i>	<i>Change to FY 2019 Final</i>
Barrington	\$ 377,408	\$ 377,408	\$ 382,078	\$ 4,670
Bristol	192,571	192,571	194,460	1,889
Burrillville	173,440	173,440	173,741	301
Central Falls	26,487	26,487	32,114	5,627
Charlestown	51,117	51,117	52,487	1,370
Coventry	232,971	232,971	231,669	(1,302)
Cranston	599,627	599,627	622,485	22,858
Cumberland	279,091	279,091	283,035	3,944
East Greenwich	131,335	131,335	129,591	(1,744)
East Providence	418,643	418,643	420,617	1,974
Exeter	49,367	49,367	52,255	2,888
Foster	33,624	33,624	33,391	(233)
Glocester	78,446	78,446	79,565	1,119
Hopkinton	34,850	34,850	36,702	1,852
Jamestown	123,716	123,716	107,184	(16,532)
Johnston	120,586	120,586	119,439	(1,147)
Lincoln	202,908	202,908	209,703	6,795
Little Compton	34,306	34,306	35,771	1,465
Middletown	145,601	145,601	144,623	(978)
Narragansett	187,492	187,492	186,191	(1,301)
Newport	412,478	412,478	409,617	(2,861)
New Shoreham	84,344	84,344	91,829	7,485
North Kingstown	278,709	278,709	297,091	18,382
North Providence	197,946	197,946	198,233	287
North Smithfield	77,887	77,887	79,060	1,173
Pawtucket	390,645	390,645	415,582	24,937
Portsmouth	114,736	114,736	116,067	1,331
Providence*	1,983,098	1,983,098	2,027,820	44,722
Richmond	24,913	24,913	24,996	83
Scituate	104,590	104,590	105,942	1,352
Smithfield	295,708	295,708	304,595	8,887
South Kingstown	213,881	213,881	225,105	11,224
Tiverton	122,624	122,624	125,071	2,447
Warren	56,679	56,679	57,522	843
Warwick	737,667	737,667	772,285	34,618
Westerly	315,893	315,893	317,009	1,116
West Greenwich	36,772	36,772	39,027	2,255
West Warwick	160,224	160,224	162,581	2,357
Woonsocket	197,081	197,081	202,926	5,845
<b>Total</b>	<b>\$ 9,299,463</b>	<b>\$ 9,299,463</b>	<b>\$ 9,499,463</b>	<b>\$ 200,000</b>
Institutional Libraries	62,609	62,609	62,609	-
<b>Total</b>	<b>\$ 9,362,072</b>	<b>\$ 9,362,072</b>	<b>\$ 9,562,072</b>	<b>\$ 200,000</b>

\*Includes the Statewide Reference Library Resource Grant.

## Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2019 Gov. Rev.</i>	<i>FY 2019 Final</i>	<i>Change to Enacted</i>
Barrington	\$ 205,777	\$ 205,777	\$ 205,777	\$ -
Bristol	282,413	282,413	282,413	-
Burrillville	204,641	204,641	204,641	-
Central Falls	244,423	244,423	244,423	-
Charlestown	98,143	98,143	98,143	-
Coventry	441,150	441,150	441,150	-
Cranston	1,020,830	1,020,830	1,020,830	-
Cumberland	432,719	432,719	432,719	-
East Greenwich	165,389	165,389	165,389	-
East Providence	596,479	596,479	596,479	-
Exeter	84,777	84,777	84,777	-
Foster	59,029	59,029	59,029	-
Glocester	125,379	125,379	125,379	-
Hopkinton	102,396	102,396	102,396	-
Jamestown	68,937	68,937	68,937	-
Johnston	367,606	367,606	367,606	-
Lincoln	271,180	271,180	271,180	-
Little Compton	44,099	44,099	44,099	-
Middletown	202,470	202,470	202,470	-
Narragansett	197,800	197,800	197,800	-
Newport	310,104	310,104	310,104	-
New Shoreham	11,170	11,170	11,170	-
North Kingstown	331,080	331,080	331,080	-
North Providence	408,082	408,082	408,082	-
North Smithfield	154,320	154,320	154,320	-
Pawtucket	901,017	901,017	901,017	-
Portsmouth	218,991	218,991	218,991	-
Providence	2,257,319	2,257,319	2,257,319	-
Richmond	96,149	96,149	96,149	-
Scituate	132,283	132,283	132,283	-
Smithfield	272,126	272,126	272,126	-
South Kingstown	386,853	386,853	386,853	-
Tiverton	199,352	199,352	199,352	-
Warren	133,129	133,129	133,129	-
Warwick	1,033,439	1,033,439	1,033,439	-
Westerly	285,934	285,934	285,934	-
West Greenwich	77,141	77,141	77,141	-
West Warwick	363,946	363,946	363,946	-
Woonsocket	520,903	520,903	520,903	-
<b>Total</b>	<b>\$ 13,308,972</b>	<b>\$ 13,308,972</b>	<b>\$ 13,308,972</b>	<b>\$ -</b>

*\*FY 2020 Gov. Rec. based on prior data; the enacted reflects updated data.*



## Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2019 Enacted</i>	<i>FY 2020 Gov. Rec.</i>	<i>FY 2020 Enacted</i>	<i>Change to FY 2019 Final</i>
Barrington	\$ 205,777	\$ 205,777	\$ 204,412	\$ (1,365)
Bristol	282,413	282,413	281,297	(1,116)
Burrillville	204,641	204,641	206,240	1,599
Central Falls	244,423	244,423	244,455	32
Charlestown	98,143	98,143	97,833	(310)
Coventry	441,150	441,150	439,541	(1,609)
Cranston	1,020,830	1,020,830	1,020,662	(168)
Cumberland	432,719	432,719	434,814	2,095
East Greenwich	165,389	165,389	165,037	(352)
East Providence	596,479	596,479	597,746	1,267
Exeter	84,777	84,777	85,216	439
Foster	59,029	59,029	59,100	71
Glocester	125,379	125,379	125,952	573
Hopkinton	102,396	102,396	102,244	(152)
Jamestown	68,937	68,937	69,385	448
Johnston	367,606	367,606	367,521	(85)
Lincoln	271,180	271,180	272,625	1,445
Little Compton	44,099	44,099	44,379	280
Middletown	202,470	202,470	202,925	455
Narragansett	197,800	197,800	196,636	(1,164)
Newport	310,104	310,104	311,887	1,783
New Shoreham	11,170	11,170	10,461	(709)
North Kingstown	331,080	331,080	329,948	(1,132)
North Providence	408,082	408,082	407,678	(404)
North Smithfield	154,320	154,320	155,042	722
Pawtucket	901,017	901,017	904,592	3,575
Portsmouth	218,991	218,991	220,104	1,113
Providence	2,257,319	2,257,319	2,262,538	5,219
Richmond	96,149	96,149	95,892	(257)
Scituate	132,283	132,283	132,708	425
Smithfield	272,126	272,126	272,386	260
South Kingstown	386,853	386,853	387,095	242
Tiverton	199,352	199,352	200,026	674
Warren	133,129	133,129	132,242	(887)
Warwick	1,033,439	1,033,439	1,023,675	(9,764)
Westerly	285,934	285,934	285,179	(755)
West Greenwich	77,141	77,141	77,111	(30)
West Warwick	363,946	363,946	361,849	(2,097)
Woonsocket	520,903	520,903	523,168	2,265
<b>Total</b>	<b>\$ 13,308,972</b>	<b>\$ 13,308,972</b>	<b>\$ 13,311,601</b>	<b>\$ 2,629</b>

*\*FY 2020 Gov. Rec. based on prior data; the enacted reflects updated data.*

### Meals and Beverage Tax

<i>City or Town</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>
Barrington	\$ 160,982	\$ 172,575	\$ 178,288	\$ 184,739
Bristol	393,164	445,779	490,293	451,567
Burrillville	197,923	190,021	195,692	214,442
Central Falls	118,346	121,924	123,031	142,982
Charlestown	146,233	158,031	173,879	187,253
Coventry	392,485	389,819	437,307	466,386
Cranston	1,711,751	1,792,828	1,818,951	1,975,488
Cumberland	449,395	473,622	481,440	539,876
East Greenwich	603,838	677,598	809,903	694,380
East Providence	900,412	960,092	1,005,535	1,076,247
Exeter	91,328	100,330	105,533	116,466
Foster	15,854	17,936	17,661	23,382
Glocester	71,838	75,375	74,338	75,453
Hopkinton	48,178	52,205	45,689	53,522
Jamestown	93,444	92,434	94,108	90,468
Johnston	543,799	584,763	624,339	709,170
Lincoln	807,125	784,459	791,292	811,829
Little Compton	44,318	57,268	68,507	65,110
Middletown	650,757	725,596	730,305	810,338
Narragansett	583,414	664,935	627,427	697,787
Newport	2,069,020	2,266,128	2,235,459	2,641,064
New Shoreham	316,803	361,187	358,555	376,358
North Kingstown	507,483	556,133	532,105	624,355
North Providence	326,139	348,364	352,137	397,108
North Smithfield	242,418	314,344	304,746	302,535
Pawtucket	755,669	812,269	865,294	945,504
Portsmouth	179,150	229,833	238,740	279,811
Providence	4,927,997	5,260,911	5,463,457	6,246,967
Richmond	137,772	141,584	142,210	145,562
Scituate	68,385	64,084	54,994	67,639
Smithfield	678,253	786,891	755,766	796,851
South Kingstown	762,720	834,015	859,118	911,785
Tiverton	211,399	225,960	224,686	253,167
Warren	270,327	356,392	297,499	319,510
Warwick	2,657,702	2,712,574	2,890,427	3,188,368
Westerly	796,790	873,436	883,820	930,904
West Greenwich	136,840	137,441	126,823	122,462
West Warwick	337,902	347,921	345,927	392,007
Woonsocket	494,486	516,678	511,790	567,885
<b>Total</b>	<b>\$ 23,901,840</b>	<b>\$ 25,683,737</b>	<b>\$ 26,337,072</b>	<b>\$ 28,896,727</b>

## Local Hotel Tax

<i>City or Town</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>
Barrington	\$ -	\$ 269	\$ 1,774	\$ 2,661
Bristol	16,409	18,894	25,315	29,156
Burrillville	-	-	-	28
Central Falls	-	30	287	53
Charlestown	8,228	17,619	47,760	58,621
Coventry	40,343	44,161	43,530	47,776
Cranston	4,217	7,251	9,198	11,427
Cumberland	-	-	709	745
East Greenwich	249	384	292	513
East Providence	20,329	21,968	19,545	20,952
Exeter	-	7	43	-
Foster	93	70	117	282
Glocester	900	1,024	1,188	1,357
Hopkinton	-	347	4,494	1,123
Jamestown	4,743	7,420	15,793	19,766
Johnston	4,169	3,913	3,683	3,338
Lincoln	46,909	47,758	48,089	50,036
Little Compton	164	2,003	14,890	16,262
Middletown	331,476	370,993	396,390	490,943
Narragansett	36,258	68,467	167,486	193,464
Newport	862,954	1,065,006	1,079,403	1,193,942
New Shoreham	123,771	225,100	299,889	478,072
North Kingstown	36,732	36,972	50,847	51,564
North Providence	-	3	1	231
North Smithfield	1,444	1,498	1,284	1,433
Pawtucket	23,287	18,564	1,736	40,109
Portsmouth	8,333	8,476	17,463	10,217
Providence	901,828	1,002,140	1,036,248	1,129,388
Richmond	1,735	1,833	1,951	3,023
Scituate	2,824	2,972	3,279	3,110
Smithfield	65,311	76,793	68,053	74,348
South Kingstown	62,422	78,293	86,591	100,203
Tiverton	-	306	1,076	3,117
Warren	-	247	1,313	704
Warwick	474,245	524,392	529,068	555,191
Westerly	218,992	269,593	300,400	329,908
West Greenwich	41,057	47,165	52,424	55,839
West Warwick	50,205	59,550	63,401	68,240
Woonsocket	23,914	26,403	20,892	23,137
<b>Total</b>	<b>\$ 3,413,541</b>	<b>\$ 4,057,884</b>	<b>\$ 4,415,901</b>	<b>\$ 5,070,279</b>

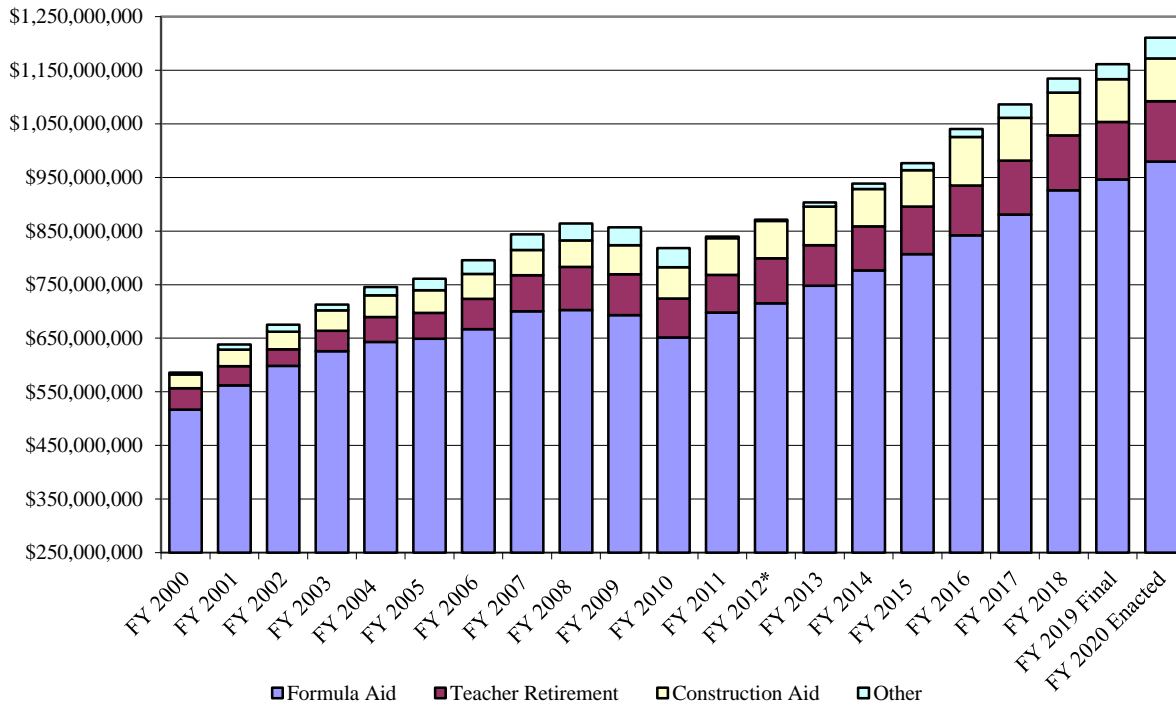


# Education Aid

## Summary

The Assembly enacted \$1,210.6 million for FY 2020 total aid for local school districts. This is \$48.1 million more than enacted for FY 2019 and \$2.7 million more than the Governor’s recommendation, adjusted for the March data update. Funding for FY 2020 includes \$979.7 million in direct distributions to local school districts, \$37.5 million in categorical funding, \$1.0 million in other aid for distribution by the Department, \$112.3 million for the state’s contribution to teacher retirement, and \$80.0 million for school construction costs.

## State Education Aid



\*Davies begins appearing with education aid

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

The funding plan also allows for additional support from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. There has been a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula is being phased in over a ten-year period. As FY 2020 represents the ninth year of the transition period, only districts that are receiving less state aid have the remaining loss phased in. Gaining communities were fully-phased in by year seven.

Since its inception, there have been various proposals to change the education funding formula. Based on the recommendations of a 2015 working group, the Assembly provided a category of aid for English language learners and three years of support for districts with at least 5.0 percent of students enrolled in charter or state schools. The 2018 Assembly also established a voluntary three-year pilot program to support school resource officers beginning in FY 2019.

The FY 2020 budget includes \$979.7 million for direct aid to local school districts, an increase of 43.5 percent from the first year of the formula. The funding formula costs are driven by enrollment, wealth, and the core instruction amount. Since FY 2012, the per pupil core instruction amount has increased by \$1,538 or 18.5 percent, which is an annual increase of 2.2 percent. Aid per student has increased by \$1,484 or 27.5 percent during that same period, which is an annual increase of 3.1 percent. The table below shows these changes, as well as changes to enrollment, students in poverty, and average state share ratio since the first year of the funding formula. The formula provides a 40.0 percent weight for each student in poverty. The state share is determined using two factors: the full value of local property and the median family income as determined by the last five years of census data. Among all communities, the average state share ratio for FY 2020 is 38.4 percent. When weighted for the number of students, the average state share ratio is 55.0 percent; it was 52.5 percent when the formula began. Table 2 at the end of this report shows the funding formula calculation for FY 2020.

	FY 2012	FY 2016	FY 2019	FY 2020	FY 2020 Chg. to FY 2012	% FY 2020 Chg. to FY 2012	% Average Annual Change
Per Pupil Core Amount	\$ 8,333	\$ 8,928	\$ 9,422	\$ 9,871	\$ 1,538	18.5%	2.2%
Student Enrollment	140,913	140,486	142,306	142,202	1,289	0.9%	0.1%
Students in Poverty	63,446	68,682	67,972	67,298	3,852	6.1%	0.9%
Highest State Share Ratio	92.6%	93.5%	93.3%	94.8%	2.2%	2.4%	0.3%
Avg. State Share Ratio	38.7%	40.2%	38.6%	38.4%	-0.3%	-0.8%	-0.1%
Avg. Weighted State Share Ratio	52.5%	55.4%	55.1%	55.0%	2.5%	4.8%	0.3%
Aid Per Student	\$ 5,393	\$ 5,992	\$ 6,652	\$ 6,877	\$ 1,484	27.5%	3.1%

### Education Aid by Component

The Budget includes \$1,210.6 million for FY 2020 education aid for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This also includes teacher retirement and school housing aid as well as other formula aid for distribution by the Department of Elementary and Secondary Education. This is \$48.1 million more than enacted for FY 2019.

The following table compares the FY 2020 enacted funding for the major components of education aid to the FY 2019 enacted budget and the Governor's FY 2020 recommendation. It is followed by an explanation of each of the items in the table.

The funding formula calculation for FY 2020 uses March 15, 2019 student enrollment data adjusted for FY 2020 projected charter school enrollments, a per pupil core instruction amount of \$9,871 and state share ratio variables updated with June 30, 2018 data. As FY 2020 is the ninth year of the transition period, gaining districts receive the full amount of aid produced by the formula each year and only districts that are receiving less state aid will have that remaining loss phased in.

The 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to estimate funding formula aid based on October 1 student enrollments by December 1. The report was submitted to the Budget Office and estimated total funding formula aid to be \$962.8 million. The estimate is \$5.4 million more than the Governor's recommended budget, which includes a \$1.3 million reduction from shifting education costs for youth in certain residential facilities to districts. Excluding adjustments to stabilization funding, the March update produced a \$1.2 million increase to formula education aid.

Education Aid	FY 2019 Enacted	FY 2019 Final	FY 2020 Governor	FY 2020 Enacted	Change to Enacted	Change to Governor
<b>Operating Aid</b>						
Local Districts	\$ 787,092,594	\$ 787,092,594	\$ 806,857,850	\$ 807,609,544	\$ 20,516,950	\$ 751,694
Central Falls	40,752,939	40,752,939	41,087,651	41,476,650	723,711	388,999
Met School*	9,342,007	9,342,007	9,342,007	9,342,007	-	-
Davies Career & Technical*	13,658,087	13,658,087	13,694,981	13,694,981	36,894	-
Charter Schools	90,493,298	90,617,343	101,400,980	100,979,327	10,486,029	(421,654)
UCAP	1,423,688	1,423,688	1,534,754	1,539,913	116,225	5,159
Group Home Aid	3,575,746	3,694,746	3,198,073	3,233,153	(342,593)	35,080
<b>Subtotal</b>	<b>\$ 946,338,359</b>	<b>\$ 946,581,404</b>	<b>\$ 977,116,293</b>	<b>\$ 977,875,575</b>	<b>\$ 31,537,216</b>	<b>\$ 759,284</b>
<b>Other Adjustments</b>						
Audit Adjustment	\$ -	\$ -	\$ 18,947	\$ 1,850,065	\$ 1,850,065	\$ 1,831,118
Training School Costs	-	-	(1,330,984)	-	-	1,330,984
<b>Adjusted Subtotal</b>	<b>\$ 946,338,359</b>	<b>\$ 946,581,404</b>	<b>\$ 975,804,256</b>	<b>\$ 979,725,640</b>	<b>\$ 33,387,281</b>	<b>\$ 3,921,386</b>
<b>Categorical Funding</b>						
High Cost Special Education	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ -	\$ -
Career and Technical	4,500,000	4,500,000	4,500,000	4,500,000	-	-
Early Childhood	7,360,000	7,360,000	15,553,081	14,850,000	7,490,000	(703,081)
Non-Public Transportation	3,038,684	3,038,684	3,038,684	3,038,684	-	-
Regional District Transportation	4,372,676	4,372,676	4,372,676	4,622,676	250,000	250,000
English Language Learners	2,744,939	2,744,939	5,000,000	5,000,000	2,255,061	-
School of Choice Density Aid	478,350	478,350	-	-	(478,350)	-
School Resource Officer Support	2,000,000	229,936	1,000,000	1,000,000	(1,000,000)	-
<b>Subtotal</b>	<b>\$ 28,994,649</b>	<b>\$ 27,224,585</b>	<b>\$ 37,964,441</b>	<b>\$ 37,511,360</b>	<b>\$ 8,516,711</b>	<b>\$ (453,081)</b>
<b>Set-Aside Funds</b>						
Textbook Loans	\$ 240,000	\$ 88,576	\$ 240,000	\$ 240,000	\$ -	\$ -
School Breakfast	270,000	270,000	270,000	270,000	-	-
Recovery High School	500,000	500,000	500,000	500,000	-	-
<b>Subtotal</b>	<b>\$ 1,010,000</b>	<b>\$ 858,576</b>	<b>\$ 1,010,000</b>	<b>\$ 1,010,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 976,343,008</b>	<b>\$ 974,664,565</b>	<b>\$ 1,014,778,697</b>	<b>\$ 1,018,247,000</b>	<b>\$ 41,903,992</b>	<b>\$ 3,468,305</b>
<b>Other Aid</b>						
Teacher Retirement	\$ 106,118,409	\$ 106,753,507	\$ 112,337,502	\$ 112,337,502	\$ 6,219,093	\$ -
Construction Aid	69,448,781	65,340,282	78,984,971	78,984,971	9,536,190	-
School Building Authority Fund	10,551,219	14,659,718	1,015,029	1,015,029	(9,536,190)	-
<b>Statewide Total</b>	<b>\$ 1,162,461,417</b>	<b>\$ 1,161,418,072</b>	<b>\$ 1,207,116,199</b>	<b>\$ 1,210,584,502</b>	<b>\$ 48,123,085</b>	<b>\$ 3,468,305</b>

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

Adjusted for the March update, the Governor's recommendation includes \$976.5 million in direct distributions to districts. The Assembly provides \$979.7 million, or \$3.9 million more than the Governor's recommendation. This reflects \$1.3 million to restore funding from a proposal to shift costs for certain youth at residential facilities to local communities and \$1.9 million for districts that were underpaid in FY 2019 as a result of a state data calculation error.

### Operating Aid

**Local Districts.** The Budget includes \$807.6 million for formula aid to locally operated school districts. This is \$20.5 million more than enacted.

**Central Falls Operations.** The Budget includes \$41.5 million for formula aid for the Central Falls School District. This is \$0.7 million or 1.8 percent more than the FY 2019 enacted aid and \$0.4 million more than the Governor's recommendation. The increase to the Governor's recommendation accounts for an increase in the local payments for students attending mayoral academies. Beginning with FY 2012, Central Falls is funded pursuant to the funding formula.

The formula includes a stabilization fund for the Central Falls School District until the city can begin paying its local share. This is the sixth year of stabilization funding, and the Budget includes \$8.0 million.

**Metropolitan Career and Technical School.** The Budget includes \$9.3 million for formula aid for the Metropolitan Career and Technical School. This is consistent with FY 2018 and FY 2019 enacted levels. The 2016 Assembly enacted a stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Budget includes \$1.8 million in stabilization funding for the Met School, which is \$0.4 million more than enacted. This offsets a similar reduction reflecting year nine of the formula.

Prior to FY 2012, the Met School was fully state supported. The Met School is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Table 6 at the end of this report includes estimated enrollment for FY 2020.

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

**Davies Career and Technical School.** The Budget includes \$13.7 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$36,894 more than the FY 2019 enacted level. The funding formula legislation requires that state schools participating in the state retirement system have their state aid adjusted to reflect reimbursement for the employer contributions for those staff employed by the state.

Davies was fully state supported until FY 2012, but is now funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Davies' operating budget is submitted as part of the Department's budget and Davies' employees are still state employees. Table 6 at the end of this report includes estimated enrollment by sending district for FY 2020.

The 2016 Assembly enacted a stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and the implication of allowing local districts to hold back a share of its per pupil funding as well as recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Budget includes \$4.9 million in additional funding to Davies, \$0.6 million more than enacted. This offsets a similar reduction reflecting year nine of the formula.

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

**Charter Schools.** The Budget includes \$101.0 million for formula aid to charter schools. This is \$10.5 million more than the FY 2019 enacted level. Since FY 2012, charter schools are funded pursuant to the



education funding formula, like other districts. The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district, which it must pay to the school.

Charter schools are public schools authorized by the state to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters are reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and are included in the total. There are currently 23 charter schools in Rhode Island. Table 6 at the end of this report includes estimated enrollment for FY 2020.

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

**Urban Collaborative Accelerated Program.** The Budget includes \$1.5 million for the seventh year of funding for the Urban Collaborative Accelerated Program (UCAP) for FY 2020. The 2012 Assembly adopted legislation requiring that the Urban Collaborative Accelerated Program is funded pursuant to the education funding formula beginning in FY 2014. The program operates as an independent public school dedicated to reducing the dropout rates in Providence, Central Falls and Cranston. Table 6 at the end of this report includes estimated enrollment by sending district for FY 2020.

**Group Homes.** The Budget includes \$3.2 million for group home aid based on 331 beds. The distribution uses a method proposed by the Department and adopted by the 2014 Assembly that changed the way group home beds affect total funding allowed under Rhode Island General Law, Section 16-7-22(1)(ii), which requires that the number of group home beds be deducted from enrollment data for the purpose of determining average daily membership. Instead of showing the impact of group home beds on funding formula aid, the Budget shows the impact in group home aid. The decrease in funding is phased-in over the remaining years of the transition period. As FY 2020 is the ninth year of the transition period, only districts that are receiving less state aid will have that remaining loss phased in; the gaining districts receive total aid as produced by the formula each year.

The 2007 Assembly enacted legislation to ensure that increases in beds prior to December 31 of each year are paid as part of the supplemental budget for that year. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2019 would not be reflected until FY 2020. The 2016 Assembly increased the per bed amount from \$22,000 to \$26,000 for the group home beds associated with Bradley Hospital's residential CRAFT program. It also increased the per bed amount from \$15,000 to \$17,000 for all other group home beds. In FY 2020, the 17 communities hosting group homes will receive \$17,000 per bed or \$26,000 for CRAFT beds.

### **Other Adjustments**

**Audit Adjustment.** Following enactment of the FY 2019 budget, the Division of Municipal Finance adjusted the local property value data that is used to calculate the state's share of education costs, the apparent result of input errors by the Division. Updating the data, in turn, impacted the state's share of education formula aid for nearly all local education agencies. Excluding the state schools, the net impact

of this adjustment is an additional \$18,947, but with more impactful redistributions among districts and charter schools.

While there was no established procedure, either in regulation or state law, for altering formula aid in the case of an audit that produces different results than the official certifications, the Governor included an adjustment to reflect the impact of this correction to the data, but in FY 2020. Table 1A at the end of this report includes the impact of the Governor's proposal by district, which totals \$123,906. The reduction of \$104,959 to charter schools is included in total recommended aid in Table 1B.

The Assembly concurred with providing the correct aid to those districts that were underpaid because of the error but did not concur with reducing aid to any communities that were overpaid. The Budget includes a total of \$1.9 million for those districts that were underpaid in FY 2019 and holds harmless districts that were overpaid. The Assembly also enacted legislation to ensure proper notice of districts of such errors and a formal reconciliation process. Article 9 of 2019-H 5151, Substitute A, as amended, requires that if the state's share of education formula aid for any local education agency is determined to be incorrect after the budget for that fiscal year is enacted, local education agencies, the Senate President and the Speaker of the House must be notified within 15 days of the determination. Districts whose funding was underpaid would be paid in the following fiscal year; districts that have been overpaid would have an amount withheld in the following fiscal year prorated to the month in which notification occurred.

**Training School Costs.** The Governor proposed requiring cities and towns to pay their per pupil special education costs for each resident student sentenced to the training school and for youth in certain residential facilities. Currently, districts pay only for students living in group homes that do not have a contract with the Department of Children, Youth and Families for a predetermined number of placements, and education costs for students at the training school are paid by the state. The Governor showed the impact of that new requirement estimated to be \$1.3 million as a reduction to education aid; the impact by district is shown in Table 1A at the end of this report. The Assembly did not concur with the Governor's proposal and restored the funding.

### **Categorical Funding**

The education funding formula allows for additional resources from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, English language learners, transportation costs and a limited two-year bonus for regionalized districts, which is an entitlement based on the formula. For each other category of aid, the Department of Elementary and Secondary Education prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, funding has not increased annually and the out-year estimates submitted with the Governor's FY 2020 budget assume these costs will remain constant. For FY 2020, density aid is excluded as FY 2019 was the final year of the three-year program.

**High Cost Special Education.** The funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Budget includes \$4.5 million for FY 2020, consistent with the FY 2017 through FY 2019 enacted budgets. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, out-year estimates submitted with the Governor's FY 2020 budget assume these costs will remain constant. This was first funded in FY 2013 at \$500,000.

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

technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment, maintenance, repair and supplies necessary for maintaining the quality of highly specialized programs. The Department developed criteria for the purpose of allocating funds and prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. The Budget includes \$4.5 million for FY 2020, consistent with the FY 2017 through FY 2019 enacted budgets. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, out-year estimates submitted with the Governor's FY 2020 budget assume these costs will remain constant. This was first funded in FY 2013 at \$3.0 million. These funds are not shown in the distribution tables at the end of this report.

**Early Childhood Education.** The funding formula allows for additional resources from the state to increase access to voluntary, free, high quality prekindergarten programs. The Budget includes \$14.9 million for FY 2020, which is \$7.5 million more than enacted from all funds and \$8.6 million more from general revenues. The enacted budget includes \$1.1 million from permanent school funds, a one-time source of funding. All early childhood categorical funds were used as a match for a federal grant from FY 2016 through FY 2019, which allowed the Department to expand the number of pre-kindergarten classes from 17 in FY 2015 to 60 in FY 2018 and FY 2019. As the grant has expired, the Budget includes \$12.0 million to fund the current program of 60 prekindergarten classrooms, which serves 1,080 children, and contracted program evaluation and professional development. The Budget also includes \$2.9 million to allow for increased capacity in the current classrooms from 18 students up to 20 students, at least 10 new classrooms, and extend the school day for some Head Start students.

These funds are currently distributed through a request for proposals process and paid directly to classroom providers. This was first funded in FY 2013 at \$1.5 million. These funds are not shown in the distribution tables at the end of this report.

**Non-Public School Transportation.** The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state assumes the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system. Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Budget includes \$3.0 million for FY 2020, consistent with the enacted budget. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, the out-year estimates submitted with the Governor's FY 2020 budget assume these costs will remain constant. FY 2012 funding for this component of the original transportation fund was \$0.8 million.

**Regional School District Transportation.** The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state shares the costs associated with transporting students within regional school districts. The state and regional school district share equally the student transportation costs net any federal sources of revenue for these expenditures. Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Governor's budget includes \$4.4 million for FY 2020, consistent with the enacted budget. The Assembly provided an additional \$250,000 for total funding of \$4.6 million. FY 2012 funding for this component of the original transportation fund was \$0.5 million.

**English Language Learners.** The Budget includes \$5.0 million to support English language learners that are in the most intensive programs, \$2.3 million more than the enacted budget. The funding is used on evidence-based programs proven to increase outcomes and are monitored by the Department of Elementary and Secondary Education. The calculation is 10.0 percent of the Core Instruction Amount, applied to students in the most intensive English learner programs, and then ratably reduced. Funding for this category was first provided in FY 2017 for one year only; it was made permanent a year later.

**School of Choice Density Aid.** The Budget excludes funding for school of choice density aid as FY 2019 was the final year of the three-year program. This category of funding provided additional state support for those districts who have at least 5.0 percent of their students enrolled at a school of choice, which includes charter schools and state schools. For FY 2017, six districts were eligible for this funding, which provided \$175 per pupil for every student sent to a charter or state school. For FY 2018 and FY 2019, seven districts received \$100 and \$50 per student, respectively. This recommendation emerged from the 2015 Governor’s funding formula work group.

**School Resource Officer Support.** The 2018 Assembly established a voluntary three-year pilot program for a new category of education aid to support 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 a new school resource officer at a middle or high school 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 would not be eligible for reimbursement. The enacted budget includes \$2.0 million for the first year of the program. The Budget includes \$0.2 million for FY 2019 and \$1.0 million for FY 2020 based on anticipated program participation.

### **Set-Aside Funds**

**Textbook Loans.** The Budget includes the enacted level of \$240,000 for the textbook loan program. The state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12<sup>th</sup> grade. For FY 2019, the Budget includes \$88,576, or \$151,424 less than enacted, based on anticipated expenditures.

**School Breakfast.** The Budget includes \$270,000 for FY 2020 for the administrative cost reimbursement to districts for the school breakfast program, which is consistent with the enacted level. State law mandates that all public schools provide a breakfast program and costs, other than transportation, associated with this program in excess of federal money for the meals, shall be borne exclusively by the state.

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

**Recovery High School.** The 2016 Assembly enacted legislation to provide \$500,000 for FY 2017 only to support the state’s recovery high school. Recovery high schools are specifically designed for students recovering from a substance abuse disorder. The legislation also removed districts from the enrollment process and changed the local tuition payment from the local per pupil expenditures to the core instruction amount. The 2017 Assembly removed the limitation to FY 2017 only. For FY 2020, the Budget includes the enacted level of \$0.5 million.

### **Other Aid**

**Teacher Retirement.** The Budget includes \$112.3 million to fund the state’s 40.0 percent share of the employer contribution for teacher retirement, an increase of \$6.2 million or 5.9 percent more than the FY 2019 enacted budget. Prior to changes enacted in 2011, teachers had contributed 9.5 percent of their salaries; as of July 1, 2012, teachers contribute 8.75 percent. That rate is set in the General Laws. Employers contribute the difference between the teachers’ share and the amount needed to support the system, as determined annually by the State Employees’ Retirement System. For districts that choose not

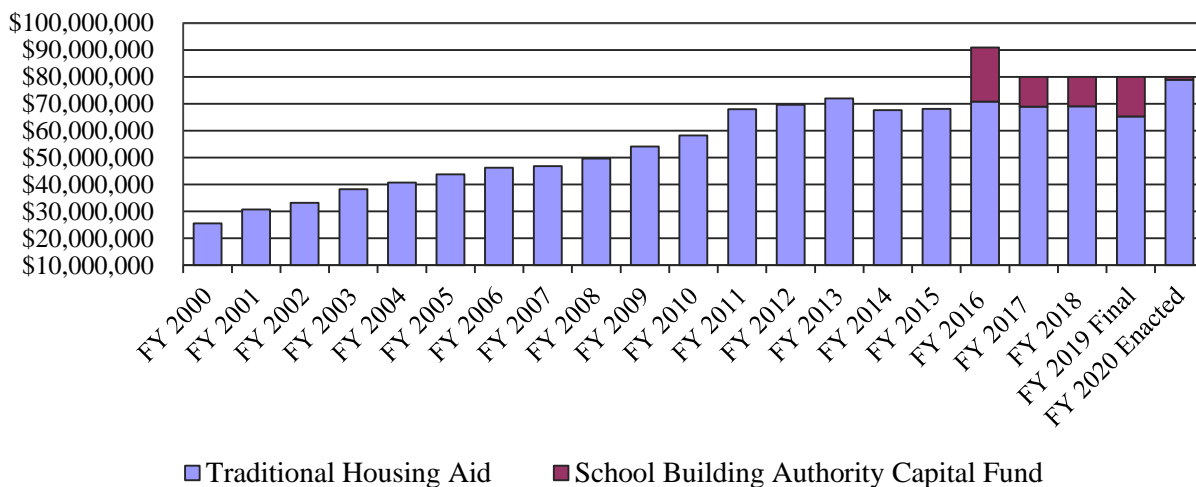
to participate in Social Security, there is an additional 4.0 percent contribution; 2.0 percent paid by both the employee and the district. The state does not pay a share of this 2.0 percent.

**School Construction Aid.** The Budget includes \$80.0 million for construction aid to local districts. This includes \$79.0 million for the traditional school housing aid program, which reimburses school districts for a share of completed projects, and \$1.0 million for the School Building Authority Capital Fund, which supports smaller projects that do not require both the full rehabilitation of a school and voter approval.

The state reimburses cities and towns for a share of school capital projects. The shares are based on a district’s wealth compared to the aggregate state wealth, and the minimum share for each district is 35.0 percent for FY 2019. The funding formula legislation included a two-year phased increase in the state’s minimum housing aid share to provide that no local district receives less than a 40.0 percent state reimbursement by FY 2012 for projects completed after June 30, 2012. The previous minimum had been 30.0 percent. It was eventually maintained at 35.0 percent.

The 2011 Assembly instituted a three-year moratorium on the approval of new projects with exception for projects necessitated by health and safety reasons, effective July 1, 2011 through July 1, 2014. The 2014 Assembly extended the moratorium to May 1, 2015. During the moratorium, the Council on Elementary and Secondary Education approved \$162.0 million of health and safety projects.

### School Construction Aid



The table above shows school construction aid appropriations from FY 2000 through the FY 2020 Budget. Funding for the program more than doubled over 10 years through FY 2001. It doubled again in the next 10 year period through FY 2011 with an average growth rate of 8.3 percent. Over the past 10 years, from FY 2009 through FY 2019, the Council on Elementary and Secondary Education approved \$1,362.0 million of projects through the traditional school housing aid program. Additionally, it has approved 172 projects totaling \$62.9 million through the School Building Authority Capital Fund over its five year existence.

In September 2017, the Department of Elementary and Secondary Education released its 2017 State of Rhode Island Schoolhouses report. The assessment, conducted by Jacobs Engineering, identified \$627.6 million of immediate safety needs across the state’s public schools and total deficiency costs of \$2,222.7 million. The assessment also projected a five-year forecasted need of \$793.0 million, for a total combined five-year need of \$3,015.7 million.

In response to the needs identified in the assessment, the 2018 Assembly enacted legislation to temporarily expand incentives used to enhance the school housing aid ratio in order to encourage new school construction and renovation projects, contingent upon approval of a bond referendum that went before the voters on the November 2018 ballot. Districts would be eligible for share ratio increases of up to 20.0 percent for projects that meet the following incentives.

<b>Temporary Incentive</b>	<b>Share Ratio Increase</b>
1 Health & safety	5%
2 Educational enhancements (includes early education & CTE)	5%
3 Replace facility with a facilities condition index of 65%+	5%
4 Increase functional utilization of a facility from <60% to 80%	5%
5 Decrease facility functional utilization from >120% to between 85% & 105%	5%
6 Consolidate 2+ buildings	5%

While the maximum state share increase is 20.0 percent, a district’s local share cannot decrease by more than half of its regular share regardless of the incentives earned, nor can a district’s state share increase by more than half of its regular share. The third incentive cannot be combined with the fourth or fifth incentive.

Projects approved between May 1, 2015 and January 1, 2018 are eligible for state share increases of up to 20.0 percent so long as commissioning agents and Owners Program Managers are utilized; those projects that do not are eligible for a 5.0 percent increase. Each incentive requires spending of 25.0 percent of project costs or \$500,000 on related items. The incentives require that projects begin by either December 30, 2022 or 2023 and be completed within five years.

The legislation establishes a permanent incentive for projects that address school safety and establishes minimum maintenance spending requirements. Districts are required to meet one of three options to meet the requirements. Maintenance spending may either equal \$3 per square foot of school building space, 3.0 percent of a building’s replacement value, or 3.0 percent of the school’s operating budget; the latter two options are phased-in over four years.

It also includes additional requirements and oversight throughout projects, which are intended to control costs, ensure building systems operate correctly, and ensure that projects are executed properly from design through construction. Owners Program Managers and commissioning agents are required for projects exceeding \$1.5 million, and state prequalification of prime contractors is required for all projects exceeding \$10.0 million. Architects and engineers are also required to go through a prequalification process.

The enacted budget includes \$250.0 million of new general obligation bonds, which were approved by the voters on the November 2018 ballot for public school construction and repairs over the next five years, with an authorization limit of \$100.0 million in any one year. The legislation requires that bond proceeds first be used in the traditional housing aid program, with no more than 5.0 percent of available proceeds in any given year to be used by the capital fund. Annual debt service on the bonds would be \$20.7 million assuming a 5.0 percent interest rate and 20-year term; total debt service would be \$401.4 million.

On May 14, 2019, the Council on Elementary and Secondary Education approved \$383.0 million for projects across six districts. Estimates provided to the Council by the School Building Authority project that FY 2019 approvals will begin reimbursement in FY 2021. The School Building Authority also reported that it will pursue two approval periods in FY 2020 to be more responsive to district needs. As of July 2019, the Authority anticipated approximately \$405 million of projects may be ready for Council approval in November. This reflects projects previously anticipated to be put before the Council in FY 2019, but delayed at the request of those districts. Based on the most recent information available, an additional \$598 million in projects are projected to be approved in FY 2020.

The following table lists projects approved in May 2019, as well as projected approvals for November 2019 and May 2020. This includes the current state share of the total project costs as presented to the Council at its May 2019 meeting. It should be noted that these amounts exclude the impact of the new incentives, pending calculation and confirmation of those final values, and the actual state share of projects will likely be higher. Enabling legislation requires proportional distribution of the \$250.0 million of general obligation bonds approved by the voters. The School Building Authority released guidance in spring 2019 indicating that districts will receive 15.0 percent of the expected state share for their projects, including interest. This will be provided upfront on a reimbursement basis; for those projects that are eligible for incentive points, the difference between the amount of upfront funding received and what would have been eligible under the incentives will be reimbursed through the traditional housing aid distribution, which occurs over the same period as the local debt service payments.

<b>Approvals</b>	<b>Total Project Costs</b>	<b>Base State Share w/o Incentives</b>	<b>Upfront Bond Reimbursement</b>
FY 2015 to FY 2018	\$ 538,462,880	\$ 357,460,960	\$ 39,901,249
<b>May 2019</b>			
Cranston	\$ 13,497,432	\$ 9,954,546	\$ -
Foster	1,000,000	350,000	52,500
Foster-Glocester	4,485,000	2,263,898	339,585
Providence	278,430,300	326,127,721	48,919,158
Trinity Academy	11,298,705	4,813,247	721,987
Westerly	74,284,759	38,360,540	5,454,081
<i>May 2019 Total</i>	<i>\$ 382,996,196</i>	<i>\$ 381,869,952</i>	<i>\$ 55,487,311</i>
November 2019 Projected	405,100,000	377,388,306	56,608,246
May 2020 Projected	598,000,000	353,842,897	53,076,435
<b>Total FY 2019-2020</b>	<b>\$ 1,386,096,196</b>	<b>\$ 1,113,101,155</b>	<b>\$ 205,073,241</b>

*\$ in millions, excludes value of potential incentive points*

As previously noted, no more than \$100 million from general obligation bonds may be authorized in any given year. Guidance on the award funding published by the School Building Authority stated that local education agencies have two years to spend the upfront funding. Districts must submit invoices to the Authority; upon verification of completed work, funds will be released to districts. The Governor's FY 2020 to FY 2024 capital budget includes \$250 million from new general obligation bonds for a second school construction bond to go before the voters in November 2022 with funding programmed to begin in FY 2024. The original \$250 million bond is programmed at \$50 million annually through FY 2023. Legislation is required for future referenda which occur every other year, coinciding with elections.

<b>Cash Flow of General Obligation Bonds</b>						
<b>Approval Date</b>	<b>Award</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2022</b>
<i>Carry Forward</i>	\$ -	\$ -	\$ 49,226	\$ 2,354,796	\$ 4,768,800	\$ 7,463,230
FY 2015-FY 2018	39,901,549	19,950,775	19,950,775	-	-	-
FY 2019	55,487,311	-	27,743,656	27,743,656	-	-
November FY 2020*	56,608,246	-	-	28,304,123	28,304,123	-
May FY 2020*	53,076,434	-	-	26,538,217	26,538,217	-
FY 2021*	44,926,460	-	-	-	22,463,230	22,463,230
<b>Potential Distribution</b>	<b>\$250,000,000</b>	<b>\$19,950,775</b>	<b>\$47,694,430</b>	<b>\$82,585,996</b>	<b>\$77,305,570</b>	<b>\$22,463,230</b>
GO Disbursement*		\$20,000,000	\$50,000,000	\$85,000,000	\$80,000,000	\$15,000,000
Difference		\$ 49,226	\$ 2,354,796	\$ 4,768,800	\$ 7,463,230	\$ -

*\*Projected*

Based on the School Building Authority's current assumptions that districts will have two years to expend their awards and the methodology for disbursement. The previous table shows an example of general

obligation bond cash flow using School Building Authority approvals for FY 2019 and projected approvals for FY 2020 and FY 2021. Based on this example, current bond funds would be exhausted in FY 2022.

It should be noted that the out-year estimates included with the Governor’s recommended budget assume that costs for the traditional program will remain at \$80 million. As the state’s share will increase through the new temporary incentives included in the legislation, additional funding will be needed to reimburse these projects beyond the current \$80 million assumed annually in the Governor’s projections and any bond funds. The Office of the General Treasurer previously estimated that state reimbursements would increase to \$100 million by FY 2022 and \$140 million by FY 2027 under the proposed incentive plan. This assumed \$200 million of approvals in FY 2018, \$300 million annually from FY 2019 to FY 2021, and \$200 million thereafter, and that projects would be completed within four years.

Districts began to submit proposals based on the enhanced program in the fall of 2018. As of July 15, 2019, the School Building Authority estimates \$1,386 million of projects will be approved between FY 2019 and FY 2020, nearly 25 percent more than had been approved in FY 2008 through FY 2018 combined. Based on projects approved through May 2019, the Governor’s out-year forecast understates the cost of the program beginning in FY 2022 as shown in the table below.

	Upfront		Remaining						
	Approvals*	Bond Share	State Share	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Current Entitlements	<i>N/a</i>	<i>N/a</i>	<i>N/a</i>	\$ 60.4	\$ 54.1	\$ 52.0	\$ 48.9	\$ 46.8	\$ 42.1
Remaining Prior Approvals	\$ 538.5	\$ 39.9	\$ 233.6	18.6	21.5	21.1	39.2	38.7	37.6
FY 2019	383.0	55.5	237.8	-	1.0	1.7	2.0	6.6	17.4
FY 2020	1,003.1	109.7	578.2	-	-	16.2	32.3	48.5	48.5
FY 2021	300.0	44.9	153.1	-	-	-	4.5	9.0	13.5
FY 2022	200.0	-	132.0	-	-	-	-	3.5	7.1
FY 2023	200.0	-	112.0	-	-	-	-	-	3.0
FY 2024	200.0	-	112.0	-	-	-	-	-	-
<b>Total</b>	<b>\$ 2,824.6</b>	<b>\$ 250.0</b>	<b>\$ 1,558.6</b>	<b>\$ 79.0</b>	<b>\$ 76.5</b>	<b>\$ 90.9</b>	<b>\$ 126.9</b>	<b>\$ 153.1</b>	<b>\$ 169.2</b>
<b>Gov. Out-Years</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80.0</b>	<b>\$ 80.0</b>	<b>\$ 80.0</b>	<b>\$ 80.0</b>	<b>\$ 80.0</b>	<b>\$ 80.0</b>
<b>Difference</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1.0</b>	<b>\$ 3.5</b>	<b>\$ (10.9)</b>	<b>\$ (46.9)</b>	<b>\$ (73.1)</b>	<b>\$ (89.2)</b>

*\$ in millions; \*FY 2020-FY 2024 are estimates*

This projection begins with known current entitlements and adds the value of prior approvals for which reimbursement has not begun because the projects are not yet complete. It then adds projected annual payments under FY 2019 approvals based on details from those approvals. For projects approved in FY 2020 and thereafter, the estimate assumes completion in three years. For simplicity, all projects are assumed to be bonded for 20 years with a 5.0 percent interest rate. Projects approved from FY 2020 through FY 2022 are assumed to receive bonuses that increase their state share by 10.0 percent or the maximum allowable increase, whichever is less.

As the table shows, this projection suggests \$10.9 million in new resources will be needed to support the program in FY 2022, growing to a total general revenue support of \$169.2 million by FY 2025 when the full impact of the new approvals begin showing up in the reimbursements. This is more than double the current state commitment. While these estimates are subject to significant revision based on actual bonuses, project timing, and a variety of other factors, it is clear that the program had the intended effect of encouraging a surge in new projects. Paying for those projects will require significant additional state resources in a few years.

These projections do not include debt service for the state bonds, which is shown in the Department of Administration’s budget. That is \$1.9 million for FY 2020 based on \$30.0 million issued in April 2019. Debt service on the entire \$250.0 million would be \$20.7 million annually. If a second bond is issued, the added cost would be similar.



## **Calculation and Distribution Tables**

The ten tables on the following pages include the calculation and distribution of the FY 2020 redacted education aid to districts, charter and state schools. Tables 1A and 1B show the total funding and Tables 2 through 8 illustrate different components of the funding formula. Table 9 has education aid to districts for FY 2014 through FY 2018 for comparison purposes.

Table 1A: Total Education Aid for Districts for FY 2020

Table 1B: Total Education Aid for Charter and State Schools for FY 2020

Table 2: Calculation of Funding Formula for FY 2020

Table 3: Group Home Aid for FY 2020

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2020 Estimated Charter and State School Enrollment by Sending District

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

Table 8: Categorical Aid for FY 2020

Table 9: Education Aid for FY 2014 - FY 2018

### **Table 1A: Total Education Aid for Districts for FY 2020**

**A.** Column **A** is the Governor's FY 2020 recommended formula aid for districts. It was based on March 15, 2018 student enrollment data.

**B.** Column **B** is the amount of group home aid recommended by the Governor for FY 2020. Group home aid is paid through the funding formula pursuant to current law.

**C.** The formula allows for additional resources from the state for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. The 2017 Assembly enacted a permanent category of funding for English language learners beginning in FY 2018. The distribution from high-cost special education, transportation, and English language learners aid as recommended by the Governor is shown in column **C**.

**D.** 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 input errors made by the Division. The Governor included this correction to the data in her FY 2020 recommendation rather than in the revised budget, shown in column **D**.

**E.** The Governor's budget shifts education costs for youth in certain residential facilities and sentenced to the state's training school to local districts, shown in column **E**.

**F.** Column **F** shows the Governor's total FY 2020 recommended aid.

**G.** Column **G** shows the change in aid per district from updating student enrollment based on March 15, 2019 student enrollment data.

**H.** Column **H** is the Governor's recommendation adjusted for the March 2019 data update.

**I.** The Assembly held districts harmless from any losses produced by the FY 2019 audit adjustment included in Column **D**, and that impact is shown in Column **I**.

**J.** The Assembly did not concur with the Governor's proposal included in Column **E** to shift education costs for youth in certain residential facilities and sentenced to the state's training school to local districts, and that is shown in Column **J**.

**K.** The Assembly included \$35,080 more for group home aid based on updated data and \$250,000 for the regional school transportation aid category, shown in Column **K**.

**L.** Column **L** shows the total FY 2020 enacted education aid based on March 15, 2019 student enrollment data.

**M.** Column **M** is the difference between FY 2020 enacted aid shown in Column **L** and the Governor's adjusted FY 2020 recommendation shown in Column **H**.

**N.** Column **N** shows total FY 2019 enacted aid.

**O.** Column **O** is the difference between FY 2020 enacted aid shown in Column **L** and the FY 2019 enacted budget shown in Column **N**.

**Table 1A: Total Education Aid for Districts for FY 2020**

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
<i>District</i>	<i>FY 2020 Gov. Recommended Formula Aid</i>	<i>Group Home Aid</i>	<i>Categoricals</i>	<i>FY 2019 Audit Adjustment</i>	<i>Training School Costs</i>
Barrington	\$ 5,733,900	\$ -	\$ 179,222	\$ (110,642)	\$ -
Burrillville	12,645,871	80,022	158,038	59,789	-
Charlestown	1,607,264	-	320	-	-
Coventry	24,505,029	83,543	46,766	121,803	-
Cranston	64,163,387	37,602	1,266,568	(454,600)	(164,402)
Cumberland	21,025,844	-	139,381	214,114	(29,021)
East Greenwich	2,487,529	-	193,217	(143,710)	-
East Providence	36,574,399	509,554	300,311	65,480	-
Foster	1,224,145	-	65,218	3,628	-
Glocester	2,180,774	-	108,021	4,829	-
Hopkinton	5,137,769	-	250	12,319	-
Jamestown	420,184	-	40,076	-	-
Johnston	17,759,265	-	395,334	97,428	(28,531)
Lincoln	13,918,769	89,418	59,662	115,567	-
Little Compton	419,863	-	65	-	-
Middletown	7,576,228	-	59,269	(13,793)	-
Narragansett	2,302,681	-	37,918	-	-
Newport	12,779,258	145,520	58,206	-	(85,183)
New Shoreham	117,010	-	2,368	-	-
North Kingstown	9,970,989	-	75,358	400,298	(63,158)
North Providence	23,063,978	148,781	337,451	69,666	-
North Smithfield	5,816,759	100,435	67,489	44,340	-
Pawtucket	89,785,283	126,901	1,556,074	56,353	(47,536)
Portsmouth	3,415,706	557,258	62,891	20,834	-
Providence	256,571,868	441,024	4,030,708	(857,236)	(713,360)
Richmond	4,593,888	-	226	12,602	-
Scituate	2,763,958	-	56,851	21,334	-
Smithfield	5,963,577	219,137	157,131	62,464	-
South Kingstown	5,179,807	118,333	212,643	8,042	-
Tiverton	7,440,430	-	73,005	42,408	-
Warwick	38,688,900	279,648	302,164	252,111	(29,652)
Westerly	8,760,997	-	106,323	-	-
West Warwick	27,021,626	-	85,017	68,793	(52,488)
Woonsocket	62,312,576	44,244	329,587	(76,354)	(117,652)
Bristol-Warren	13,036,494	90,976	1,614,882	24,269	-
Chariho	38,321	-	2,016,338	-	-
Exeter-West Greenwich	5,090,818	125,677	1,196,483	(11,313)	-
Foster-Glocester	4,762,704	-	563,042	13,083	-
Central Falls*	41,087,651	-	521,878	-	-
<b>Total</b>	<b>\$ 847,945,501</b>	<b>\$ 3,198,073</b>	<b>\$ 16,475,751</b>	<b>\$ 123,906</b>	<b>\$ (1,330,984)</b>
<i>Adjusted Chariho</i>	11,377,242	-	2,017,134	24,921	-

\*This includes an \$8.3 million stabilization fund payment to Central Falls in FY 2019, \$8.4 million in the FY 2020 recommendation, and \$8.0 million in the FY 2020 enacted budget.

**Table 1A: Total Education Aid for Districts for FY 2020**

	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>
<i>District</i>	<i>FY 2020 Total Recommended Aid</i>	<i>March Update</i>	<i>FY 2020 Adjusted Recommendation</i>	<i>Audit Adjustment Reversal</i>	<i>Training School Reversal</i>
Barrington	\$ 5,802,480	\$ (40,179)	\$ 5,762,301	\$ 110,642	\$ -
Burrillville	12,943,720	220,910	13,164,631	-	-
Charlestown	1,607,584	(64,076)	1,543,508	-	-
Coventry	24,757,141	(294,135)	24,463,006	-	-
Cranston	64,848,555	156,335	65,004,890	454,600	164,402
Cumberland	21,350,318	307,495	21,657,813	-	29,021
East Greenwich	2,537,036	44,001	2,581,037	143,710	-
East Providence	37,449,744	(1,167,035)	36,282,710	-	-
Foster	1,292,991	(78,033)	1,214,958	-	-
Glocester	2,293,624	(21,265)	2,272,359	-	-
Hopkinton	5,150,338	19,773	5,170,111	-	-
Jamestown	460,260	5,715	465,975	-	-
Johnston	18,223,496	36,964	18,260,460	-	28,531
Lincoln	14,183,416	235,404	14,418,820	-	-
Little Compton	419,928	(16,333)	403,595	-	-
Middletown	7,621,704	(43,035)	7,578,669	13,793	-
Narragansett	2,340,599	(84,763)	2,255,835	-	-
Newport	12,897,801	(402,006)	12,495,796	-	85,183
New Shoreham	119,378	13,452	132,830	-	-
North Kingstown	10,383,487	46,185	10,429,672	-	63,158
North Providence	23,619,876	(237,637)	23,382,239	-	-
North Smithfield	6,029,023	(144,800)	5,884,223	-	-
Pawtucket	91,477,075	(218,218)	91,258,858	-	47,536
Portsmouth	4,056,689	(7,790)	4,048,900	-	-
Providence	259,473,004	2,740,201	262,213,205	857,236	713,360
Richmond	4,606,716	34,095	4,640,811	-	-
Scituate	2,842,143	(17,832)	2,824,310	-	-
Smithfield	6,402,309	55,223	6,457,531	-	-
South Kingstown	5,518,825	(85,508)	5,433,317	-	-
Tiverton	7,555,843	(316,068)	7,239,775	-	-
Warwick	39,493,171	(761,707)	38,731,464	-	29,652
Westerly	8,867,320	(210,731)	8,656,589	-	-
West Warwick	27,122,948	(81,304)	27,041,644	-	52,488
Woonsocket	62,492,401	1,294,424	63,786,825	76,354	117,652
Bristol-Warren	14,766,621	(13,982)	14,752,639	-	-
Chariho	2,054,659	-	2,054,659	-	-
Exeter-West Greenwich	6,401,665	(52,405)	6,349,260	11,313	-
Foster-Glocester	5,338,829	(99,638)	5,239,191	-	-
Central Falls*	41,609,529	388,999	41,998,528	-	-
<b>Total</b>	<b>\$ 866,412,247</b>	<b>\$ 1,140,696</b>	<b>\$ 867,552,943</b>	<b>\$ 1,667,648</b>	<b>\$ 1,330,984</b>
<i>Adjusted Chariho</i>	13,419,297	(10,208)	13,409,089	-	-

\*This includes an \$8.3 million stabilization fund payment to Central Falls in FY 2019, \$8.4 million in the FY 2020 recommendation, and \$8.0 million in the FY 2020 enacted budget.

**Table 1A: Total Education Aid for Districts for FY 2020**

<i>District</i>	<i>K</i>	<i>L</i>	<i>M</i>	<i>N</i>	<i>O</i>
	<i>Group Home &amp; Transportation Adds</i>	<i>FY 2020 Enacted Aid</i>	<i>Change to Adjusted Governor</i>	<i>FY 2019 Total Enacted Aid</i>	<i>Total FY 2019 Change to Enacted</i>
Barrington	\$ -	\$ 5,872,943	\$ 110,642	\$ 5,481,235	\$ 391,708
Burrillville	-	13,164,631	-	12,467,771	696,860
Charlestown	-	1,543,508	-	1,602,569	(59,061)
Coventry	-	24,463,006	-	22,790,523	1,672,482
Cranston	-	65,623,892	619,002	61,904,926	3,718,965
Cumberland	-	21,686,834	29,021	20,796,258	890,576
East Greenwich	-	2,724,747	143,710	3,167,385	(442,638)
East Providence	-	36,282,710	-	35,710,484	572,226
Foster	-	1,214,958	-	1,164,308	50,651
Glocester	-	2,272,359	-	2,323,354	(50,996)
Hopkinton	-	5,170,111	-	5,223,049	(52,938)
Jamestown	-	465,975	-	522,234	(56,259)
Johnston	-	18,288,991	28,531	18,398,579	(109,589)
Lincoln	-	14,418,820	-	12,325,264	2,093,556
Little Compton	-	403,595	-	355,525	48,070
Middletown	-	7,592,462	13,793	7,979,347	(386,885)
Narragansett	-	2,255,835	-	2,313,574	(57,739)
Newport	-	12,580,979	85,183	12,433,123	147,856
New Shoreham	-	132,830	-	156,926	(24,096)
North Kingstown	-	10,492,830	63,158	10,127,666	365,164
North Providence	-	23,382,239	-	23,428,292	(46,053)
North Smithfield	-	5,884,223	-	6,219,135	(334,912)
Pawtucket	-	91,306,394	47,536	88,331,184	2,975,210
Portsmouth	-	4,048,900	-	4,178,680	(129,780)
Providence	35,080	263,818,881	1,605,676	253,712,258	10,106,623
Richmond	-	4,640,811	-	4,596,526	44,286
Scituate	-	2,824,310	-	3,369,504	(545,194)
Smithfield	-	6,457,531	-	7,854,975	(1,397,444)
South Kingstown	-	5,433,317	-	6,293,429	(860,112)
Tiverton	-	7,239,775	-	6,779,518	460,257
Warwick	-	38,761,116	29,652	37,379,213	1,381,904
Westerly	-	8,656,589	-	8,766,881	(110,293)
West Warwick	-	27,094,132	52,488	26,186,038	908,094
Woonsocket	-	63,980,831	194,006	62,454,134	1,526,697
Bristol-Warren	69,078	14,821,717	69,078	14,912,237	(90,520)
Chariho	93,145	2,147,804	93,145	2,126,257	21,547
Exeter-West Greenwich	58,908	6,419,481	70,221	6,071,142	348,339
Foster-Glocester	28,869	5,268,060	28,869	5,199,951	68,109
Central Falls*	-	41,998,528	-	41,173,119	825,409
<b>Total</b>	<b>\$ 285,080</b>	<b>\$ 870,836,655</b>	<b>\$ 3,283,711</b>	<b>\$ 846,276,575</b>	<b>\$ 24,560,080</b>
<i>Adjusted Chariho</i>	93,145	13,502,234	93,145	13,548,401	(46,166)

\*This includes an \$8.3 million stabilization fund payment to Central Falls in FY 2019, \$8.4 million in the FY 2020 recommendation, and \$8.0 million in the FY 2020 enacted budget.

## **Table 1B: Total Education Aid for Charter and State Schools for FY 2020**

- A.** Column **A** is the FY 2019 enacted formula aid.
- B.** Column **B** includes mid-year revisions to FY 2019 based on current law requirements that any changes in enrollment as of October 1 that are greater than 10.0 percent get adjusted in that year.
- C.** Column **C** is the base formula aid calculation for FY 2020 as recommended by the Governor. It uses March 2018 enrollment and lottery data.
- D.** Column **D** is the difference between the recommended FY 2020 base funding and FY 2019 enacted formula aid.
- E.** Column **E** shows the transition calculation for districts that are receiving less state funding; that loss is being phased in over ten years. Charter and state schools that are receiving more state funding were subject to a seven-year phase in. As FY 2020 is the ninth year of the transition period, column **E** is the same as column **D** for gaining districts.
- F.** Column **F** is the Governor's FY 2020 recommended formula aid. It is the transition calculation in column **E** added or subtracted from the FY 2019 formula aid shown in column **A**. Growth due to adding grades is paid in the year of the growth.
- G.** Column **G** includes the distribution of English language learners and high cost special education categorical funding.
- H.** 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 input errors made by the Division. The Governor includes this correction to the data in her FY 2020 recommendation rather than in the revised budget, shown in column **H**.
- I.** Column **I** is the Governor's total recommended aid for FY 2020.
- J.** Column **J** shows change in aid per district from updating student enrollment based on March 15, 2019 student enrollment data.
- K.** Column **K** is the Governor's recommendation adjusted for the March 2019 data update.
- L.** The Assembly held charter and state schools harmless from any losses produced by the FY 2019 audit adjustment included in Column **H**, and that impact is shown in Column **I**.
- M.** Column **M** shows the total FY 2020 enacted education aid based on March 15, 2019 student enrollment data.
- N.** Column **I** is the difference between FY 2020 enacted aid shown in Column **M** and the Governor's adjusted FY 2020 recommendation shown in Column **K**.
- O.** Column **O** is the difference between FY 2020 enacted aid in Column **M** and the FY 2019 enacted budget in Column **A**.

**Table 1B: Total Education Aid for Charter and State Schools for FY 2020**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
<i>School</i>	<i>FY 2019 Enacted Formula Aid<sup>1</sup></i>	<i>FY 2019 Revised Formula Aid<sup>1</sup></i>	<i>FY 2020 Base Formula Funding</i>	<i>Change to Enacted</i>	<i>Transition = D or 1/2*</i>
Academy for Career					
Exploration (Textron)	\$ 2,227,727	\$ 2,227,727	\$ 2,193,873	\$ (33,854)	\$ (16,927)
Achievement First	11,647,816	11,647,816	14,276,048	2,628,232	2,628,232
Beacon	2,848,622	2,848,622	2,980,342	131,720	131,720
Blackstone	3,736,546	3,736,546	3,913,257	176,711	176,711
Charette	921,368	921,368	1,445,456	524,088	524,088
Compass	422,155	422,155	380,602	(41,553)	(20,776)
Greene School	1,190,698	1,190,698	1,254,505	63,807	63,807
Highlander	5,808,501	5,808,501	6,275,340	466,839	466,839
Hope Academy	1,813,351	1,813,351	2,268,923	455,572	455,572
International	3,380,912	3,380,912	3,564,480	183,568	183,568
Kingston Hill	543,753	543,753	517,821	(25,932)	(12,966)
Learning Community	6,455,494	6,455,494	6,835,496	380,002	380,002
New England Laborers	1,157,857	1,281,902	1,216,412	58,555	58,555
Nowell	1,720,108	1,720,108	1,792,660	72,552	72,552
Nurses Institute	2,726,258	2,726,258	2,846,074	119,816	119,816
Paul Cuffee	8,534,952	8,534,952	8,915,929	380,977	380,977
RI Mayoral Academies					
Blackstone Prep.	16,949,496	16,949,496	19,009,561	2,060,065	2,060,065
RISE Mayoral Academy	1,879,994	1,879,994	2,421,934	541,940	541,940
Segue Institute	2,823,238	2,823,238	3,006,581	183,343	183,343
Southside Elementary	1,301,720	1,301,720	1,630,420	328,700	328,700
Times2 Academy	7,900,487	7,900,487	8,253,143	352,656	352,656
Trinity	2,255,877	2,255,877	2,356,573	100,696	100,696
Village Green	2,246,369	2,246,369	2,343,908	97,539	97,539
Wangari Mathai	-	-	1,650,971	1,650,971	1,650,971
<b>Charter Schools Subtotal</b>	<b>\$ 90,493,299</b>	<b>\$ 90,617,343</b>	<b>\$ 101,350,310</b>	<b>\$ 10,857,011</b>	<b>\$ 10,907,680</b>
Davies Career and Tech	13,658,087	13,658,087	8,194,255	(1,998,335)	(999,168)
Met School	9,342,007	9,342,007	6,952,304	(1,629,907)	(814,954)
Urban Collaborative	1,423,688	1,423,688	1,534,754	111,066	111,066
<b>Total</b>	<b>\$ 114,917,080</b>	<b>\$ 115,041,125</b>	<b>\$ 118,031,623</b>	<b>\$ 7,339,835</b>	<b>\$ 9,204,625</b>

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

<sup>1</sup> Includes a state schools stabilization payment of \$4.2 million to Davies and \$1.4 million to Met.

**Table 1B: Total Education Aid for Charter and State Schools for FY 2020**

	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>
<i>School</i>	<i>FY 2020 Recommended Formula Aid<sup>2</sup></i>	<i>Categoricals</i>	<i>FY 2019 Audit Adjustment</i>	<i>FY 2020 Recommended Aid<sup>2</sup></i>	<i>March Update</i>
Academy for Career					
Exploration (Textron)	\$ 2,210,800	\$ 9,678	\$ (2,399)	\$ 2,218,079	\$ 11,132
Achievement First	14,276,048	80,797	(39,176)	14,317,669	230,759
Beacon	2,980,342	487	2,477	2,983,306	58,776
Blackstone	3,913,257	5,204	(312)	3,918,149	(14,512)
Charette	1,445,456	-	(3,157)	1,442,299	17,126
Compass	401,379	-	4,053	405,432	94,150
Greene School	1,254,505	557	4,276	1,259,338	4,287
Highlander	6,275,340	39,451	(16,859)	6,297,932	(62,138)
Hope Academy	2,268,923	9,169	(5,798)	2,272,294	(41,851)
International	3,564,480	46,607	(1,412)	3,609,675	(105,582)
Kingston Hill	530,787	-	6,470	537,257	139,085
Learning Community	6,835,496	62,361	(1,280)	6,896,577	(4,357)
New England Laborers	1,216,412	5,503	(3,965)	1,217,950	72,163
Nowell	1,792,660	12,765	(3,073)	1,802,352	(28,070)
Nurses Institute	2,846,074	12,203	(6,533)	2,851,744	90,565
Paul Cuffee	8,915,929	22,922	(29,244)	8,909,607	262,032
RI Mayoral Academies					
Blackstone Prep.	19,009,561	51,284	39,655	19,100,500	601,721
RISE Mayoral Academy	2,421,934	2,437	(474)	2,423,897	(15,879)
Segue Institute	3,006,581	15,043	1,580	3,023,204	14,521
Southside Elementary	1,630,420	5,094	(4,460)	1,631,054	2,950
Times2 Academy	8,253,143	20,884	(27,070)	8,246,957	(102,758)
Trinity	2,356,573	6,622	(7,729)	2,355,466	27,402
Village Green	2,343,908	7,640	(5,848)	2,345,700	(22,202)
Wangari Mathai	1,650,971	-	-	1,650,971	(1,650,971)
<b>Charter Schools Subtotal</b>	<b>\$ 101,400,979</b>	<b>\$ 416,708</b>	<b>\$ (100,278)</b>	<b>\$ 101,717,409</b>	<b>\$ (421,652)</b>
Davies Career and Tech	13,694,981	2,853	-	13,697,834	-
Met School	9,342,007	11,093	-	9,353,100	-
Urban Collaborative	1,534,754	4,955	(4,681)	1,535,028	5,159
<b>Total</b>	<b>\$ 125,972,721</b>	<b>\$ 435,609</b>	<b>\$ (104,959)</b>	<b>\$ 126,303,371</b>	<b>\$ (416,493)</b>

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

<sup>2</sup> Includes a state schools stabilization payment of \$4.9 million to Davies and \$1.9 million to Met.



**Table 1B: Total Education Aid for Charter and State Schools for FY 2020**

	<i>K</i>	<i>L</i>	<i>M</i>	<i>N</i>	<i>O</i>
<i>School</i>	<i>FY 2020 Recommendation Adjusted<sup>3</sup></i>	<i>Audit Adjustment Reversal</i>	<i>FY 2020 Enacted<sup>3</sup></i>	<i>Change to Governor Adjusted</i>	<i>Change to Enacted</i>
Academy for Career					
Exploration (Textron)	\$ 2,229,211	\$ 2,399	\$ 2,231,610	\$ 2,399	\$ 3,883
Achievement First	14,548,428	39,176	14,587,604	39,176	2,939,788
Beacon	3,042,082	-	3,042,082	-	193,460
Blackstone	3,903,637	312	3,903,949	312	167,403
Charette	1,459,425	3,157	1,462,582	3,157	541,214
Compass	499,582	-	499,582	-	77,427
Greene School	1,263,625	-	1,263,625	-	72,927
Highlander	6,235,794	16,859	6,252,653	16,859	444,152
Hope Academy	2,230,443	5,798	2,236,241	5,798	422,890
International	3,504,093	1,412	3,505,505	1,412	124,593
Kingston Hill	676,342	-	676,342	-	132,589
Learning Community	6,892,220	1,280	6,893,500	1,280	438,006
New England Laborers	1,290,113	3,965	1,294,078	3,965	136,221
Nowell	1,774,282	3,073	1,777,355	3,073	57,247
Nurses Institute	2,942,309	6,533	2,948,842	6,533	222,584
Paul Cuffee	9,171,639	29,244	9,200,883	29,244	665,931
RI Mayoral Academies					
Blackstone Prep.	19,702,221	-	19,702,221	-	2,752,725
RISE Mayoral Academy	2,408,018	474	2,408,492	474	528,498
Segue Institute	3,037,725	-	3,037,725	-	214,487
Southside Elementary	1,634,004	4,460	1,638,464	4,460	336,744
Times2 Academy	8,144,199	27,070	8,171,269	27,070	270,782
Trinity	2,382,868	7,729	2,390,597	7,729	134,720
Village Green	2,323,498	5,848	2,329,346	5,848	82,977
Wangari Mathai	-	-	-	-	-
<b>Charter Schools Subtotal</b>	<b>\$ 101,295,758</b>	<b>\$ 158,789</b>	<b>\$ 101,454,547</b>	<b>\$ 158,789</b>	<b>\$ 10,961,248</b>
Davies Career and Tech	13,697,834	-	13,697,834	-	39,747
Met School	9,353,100	-	9,353,100	-	11,094
Urban Collaborative	1,540,187	4,681	1,544,868	4,681	121,180
<b>Total</b>	<b>\$ 125,886,879</b>	<b>\$ 163,470</b>	<b>\$ 126,050,349</b>	<b>\$ 163,470</b>	<b>\$ 11,133,269</b>

<sup>3</sup> Includes a state schools stabilization payment of \$4.9 million to Davies and \$1.8 million to Met.

## Table 2: Calculation of Funding Formula for FY 2020

- A.** The FY 2020 student counts are shown in column **A** based on the resident average daily membership as of March 15, 2019. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.
- B.** Column **B** includes the number of students in pre-kindergarten through 12<sup>th</sup> grade that are in “poverty status” which is defined as a child whose family income is at or below 185 percent of federal poverty guidelines.
- C.** Column **C** includes the percent of students that are in poverty status - column **B** divided by column **A**.
- D.** Column **D** is the core instruction funding, which is the student count in column **A** times the core instruction per pupil amount of \$9,871. The legislation requires the core instruction per pupil amount to be updated annually.
- E.** Column **E** includes the student success factor funding, which is a single poverty weight as a proxy for student supports and is 40.0 percent times the number of students in pre-kindergarten through 12<sup>th</sup> grade that are in poverty status in column **B** times the core instruction amount.
- F.** The total foundation amount in column **F** is the sum of the core instruction amount in column **D** plus the student success factor funding in column **E**.
- G.** Column **G** is the state share ratio; the calculation is described in Table 4.
- H.** Column **H** includes the state foundation aid under the funding formula. It is the total foundation amount in column **F** times the state share ratio in column **G**.
- I.** Column **I** is the FY 2019 enacted formula aid in Table 5.
- J.** Column **J** is the ninth year transition amount for districts that are receiving less state funding; that loss is being phased in over ten years. Charter and state schools that are receiving more state funding were subject to a seven-year phase in. As FY 2020 is the ninth year of the transition period, column **J** is the amount produced by the formula for gaining districts. Beginning in FY 2018, only districts that are receiving less state aid have that remaining loss phased in and, for those districts, it is the amount that will be subtracted from the FY 2020 base aid amount. This year’s version calculates aid for regional school districts by member community; this is the fourth year that regional school districts are calculated this way to comply with a 2015 Superior Court decision. The calculation is shown in Table 5.
- K.** Column **K** is the amount that districts would receive in the ninth year of the new formula’s implementation pursuant to the ten-year phase in of the formula.
- L.** Column **L** is the difference between the ninth year of funding under the formula shown in column **K** and the total state foundation aid shown in column **H**.

**Table 2: Calculation of Funding Formula for FY 2020**

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>
	<i>FY 2020</i>				<i>Student</i>	
<i>District</i>	<i>PK-12</i>	<i>FY 2020</i>	<i>% Poverty</i>	<i>Core Instruction</i>	<i>Success Factor</i>	<i>Total</i>
	<i>RADM</i>	<i>Poverty Status</i>	<i>Status</i>	<i>Funding</i>	<i>Funding</i>	<i>Foundation</i>
Barrington	3,349	130	3.9%	\$ 33,057,979	\$ 513,292	\$ 33,571,271
Burrillville	2,278	741	32.5%	22,486,138	2,925,764	25,411,902
Charlestown	761	171	22.5%	7,511,831	675,176	8,187,007
Coventry	4,634	1,338	28.9%	45,742,214	5,282,959	51,025,173
Cranston	10,181	4,170	41.0%	100,496,651	16,464,828	116,961,479
Cumberland	4,620	938	20.3%	45,604,020	3,703,599	49,307,619
East Greenwich	2,527	155	6.1%	24,944,017	612,002	25,556,019
East Providence	5,111	2,544	49.8%	50,450,681	10,044,730	60,495,411
Foster	256	65	25.4%	2,526,976	256,646	2,783,622
Glocester	525	68	13.0%	5,182,275	268,491	5,450,766
Hopkinton	1,116	236	21.1%	11,016,036	931,822	11,947,858
Jamestown	666	49	7.4%	6,574,086	193,472	6,767,558
Johnston	3,288	1,409	42.9%	32,455,848	5,563,296	38,019,144
Lincoln	3,086	793	25.7%	30,461,906	3,131,081	33,592,987
Little Compton	351	49	14.0%	3,464,721	193,472	3,658,193
Middletown	2,177	619	28.4%	21,489,167	2,444,060	23,933,227
Narragansett	1,230	235	19.1%	12,141,330	927,874	13,069,204
Newport	2,074	1,373	66.2%	20,472,454	5,421,153	25,893,607
New Shoreham	132	24	18.2%	1,302,972	94,762	1,397,734
North Kingstown	3,762	815	21.7%	37,134,702	3,217,946	40,352,648
North Providence	3,524	1,564	44.4%	34,785,404	6,175,298	40,960,702
North Smithfield	1,667	298	17.9%	16,454,957	1,176,623	17,631,580
Pawtucket	8,655	6,273	72.5%	85,433,505	24,768,313	110,201,818
Portsmouth	2,302	365	15.9%	22,723,042	1,441,166	24,164,208
Providence	22,748	18,836	82.8%	224,545,508	74,372,062	298,917,570
Richmond	1,144	180	15.7%	11,292,424	710,712	12,003,136
Scituate	1,288	224	17.4%	12,713,848	884,442	13,598,290
Smithfield	2,406	361	15.0%	23,749,626	1,425,372	25,174,998
South Kingstown	2,978	500	16.8%	29,395,838	1,974,200	31,370,038
Tiverton	1,763	450	25.5%	17,402,573	1,776,780	19,179,353
Warwick	8,769	2,899	33.1%	86,558,799	11,446,412	98,005,211
Westerly	2,751	920	33.4%	27,155,121	3,632,528	30,787,649
West Warwick	3,592	1,789	49.8%	35,456,632	7,063,688	42,520,320
Woonsocket	5,952	4,530	76.1%	58,752,192	17,886,252	76,638,444
Bristol-Warren	3,219	1,070		31,774,749	4,224,788	35,999,537
Chariho	0	0	0.0%	-	-	-
Exeter-West Greenwich	1,625	270		16,040,375	1,066,068	17,106,443
Foster-Glocester	1,140	192	16.8%	11,252,940	758,093	12,011,033
Central Falls	2,648	2,316	87.5%	26,138,408	9,144,494	35,282,902
<b>Total</b>	<b>130,295</b>	<b>58,959</b>		<b>\$1,286,141,945</b>	<b>\$ 232,793,716</b>	<b>\$ 1,518,935,661</b>
<i>Bristol</i>	<i>1,956</i>	<i>552</i>	<i>28.2%</i>	<i>19,307,676</i>	<i>2,179,517</i>	<i>21,487,193</i>
<i>Warren</i>	<i>1,263</i>	<i>518</i>	<i>41.0%</i>	<i>12,467,073</i>	<i>2,045,271</i>	<i>14,512,344</i>
<i>Exeter</i>	<i>737</i>	<i>130</i>	<i>17.6%</i>	<i>7,274,927</i>	<i>513,292</i>	<i>7,788,219</i>
<i>West Greenwich</i>	<i>888</i>	<i>140</i>	<i>15.8%</i>	<i>8,765,448</i>	<i>552,776</i>	<i>9,318,224</i>
<i>Adjusted Chariho</i>	<i>3,021</i>	<i>587</i>		<i>29,820,291</i>	<i>2,317,711</i>	<i>32,138,002</i>

**Table 2: Calculation of Funding Formula for FY 2020**

<i>District</i>	<i>G State Share Ratio (Table 4)</i>	<i>H FY 2020 Base Funding</i>	<i>I FY 2019 Enacted Formula Aid*</i>	<i>J Adjusted Year Nine Difference (Table 5)</i>	<i>K FY 2020 Enacted Formula Aid*</i>	<i>L Difference from Base Funding</i>
Barrington	17.0%	\$ 5,693,721	\$ 5,290,812	\$ 402,909	\$ 5,693,721	\$ -
Burrillville	50.6%	12,866,782	12,310,750	556,032	12,866,782	-
Charlestown	18.2%	1,487,796	1,598,581	(55,393)	1,543,188	55,393
Coventry	47.4%	24,210,894	22,643,353	1,567,541	24,210,894	-
Cranston	55.0%	64,319,722	60,596,918	3,722,804	64,319,722	-
Cumberland	43.3%	21,333,339	20,634,323	699,016	21,333,339	-
East Greenwich	9.9%	2,531,530	2,950,351	(418,821)	2,531,530	-
East Providence	58.5%	35,407,365	34,957,824	449,541	35,407,365	-
Foster	41.2%	1,146,112	1,101,212	44,900	1,146,112	-
Glocester	37.1%	2,024,576	2,294,441	(134,932)	2,159,509	134,932
Hopkinton	42.6%	5,092,262	5,222,822	(65,280)	5,157,542	65,280
Jamestown	6.3%	425,899	464,161	(38,262)	425,899	-
Johnston	46.8%	17,796,229	17,985,420	(189,191)	17,796,229	-
Lincoln	42.1%	14,154,173	12,031,312	2,122,861	14,154,173	-
Little Compton	11.0%	403,530	355,487	48,043	403,530	-
Middletown	30.7%	7,348,124	7,718,262	(185,069)	7,533,193	185,069
Narragansett	17.0%	2,217,917	2,280,362	(62,445)	2,217,917	-
Newport	47.8%	12,377,253	12,234,060	143,193	12,377,253	-
New Shoreham	9.3%	130,462	156,532	(26,070)	130,462	-
North Kingstown	24.8%	9,989,746	10,044,602	(27,428)	10,017,174	27,428
North Providence	55.7%	22,826,341	22,862,888	(36,547)	22,826,341	-
North Smithfield	32.2%	5,671,959	6,040,807	(368,848)	5,671,959	-
Pawtucket	81.3%	89,567,066	87,472,187	2,094,879	89,567,066	-
Portsmouth	13.2%	3,178,122	3,637,712	(229,795)	3,407,917	229,795
Providence	86.8%	259,312,069	250,190,833	9,121,236	259,312,069	-
Richmond	38.6%	4,627,983	4,596,330	31,653	4,627,983	-
Scituate	16.6%	2,253,750	3,238,501	(492,376)	2,746,125	492,376
Smithfield	23.9%	6,018,799	7,537,638	(1,518,839)	6,018,799	-
South Kingstown	13.9%	4,347,892	5,840,706	(746,407)	5,094,299	746,407
Tiverton	37.1%	7,124,362	6,667,683	456,679	7,124,362	-
Warwick	38.7%	37,927,193	36,725,883	1,201,310	37,927,193	-
Westerly	27.7%	8,533,901	8,566,631	(16,365)	8,550,266	16,365
West Warwick	63.4%	26,940,322	26,108,923	831,399	26,940,322	-
Woonsocket	83.0%	63,607,000	62,092,562	1,514,438	63,607,000	-
Bristol-Warren	see	12,785,119	13,259,906	(237,393)	13,022,513	237,393
Chariho	table	-	76,641	(38,321)	38,321	38,321
Exeter-West Greenwich	below	4,986,571	4,728,793	309,620	5,038,413	51,842
Foster-Glocester	38.8%	4,663,066	4,576,385	86,681	4,663,066	-
Central Falls	94.9%	33,478,892	40,752,939	355,620	41,476,650	7,997,758
<b>Total</b>		<b>\$ 838,807,839</b>	<b>\$ 827,845,533</b>	<b>\$ 20,872,573</b>	<b>\$ 849,086,197</b>	<b>\$ 10,278,359</b>
<i>Bristol</i>	25.6%	5,504,245	5,859,252	(177,503)	5,681,749	177,503
<i>Warren</i>	50.2%	7,280,874	7,400,654	(59,890)	7,340,764	59,890
<i>Exeter</i>	25.9%	2,014,584	2,118,267	(51,842)	2,066,425	51,842
<i>West Greenwich</i>	31.9%	2,971,988	2,610,526	361,462	2,971,988	-
<i>Adjusted Chariho</i>		11,208,041	11,494,374	(127,340)	11,367,034	158,993

\*This includes an \$8.3 million stabilization fund payment to Central Falls in FY 2019 and \$8.0 million in FY 2020.

### **Table 3: Calculation of Group Home Aid for FY 2020**

The distribution of group home aid includes \$17,000 per bed with the exception of \$26,000 per bed for the group home beds associated with Bradley Hospital's residential CRAFT program. The districts total enrollment is then reduced by the number of group home beds. The total amount of funding is reduced by the value of that districts' state share of core instruction and student success factor amounts times the number of group home beds. The impact is shown as a reduction to group home aid. For those districts that are receiving less state aid, the reduction is phased-in over the remaining years of the transition period.

**A.** Column **A** is the number of beds eligible for group home aid. The Department of Children, Youth and Families identified 331 beds eligible for aid as of December 31, 2018.

**B.** Column **B** is the total cost of beds identified in Column **A**. It reflects \$17,000 per bed with the exception of \$26,000 per CRAFT bed.

**C.** Column **C** shows the cost of beds in Column **B** reduced by the value of districts' state share of core instruction and student success factor amounts times the number of group home beds.

**D.** Column **D** shows FY 2020 enacted group home aid.

**E.** Column **E** is the difference between the FY 2020 enacted aid in Column **E** and the Governor's FY 2020 recommendation. It should be noted the Governor's recommendation was based on a preliminary bed count of 324 and did not reflect an updated report from the Department of Children, Youth and Families released in February.

**F.** Column **F** is the FY 2019 enacted aid.

**G.** Column **G** is the difference between the FY 2020 enacted aid in Column **E** and the FY 2019 enacted aid in Column **F**.

**H.** Column **H** is the revised current law entitlement based on the Department of Children, Youth and Families report that identified 7 beds eligible for aid that were not assumed in the enacted budget.

**I.** Column **I** is the difference between the FY 2019 enacted aid shown in column **G** and the final FY 2019 aid shown in Column **H**.

**Table 3: Calculation of Group Home Aid for FY 2020**

<i>District</i>	<i>A</i> <i>Beds as of</i> <i>Dec. 31,</i> <i>2018</i>	<i>B</i> <i>Total Cost of</i> <i>Beds</i>	<i>C</i> <i>Funding</i> <i>Formula</i> <i>Reduction</i>	<i>D</i> <i>FY 2020</i> <i>Enacted</i>	<i>E</i> <i>FY 2020</i> <i>Enacted Chg.</i> <i>to Governor</i>
Barrington	-	\$ -	\$ -	\$ -	\$ -
Burrillville	8	136,000	(55,978)	80,022	-
Charlestown	-	-	-	-	-
Coventry	8	136,000	(52,457)	83,543	-
Cranston	4	68,000	(30,398)	37,602	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	39	825,000	(315,446)	509,554	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	8	136,000	(46,582)	89,418	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	14	238,000	(92,480)	145,520	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	16	272,000	(123,219)	148,781	-
North Smithfield	8	136,000	(35,565)	100,435	-
Pawtucket	22	374,000	(247,099)	126,901	-
Portsmouth	36	612,000	(54,742)	557,258	-
Providence	95	1,615,000	(1,138,896)	476,104	35,080
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	16	272,000	(52,863)	219,137	-
South Kingstown	8	136,000	(17,667)	118,333	-
Tiverton	-	-	-	-	-
Warwick	24	408,000	(128,352)	279,648	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	8	136,000	(91,756)	44,244	-
Bristol-Warren	8	136,000	(45,024)	90,976	-
Chariho	-	-	-	-	-
Exeter-West Greenwich	9	153,000	(27,323)	125,677	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	-	-	-	-
<b>Total</b>	<b>331</b>	<b>\$ 5,789,000</b>	<b>\$(2,555,847)</b>	<b>\$ 3,233,153</b>	<b>\$ 35,080</b>

**Table 3: Calculation of Group Home Aid for FY 2020**

	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>
<i>District</i>	<i>FY 2019 Enacted</i>	<i>FY 2020 Change to Enacted</i>	<i>FY 2019 Final</i>	<i>Final Chg. to FY 2019 Enacted</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Burrillville	81,848	(1,826)	81,848	-
Charlestown	-	-	-	-
Coventry	87,528	(3,985)	87,528	-
Cranston	39,375	(1,773)	39,375	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	523,497	(13,943)	523,497	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	107,866	(18,448)	107,866	-
Little Compton	-	-	-	-
Middletown	183,909	(183,909)	183,909	-
Narragansett	-	-	-	-
Newport	149,465	(3,945)	149,465	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	150,389	(1,608)	150,389	-
North Smithfield	104,209	(3,774)	104,209	-
Pawtucket	245,140	(118,239)	245,140	-
Portsmouth	465,947	91,311	567,947	(102,000)
Providence	568,961	(92,857)	568,961	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	205,184	13,953	205,184	-
South Kingstown	115,989	2,344	115,989	-
Tiverton	-	-	-	-
Warwick	286,252	(6,604)	286,252	-
Westerly	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	45,243	(999)	45,243	-
Bristol-Warren	101,418	(10,442)	101,418	-
Chariho	-	-	-	-
Exeter-West Greenwich	113,526	12,151	130,526	(17,000)
Foster-Glocester	-	-	-	-
Central Falls	-	-	-	-
<b>Total</b>	<b>\$ 3,575,746</b>	<b>\$ (342,593)</b>	<b>\$ 3,694,746</b>	<b>\$ (119,000)</b>

### Table 4: Calculation of State Share Ratio

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

**A.** The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2015, is used for FY 2020 calculations. Property value is certified annually by the Department of Revenue's Division of Municipal Finance, based on local sales data and appraisals.

**B.** The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2015, as reported by the Department of Revenue's Division of Municipal Finance. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV).

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

**C.** The FY 2020 student counts are shown in column **C** based on the resident average daily membership as of June 30, 2018. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

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

**E.** Column **E** includes the percentage of students in poverty status in pre-kindergarten through 6<sup>th</sup> grade as of June 30, 2018. Poverty status is defined as being at 185 percent of federal poverty guidelines.

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

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

**G.** Column **G** shows what the share ratio was for FY 2019. It uses property valuations as of December 31, 2014 and student counts as of June 30, 2017.

**H.** Column **H** shows the difference between the share ratio for FY 2020 and that for FY 2019.



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

<i>District</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
	<i>Assessed Value 12/31/15</i>	<i>Adjusted EWAV 12/31/15</i>	<i>June 2018 Student Count*</i>	<i>Adjusted EWAV</i>
Barrington	\$ 3,038,657	\$ 4,601,259,072	3,366	23.5%
Bristol	2,842,537,429	2,785,602,001	1,964	20.6%
Burrillville	1,681,891,888	1,564,451,271	2,323	62.3%
Charlestown	2,353,396,361	2,588,709,343	890	0.0%
Coventry	3,361,396,680	3,539,287,492	4,741	58.2%
Cranston	7,374,295,401	6,582,943,336	10,516	65.0%
Cumberland	3,709,982,803	3,920,849,682	5,097	56.9%
East Greenwich	2,396,344,048	3,925,757,951	2,482	11.5%
East Providence	4,392,100,304	3,363,849,720	5,348	64.8%
Exeter	829,191,619	946,150,023	773	31.5%
Foster	227,685,192	226,075,021	278	54.5%
Glocester	423,510,828	473,034,581	534	50.4%
Hopkinton	880,711,943	903,585,835	1,118	54.8%
Jamestown	2,274,384,047	3,010,676,298	662	0.0%
Johnston	2,890,720,281	2,987,477,193	3,375	50.5%
Lincoln	2,883,051,612	2,891,273,451	3,342	51.6%
Little Compton	2,013,355,524	2,596,782,207	364	0.0%
Middletown	2,900,850,007	2,715,493,377	2,205	31.1%
Narragansett	4,680,883,374	6,807,581,514	1,280	0.0%
Newport	6,035,278,080	5,965,268,148	2,174	0.0%
New Shoreham	1,676,826,769	1,769,340,076	119	0.0%
North Kingstown	4,161,345,526	5,251,434,977	3,875	24.2%
North Providence	2,578,512,801	2,358,298,286	3,742	64.7%
North Smithfield	1,637,330,616	1,884,137,952	1,763	40.2%
Pawtucket	3,923,926,105	2,443,124,816	10,635	87.1%
Portsmouth	3,246,778,374	4,156,017,212	2,301	-1.1%
Providence	11,566,235,908	6,486,077,808	27,956	87.0%
Richmond	863,620,971	992,717,110	1,142	51.4%
Scituate	1,581,787,033	1,914,400,023	1,327	19.3%
Smithfield	2,763,944,798	3,010,015,506	2,409	30.1%
South Kingstown	4,657,373,798	5,644,797,813	3,166	0.2%
Tiverton	2,007,531,682	1,886,629,628	1,842	42.7%
Warren	1,203,327,674	1,006,915,597	1,256	55.1%
Warwick	9,537,359,242	9,593,428,927	9,032	40.6%
West Greenwich	891,360,767	941,008,075	906	41.9%
West Warwick	2,185,057,618	1,802,252,749	3,621	72.1%
Westerly	5,904,160,309	5,132,349,768	2,854	0.0%
Woonsocket	1,887,252,772	1,052,557,909	6,318	90.7%
Foster/Glocester	929,088,007	997,006,058	1,158	51.8%
Central Falls	513,387,168	188,104,104	4,201	97.5%
<b>Total</b>	<b>\$ 117,870,814,015</b>	<b>\$ 120,906,721,910</b>	<b>142,455</b>	

\*Includes charter and state school students

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

<i>District</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>
	<i>FY 2018 % Students in Poverty</i>	<i>FY 2020 State Share Ratio</i>	<i>FY 2019 State Share Ratio</i>	<i>Change to Share Ratio</i>
Barrington	4.8%	17.0%	16.4%	0.6%
Bristol	29.8%	25.6%	24.1%	1.5%
Burrillville	35.3%	50.6%	51.3%	-0.7%
Charlestown	25.7%	18.2%	17.5%	0.7%
Coventry	33.4%	47.4%	46.0%	1.4%
Cranston	42.7%	55.0%	54.3%	0.6%
Cumberland	22.5%	43.3%	44.2%	-0.9%
East Greenwich	8.0%	9.9%	12.3%	-2.4%
East Providence	51.5%	58.5%	58.6%	-0.1%
Exeter	18.6%	25.9%	25.8%	0.0%
Foster	20.5%	41.2%	35.9%	5.3%
Glocester	14.8%	37.1%	39.6%	-2.4%
Hopkinton	25.1%	42.6%	45.3%	-2.7%
Jamestown	8.9%	6.3%	7.3%	-1.0%
Johnston	42.8%	46.8%	49.6%	-2.8%
Lincoln	29.8%	42.1%	38.0%	4.1%
Little Compton	15.6%	11.0%	7.5%	3.5%
Middletown	30.3%	30.7%	32.1%	-1.4%
Narragansett	24.0%	17.0%	17.6%	-0.6%
Newport	67.6%	47.8%	47.9%	-0.1%
New Shoreham	13.2%	9.3%	13.1%	-3.7%
North Kingstown	25.3%	24.8%	22.9%	2.0%
North Providence	45.0%	55.7%	57.6%	-1.9%
North Smithfield	21.3%	32.2%	34.8%	-2.6%
Pawtucket	75.0%	81.3%	82.4%	-1.1%
Portsmouth	18.6%	13.2%	14.1%	-0.9%
Providence	86.5%	86.8%	87.0%	-0.2%
Richmond	18.2%	38.6%	39.0%	-0.4%
Scituate	13.3%	16.6%	19.9%	-3.3%
Smithfield	15.4%	23.9%	31.7%	-7.8%
South Kingstown	19.6%	13.9%	14.7%	-0.8%
Tiverton	30.6%	37.1%	34.9%	2.3%
Warren	44.7%	50.2%	46.4%	3.8%
Warwick	36.7%	38.7%	38.5%	0.2%
West Greenwich	16.7%	31.9%	25.8%	6.1%
West Warwick	53.2%	63.4%	64.1%	-0.8%
Westerly	39.2%	27.7%	27.6%	0.1%
Woonsocket	74.5%	83.0%	86.0%	-3.0%
Foster/Glocester	18.2%	38.8%	38.3%	0.6%
Central Falls	92.2%	94.9%	93.3%	1.6%
<b>Total</b>				

### **Table 5: Transition Plan for Districts**

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

**A.** Column **A** is the amount of formula aid that districts received in the eighth year of the formula's implementation, FY 2019.

**B.** Column **B** is the FY 2020 total base funding calculation.

**C.** Column **C** is the difference between FY 2020 base funding shown in column **B** and the amount of formula aid received in FY 2019 and shown in column **A**.

**D.** Column **D** shows the transition calculation for districts that are receiving less state funding; that loss is being phased in over ten years. Charter and state schools that are receiving more state funding were subject to a seven-year phase in. As FY 2020 is the ninth year of the transition period, column **D** is the same as column **C**. Beginning in FY 2018, only districts receiving less state aid have that remaining loss phased in; the other districts will receive total aid as produced by the formula each year.

**Table 5: Transition Plan for Districts**

<i>District</i>	<i>A</i> <i>FY 2019 Enacted</i> <i>Base Formula</i> <i>Funding</i>	<i>B</i> <i>FY 2020 Base</i> <i>Calculation</i>	<i>C</i> <i>Difference</i>	<i>D</i> <i>Transition =</i> <i>C or 1/2</i>
Barrington	\$ 5,290,812	\$ 5,693,721	\$ 402,909	\$ 402,909
Burrillville	12,310,750	12,866,782	556,032	556,032
Charlestown	1,598,581	1,487,796	(110,785)	(55,393)
Coventry	22,643,353	24,210,894	1,567,541	1,567,541
Cranston	60,596,918	64,319,722	3,722,804	3,722,804
Cumberland	20,634,323	21,333,339	699,016	699,016
East Greenwich	2,950,351	2,531,530	(418,821)	(418,821)
East Providence	34,957,824	35,407,365	449,541	449,541
Foster	1,101,212	1,146,112	44,900	44,900
Glocester	2,294,441	2,024,576	(269,865)	(134,932)
Hopkinton	5,222,822	5,092,262	(130,560)	(65,280)
Jamestown	464,161	425,899	(38,262)	(38,262)
Johnston	17,985,420	17,796,229	(189,191)	(189,191)
Lincoln	12,031,312	14,154,173	2,122,861	2,122,861
Little Compton	355,487	403,530	48,043	48,043
Middletown	7,718,262	7,348,124	(370,138)	(185,069)
Narragansett	2,280,362	2,217,917	(62,445)	(62,445)
Newport	12,234,060	12,377,253	143,193	143,193
New Shoreham	156,532	130,462	(26,070)	(26,070)
North Kingstown	10,044,602	9,989,746	(54,856)	(27,428)
North Providence	22,862,888	22,826,341	(36,547)	(36,547)
North Smithfield	6,040,807	5,671,959	(368,848)	(368,848)
Pawtucket	87,472,187	89,567,066	2,094,879	2,094,879
Portsmouth	3,637,712	3,178,122	(459,590)	(229,795)
Providence	250,190,833	259,312,069	9,121,236	9,121,236
Richmond	4,596,330	4,627,983	31,653	31,653
Scituate	3,238,501	2,253,750	(984,751)	(492,376)
Smithfield	7,537,638	6,018,799	(1,518,839)	(1,518,839)
South Kingstown	5,840,706	4,347,892	(1,492,814)	(746,407)
Tiverton	6,667,683	7,124,362	456,679	456,679
Warwick	36,725,883	37,927,193	1,201,310	1,201,310
Westerly	8,566,631	8,533,901	(32,730)	(16,365)
West Warwick	26,108,923	26,940,322	831,399	831,399
Woonsocket	62,092,562	63,607,000	1,514,439	1,514,438
Bristol-Warren	13,259,906	12,785,119	(474,787)	(237,393)
Chariho	76,641	-	(76,641)	(38,321)
Exeter-West Greenwich	4,728,793	4,986,571	257,778	309,620
Foster-Glocester	4,576,385	4,663,066	86,681	86,681
Central Falls	33,123,272	33,478,892	355,620	355,620
<b>Total</b>	<b>\$ 820,215,866</b>	<b>\$ 838,807,839</b>	<b>\$ 18,591,974</b>	<b>\$ 20,872,573</b>
<i>Bristol</i>	<i>5,859,252</i>	<i>5,504,245</i>	<i>(355,007)</i>	<i>(177,503)</i>
<i>Warren</i>	<i>7,400,654</i>	<i>7,280,874</i>	<i>(119,780)</i>	<i>(59,890)</i>
<i>Exeter</i>	<i>2,118,267</i>	<i>2,014,584</i>	<i>(103,683)</i>	<i>(51,842)</i>
<i>West Greenwich</i>	<i>2,610,526</i>	<i>2,971,988</i>	<i>361,462</i>	<i>361,462</i>
<i>Adjusted Chariho</i>	<i>11,494,374</i>	<i>11,208,041</i>	<i>(286,333)</i>	<i>(143,166)</i>

**Table 6: FY 2020 Estimated Charter and State School Enrollment by Sending District**

<i>Sending District</i>	<i>ACE (Textron)</i>	<i>Achievement First</i>	<i>Blackstone Beacon</i>	<i>Academy</i>	<i>Charette</i>	<i>Compass</i>
Barrington	-	-	-	-	-	-
Burrillville	-	-	38	-	-	-
Charlestown	-	-	-	-	-	9
Coventry	-	1	3	-	-	-
Cranston	-	113	9	-	-	-
Cumberland	-	-	37	-	-	-
East Greenwich	-	-	1	-	-	3
East Providence	-	-	2	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	17
Jamestown	-	-	-	-	-	3
Johnston	-	-	5	-	-	-
Lincoln	-	-	10	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	8
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	51
North Providence	-	44	8	-	-	-
North Smithfield	-	1	22	-	-	-
Pawtucket	-	1	13	159	-	-
Portsmouth	-	-	-	-	-	-
Providence	196	1,153	24	75	126	2
Richmond	-	-	-	-	-	8
Scituate	-	-	2	-	-	-
Smithfield	-	-	4	-	-	-
South Kingstown	-	-	-	-	-	41
Tiverton	-	-	-	-	-	-
Warwick	-	25	9	-	-	1
Westerly	-	-	1	-	-	33
West Warwick	-	-	1	-	-	-
Woonsocket	-	-	184	-	-	-
Bristol-Warren	-	-	2	-	-	-
Exeter-West Greenwich	-	-	-	-	-	20
Foster-Glocester	-	-	2	-	-	-
Central Falls	-	-	3	116	-	-
<b>Total</b>	<b>196</b>	<b>1,338</b>	<b>380</b>	<b>350</b>	<b>126</b>	<b>196</b>
<i>Adjusted Chariho</i>	-	-	-	-	-	34

**Table 6: FY 2020 Estimated Charter and State School Enrollment by Sending District**

<i>Sending District</i>	<i>Greene School</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	1	-	-	-	-	-
Burrillville	-	1	-	-	-	-
Charlestown	5	-	-	-	13	-
Coventry	41	-	-	-	10	-
Cranston	16	66	-	24	1	4
Cumberland	2	2	-	7	-	1
East Greenwich	7	-	-	-	1	-
East Providence	2	22	-	34	3	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	4	-	-	-	6	-
Jamestown	-	-	-	-	-	-
Johnston	4	9	-	5	1	2
Lincoln	-	4	-	4	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	1	-
Narragansett	5	-	-	1	8	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	3	-	-	1	54	-
North Providence	-	5	18	13	-	-
North Smithfield	-	-	-	-	-	2
Pawtucket	20	60	-	142	2	124
Portsmouth	-	-	-	-	-	-
Providence	16	407	198	106	3	109
Richmond	4	-	-	-	22	-
Scituate	3	-	-	-	-	-
Smithfield	-	2	-	1	2	-
South Kingstown	7	-	-	-	38	-
Tiverton	-	2	-	-	-	-
Warwick	11	5	-	3	17	2
Westerly	13	-	-	-	10	-
West Warwick	8	1	-	5	7	-
Woonsocket	-	4	-	3	-	-
Bristol-Warren	-	6	-	-	-	-
Exeter-West Greenwich	5	-	-	-	16	-
Foster-Glocester	1	1	-	-	-	-
Central Falls	23	15	-	29	-	335
<b>Total</b>	<b>201</b>	<b>612</b>	<b>216</b>	<b>378</b>	<b>215</b>	<b>579</b>
<i>Adjusted Chariho</i>	<i>13</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>41</i>	<i>-</i>

**Table 6: FY 2020 Estimated Charter and State School Enrollment by Sending District**

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>
Barrington	-	2	-	-	-
Burrillville	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	2	1	-	-	-
Cranston	89	6	16	-	-
Cumberland	-	-	-	-	459
East Greenwich	-	-	-	-	-
East Providence	1	1	6	-	2
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	15	-	3	-	-
Lincoln	-	1	-	-	208
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	1	-	-	-	-
North Providence	1	2	7	-	3
North Smithfield	-	-	-	-	-
Pawtucket	9	23	25	-	817
Portsmouth	1	1	-	-	-
Providence	27	80	188	813	6
Richmond	-	-	-	-	-
Scituate	2	-	-	-	-
Smithfield	-	-	-	-	1
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	10	1	3	-	3
Westerly	-	-	-	-	-
West Warwick	2	-	-	-	-
Woonsocket	-	20	5	-	-
Bristol-Warren	-	-	1	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	8	22	14	-	618
<b>Total</b>	<b>168</b>	<b>160</b>	<b>268</b>	<b>813</b>	<b>2,117</b>
<i>Adjusted Chariho</i>	-	-	-	-	-

**Table 6: FY 2020 Estimated Charter and State School Enrollment by Sending District**

<i>Sending District</i>	<i>RISE Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>
Barrington	-	-	-	-	-
Burrillville	42	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	1	1	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	1	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	-
North Smithfield	38	-	-	-	-
Pawtucket	-	1	-	-	-
Portsmouth	-	-	-	-	-
Providence	-	1	143	727	204
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	200	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	233	-	-	-
<b>Total</b>	<b>281</b>	<b>236</b>	<b>144</b>	<b>727</b>	<b>204</b>
<i>Adjusted Chariho</i>	-	-	-	-	-



**Table 6: FY 2020 Estimated Charter and State School Enrollment by Sending District**

<i>Sending District</i>	<i>Village Green</i>	<i>Davies Career &amp; Tech Center</i>	<i>Metropolitan Career &amp; Tech Center</i>	<i>Urban Collaborative</i>	<i>Total</i>	<i>Charter/State School % of Total Enrollment</i>
Barrington	-	-	3	-	6	0.2%
Burrillville	-	1	3	-	85	3.6%
Charlestown	-	-	2	-	29	
Coventry	-	-	2	-	60	1.3%
Cranston	11	9	33	-	399	3.8%
Cumberland	2	16	7	6	539	10.4%
East Greenwich	-	1	4	-	17	0.7%
East Providence	5	7	28	-	114	2.2%
Foster	-	-	-	-	-	0.0%
Glocester	-	-	-	-	-	0.0%
Hopkinton	-	-	2	-	29	2.5%
Jamestown	-	-	4	-	7	1.0%
Johnston	3	9	19	-	75	2.1%
Lincoln	1	50	1	-	279	8.3%
Little Compton	-	-	3	-	3	0.8%
Middletown	-	-	10	-	11	0.5%
Narragansett	-	-	1	-	23	1.1%
Newport	-	-	24	-	24	1.1%
New Shoreham	-	-	-	-	-	0.0%
North Kingstown	-	-	21	-	131	3.4%
North Providence	7	49	6	-	163	4.4%
North Smithfield	2	2	-	-	67	3.9%
Pawtucket	20	521	57	-	1,994	18.7%
Portsmouth	-	-	10	-	12	0.5%
Providence	153	45	383	124	5,309	18.9%
Richmond	-	-	3	-	37	3.1%
Scituate	-	-	3	-	10	0.8%
Smithfield	-	15	1	-	26	1.1%
South Kingstown	-	-	17	-	103	3.3%
Tiverton	-	-	14	-	16	0.9%
Warwick	13	1	15	-	119	1.3%
Westerly	-	-	-	-	57	2.0%
West Warwick	1	-	8	-	33	0.9%
Woonsocket	2	9	37	-	464	7.2%
Bristol-Warren	-	-	11	-	20	0.6%
Exeter-West Greenwich	-	-	3	-	44	2.6%
Foster-Glocester	-	-	2	-	6	0.5%
Central Falls	2	124	46	8	1,596	37.6%
<b>Total</b>	<b>222</b>	<b>859</b>	<b>783</b>	<b>138</b>	<b>11,907</b>	<b>8.3%</b>
<i>Adjusted Chariho</i>	-	-	7	-	95	2.8%

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

<i>Sending District</i>	<i>ACE (Textron)</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Charette</i>	<i>Compass</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	213,913	-	-	-
Charlestown	-	-	-	-	-	16,144
Coventry	-	4,684	15,925	-	-	-
Cranston	-	771,902	53,197	-	-	-
Cumberland	-	-	178,518	-	-	-
East Greenwich	-	-	978	-	-	2,933
East Providence	-	-	11,555	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	76,569
Jamestown	-	-	-	-	-	1,864
Johnston	-	-	26,799	-	-	-
Lincoln	-	-	41,591	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	14,071
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	127,560
North Providence	-	294,846	48,408	-	-	-
North Smithfield	-	3,175	74,940	-	-	-
Pawtucket	-	8,023	120,341	1,638,236	-	-
Portsmouth	-	-	-	-	-	-
Providence	2,216,138	13,308,814	256,894	844,324	1,462,582	17,126
Richmond	-	-	-	-	-	31,970
Scituate	-	-	3,926	-	-	-
Smithfield	-	-	10,384	-	-	-
South Kingstown	-	-	-	-	-	58,829
Tiverton	-	-	-	-	-	-
Warwick	-	115,364	34,380	-	-	3,820
Westerly	-	-	2,736	-	-	93,575
West Warwick	-	-	8,756	-	-	-
Woonsocket	-	-	1,887,565	-	-	-
Bristol-Warren	-	-	5,057	-	-	-
Exeter-West Greenwich	-	-	-	-	-	51,067
Foster-Glocester	-	-	7,664	-	-	-
Central Falls	-	-	35,592	1,416,184	-	-
<b>Total</b>	<b>\$ 2,216,138</b>	<b>\$ 14,506,807</b>	<b>\$ 3,039,118</b>	<b>\$ 3,898,745</b>	<b>\$ 1,462,582</b>	<b>\$ 495,528</b>

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

<i>Sending District</i>	<i>Greene School</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	\$ 2,344	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	4,998	-	-	-	-
Charlestown	10,404	-	-	-	24,755	-
Coventry	208,892	-	-	-	48,710	-
Cranston	99,880	464,661	-	149,821	5,428	21,713
Cumberland	10,250	8,542	-	36,729	-	4,271
East Greenwich	7,627	-	-	-	978	-
East Providence	11,555	164,078	-	219,541	17,332	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	18,511	-	-	-	25,243	-
Jamestown	-	-	-	-	-	-
Johnston	20,330	48,977	-	30,495	4,620	9,241
Lincoln	-	23,291	-	16,636	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	3,031	-
Narragansett	9,716	-	-	1,675	15,412	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	7,331	-	-	3,421	139,778	-
North Providence	-	29,705	103,416	84,713	-	-
North Smithfield	-	-	-	-	-	6,351
Pawtucket	215,008	609,725	-	1,437,668	16,045	1,280,423
Portsmouth	-	-	-	-	-	-
Providence	160,987	4,560,722	2,123,656	1,037,851	25,689	1,221,102
Richmond	16,746	-	-	-	91,342	-
Scituate	5,562	-	-	-	-	-
Smithfield	-	5,664	-	2,360	4,720	-
South Kingstown	10,671	-	-	-	56,367	-
Tiverton	-	10,267	-	-	-	-
Warwick	45,076	23,684	-	14,516	64,940	7,640
Westerly	39,947	-	-	-	29,550	-
West Warwick	52,535	8,756	-	31,271	48,782	-
Woonsocket	-	36,047	-	34,409	-	-
Bristol-Warren	-	27,015	-	-	-	-
Exeter-West Greenwich	14,978	-	-	-	47,150	-
Foster-Glocester	3,832	5,365	-	-	-	-
Central Falls	286,609	181,706	-	357,793	-	4,280,398
<b>Total</b>	<b>\$ 1,258,792</b>	<b>\$ 6,213,203</b>	<b>\$ 2,227,072</b>	<b>\$ 3,458,899</b>	<b>\$ 669,872</b>	<b>\$ 6,831,139</b>

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

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>
Barrington	\$ -	\$ 4,018	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	13,114	6,557	-	-	-
Cranston	613,396	45,598	108,566	-	-
Cumberland	-	-	-	-	2,298,527
East Greenwich	-	-	-	-	-
East Providence	5,777	8,088	41,597	-	11,555
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	84,093	-	19,406	-	-
Lincoln	-	5,823	-	-	983,206
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	2,444	-	-	-	-
North Providence	7,701	13,202	51,708	-	20,903
North Smithfield	-	-	-	-	-
Pawtucket	101,086	245,495	258,331	-	8,415,816
Portsmouth	1,298	1,818	-	-	-
Providence	292,859	924,818	2,209,287	9,177,961	51,379
Richmond	-	-	-	-	-
Scituate	3,272	-	-	-	-
Smithfield	-	-	-	-	2,360
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	47,368	5,348	14,516	-	16,044
Westerly	-	-	-	-	-
West Warwick	15,010	-	-	-	-
Woonsocket	-	222,838	57,348	-	-
Bristol-Warren	-	-	3,540	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	101,156	280,989	172,340	-	7,811,492
<b>Total</b>	<b>\$ 1,288,574</b>	<b>\$ 1,764,590</b>	<b>\$ 2,936,639</b>	<b>\$ 9,177,961</b>	<b>19,611,281</b>

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

<i>Sending District</i>	<i>RISE</i>				
	<i>Mayoral Academy</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	253,897	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	5,428	5,428	-	-	-
Cumberland	-	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	-	-	8,088	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	-
Lincoln	-	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	-
North Smithfield	134,638	-	-	-	-
Pawtucket	-	8,023	-	-	-
Portsmouth	-	-	-	-	-
Providence	-	8,563	1,625,282	8,150,385	2,383,975
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	2,012,092	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	-	2,999,088	-	-	-
<b>Total</b>	<b>\$2,406,055</b>	<b>\$3,021,102</b>	<b>\$1,633,370</b>	<b>\$ 8,150,385</b>	<b>\$ 2,383,975</b>

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

<i>Sending District</i>	<i>Village Green</i>	<i>Davies Career and Technical Center</i>	<i>Metropolitan Career and Technical Center</i>	<i>Urban Collaborative</i>	<i>Total</i>
Barrington	\$ -	\$ -	\$ 5,022	\$ -	\$ 11,384
Burrillville	-	6,997	20,991	-	500,796
Charlestown	-	-	3,588	-	54,891
Coventry	-	-	9,367	-	307,249
Cranston	79,253	61,882	222,560	41,255	2,749,968
Cumberland	8,542	80,290	41,854	-	2,667,523
East Greenwich	-	978	4,302	-	17,796
East Providence	38,131	47,375	194,121	-	778,793
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	8,414	-	128,737
Jamestown	-	-	2,982	-	4,846
Johnston	15,710	50,825	109,967	-	420,463
Lincoln	5,823	239,563	5,823	-	1,321,756
Little Compton	-	-	3,702	-	3,702
Middletown	-	-	35,156	-	38,187
Narragansett	-	-	1,675	-	42,549
Newport	-	-	141,551	-	141,551
New Shoreham	-	-	-	-	-
North Kingstown	-	-	56,205	-	336,739
North Providence	49,508	315,749	37,406	-	1,057,265
North Smithfield	6,351	6,351	-	-	231,806
Pawtucket	211,799	5,245,244	572,821	-	20,384,084
Portsmouth	-	-	13,502	-	16,618
Providence	1,793,119	512,075	4,382,609	1,397,502	60,145,699
Richmond	-	-	12,940	-	152,998
Scituate	-	-	4,908	-	17,668
Smithfield	-	38,231	3,304	-	67,023
South Kingstown	-	-	27,636	-	153,503
Tiverton	-	-	55,734	-	66,001
Warwick	58,828	5,348	66,468	-	523,340
Westerly	-	-	-	-	165,808
West Warwick	8,756	-	60,040	-	233,906
Woonsocket	19,662	103,226	398,158	-	4,771,345
Bristol-Warren	-	-	41,513	-	77,125
Exeter-West Greenwich	-	-	8,681	-	121,876
Foster-Glocester	-	-	9,197	-	26,058
Central Falls	26,226	1,521,087	584,457	101,156	20,156,273
<b>Total</b>	<b>\$ 2,321,706</b>	<b>\$ 8,235,221</b>	<b>\$ 7,146,654</b>	<b>\$ 1,539,913</b>	<b>\$ 117,895,326</b>

**Table 8: Recommended Categorical Aid for FY 2020**

<i>Sending District</i>	<i>High Cost Special Education</i>	<i>ELL</i>	<i>Non-Public Transportation</i>	<i>Regional Transportation</i>	<i>Total</i>
Barrington	\$ 86,831	\$ 2,490	\$ 89,901	\$ -	\$ 179,222
Burrillville	99,609	892	57,537	-	158,038
Charlestown	-	320	-	-	320
Coventry	31,586	5,293	9,887	-	46,766
Cranston	358,443	141,104	767,021	-	1,266,568
Cumberland	52,066	23,118	64,197	-	139,381
East Greenwich	127,445	640	65,132	-	193,217
East Providence	240,520	57,735	2,056	-	300,311
Foster	48,539	-	16,679	-	65,218
Glocester	89,319	-	18,702	-	108,021
Hopkinton	-	250	-	-	250
Jamestown	40,076	-	-	-	40,076
Johnston	154,382	30,507	210,445	-	395,334
Lincoln	53,230	6,432	-	-	59,662
Little Compton	-	65	-	-	65
Middletown	46,830	12,439	-	-	59,269
Narragansett	37,420	498	-	-	37,918
Newport	4,318	53,888	-	-	58,206
New Shoreham	1,875	493	-	-	2,368
North Kingstown	68,817	6,541	-	-	75,358
North Providence	162,128	30,103	145,220	-	337,451
North Smithfield	54,110	2,456	10,923	-	67,489
Pawtucket	906,355	461,946	187,773	-	1,556,074
Portsmouth	62,428	463	-	-	62,891
Providence	731,507	2,984,872	314,329	-	4,030,708
Richmond	-	226	-	-	226
Scituate	31,792	-	25,059	-	56,851
Smithfield	70,005	1,263	85,863	-	157,131
South Kingstown	97,103	3,092	112,448	-	212,643
Tiverton	71,478	1,527	-	-	73,005
Warwick	275,420	22,495	4,249	-	302,164
Westerly	100,789	5,534	-	-	106,323
West Warwick	-	20,833	64,184	-	85,017
Woonsocket	61,743	255,356	12,488	-	329,587
Bristol-Warren	95,476	8,461	302,735	1,277,288	1,683,960
Chariho	80,119	-	307,037	1,722,327	2,109,483
Exeter-West Greenwich	42,047	1,473	122,608	1,089,263	1,255,391
Foster-Glocester	58,113	-	-	533,798	591,911
Central Falls	54,570	425,097	42,211	-	521,878
<b>Subtotal</b>	<b>\$ 4,496,489</b>	<b>\$ 4,567,903</b>	<b>\$ 3,038,684</b>	<b>\$ 4,622,676</b>	<b>\$ 16,725,752</b>
Charters & State Schools	3,511	432,097	-	-	435,608
<b>Total</b>	<b>\$ 4,500,000</b>	<b>\$ 5,000,000</b>	<b>\$ 3,038,684</b>	<b>\$ 4,622,676</b>	<b>\$ 17,161,360</b>

**Table 9: Education Aid for FY 2014 – FY 2018**

<i>District</i>	<i>FY 2014</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>
Barrington	\$ 3,971,797	\$ 4,701,418	\$ 5,157,096	\$ 5,551,766	\$ 5,347,807
Burrillville	13,063,243	13,173,610	13,301,214	13,111,036	13,185,862
Charlestown	1,706,995	1,708,666	1,706,421	1,683,295	1,667,742
Coventry	20,348,442	21,039,824	21,919,203	23,602,823	23,202,975
Cranston	43,347,609	47,040,378	51,129,521	56,028,985	59,005,591
Cumberland	14,705,457	15,756,436	16,689,944	17,980,588	19,188,663
East Greenwich	2,323,568	2,469,555	2,911,567	2,810,467	2,739,941
East Providence	28,082,665	29,373,000	31,094,815	33,101,436	35,519,125
Foster	1,204,783	1,193,192	1,206,855	1,199,424	1,207,049
Glocester	2,705,444	2,640,483	2,546,606	2,546,748	2,407,384
Hopkinton	5,515,535	5,576,348	5,470,735	5,386,069	5,273,139
Jamestown	361,936	406,834	456,252	473,875	473,751
Johnston	11,997,593	13,192,809	14,241,390	16,142,240	18,638,808
Lincoln	8,990,606	9,855,862	10,434,249	11,192,952	12,510,493
Little Compton	365,270	401,928	398,464	413,267	397,113
Middletown	9,109,276	8,905,309	8,723,282	8,621,818	8,262,827
Narragansett	1,805,079	1,993,920	2,154,808	2,150,151	2,139,471
Newport	10,656,332	10,623,202	10,597,219	10,938,355	11,589,919
New Shoreham	81,762	91,103	103,748	131,168	142,068
North Kingstown	10,796,604	10,725,467	10,693,934	10,897,112	10,749,543
North Providence	15,094,386	16,607,860	18,350,725	20,168,707	22,019,145
North Smithfield	5,400,054	5,587,845	5,824,568	6,177,521	6,025,062
Pawtucket	71,459,692	74,842,935	78,877,331	83,927,607	89,154,022
Portsmouth	5,128,661	4,882,427	4,797,771	4,787,381	4,476,100
Providence	206,273,348	215,122,639	223,060,894	235,212,373	248,790,857
Richmond	5,335,436	5,205,437	5,063,630	4,840,982	4,676,150
Scituate	3,720,471	3,960,437	3,974,844	3,794,601	3,612,503
Smithfield	4,985,793	5,115,212	5,348,196	5,961,894	6,341,204
South Kingstown	8,154,486	7,977,157	7,757,160	7,485,517	6,955,455
Tiverton	5,775,390	5,828,165	6,068,532	6,284,270	6,531,284
Warwick	35,164,250	36,064,777	36,764,894	38,252,322	39,146,338
Westerly	7,164,219	7,704,193	8,418,818	8,904,660	8,851,953
West Warwick	20,309,057	21,027,603	21,881,242	23,082,050	24,376,898
Woonsocket	48,170,444	50,690,278	53,233,700	56,340,793	59,646,576
Bristol-Warren	17,089,869	16,749,945	16,207,317	16,003,657	15,727,351
Exeter-West Greenwich	6,639,220	6,637,627	6,230,076	1,810,108	2,010,375
Chariho	1,127,409	1,316,445	1,322,688	6,384,057	6,190,095
Foster-Glocester	5,213,358	5,204,461	5,113,855	5,130,308	5,030,941
Central Falls	38,451,858	39,085,004	39,597,253	39,687,299	40,320,646
<b><i>District Subtotal</i></b>	<b>\$ 701,797,397</b>	<b>\$ 730,479,794</b>	<b>\$ 758,830,818</b>	<b>\$ 798,199,682</b>	<b>\$ 833,532,225</b>
Charter Schools	55,057,928	59,055,781	67,474,258	75,055,934	82,958,017
State Schools	24,173,800	23,299,251	22,300,780	23,047,390	24,261,167
<b>Total</b>	<b>\$ 781,029,125</b>	<b>\$ 812,834,826</b>	<b>\$ 848,605,856</b>	<b>\$ 896,303,006</b>	<b>\$ 940,751,409</b>



## Revenues Changes

The Governor recommended \$16.2 million and \$248.6 million more general revenues than estimated at the November 2018 Revenue Estimating Conference for FY 2019 and FY 2020, respectively. The May 2019 Revenue Estimating Conference increased the FY 2019 estimates by \$24.8 million for a total of \$4,017.9 million and included \$3,952.5 million for FY 2020. The Budget includes total FY 2019 revenues of \$4,018.9 million and \$4,178.7 million for FY 2020. Notable items are described below.

### Taxes

- **Medicaid Spending Proposals.** The Budget contains a series of proposals to reduce Medicaid expenditures delivered through managed care plans and nursing facilities. Those entities are taxed on gross revenues, therefore a reduction in expenditures would result in a reduction in tax revenues. The Budget assumes that these proposals will reduce revenues from managed care organizations through the 2.0 percent provider tax by \$0.4 million and revenues from the 5.5 percent provider tax on nursing facilities by \$1.0 million. This includes rescinding the 20.0 percent rate increase applied to hospice care when provided in a nursing home because of a misinterpretation of the language, which has since been clarified.
- **Remote Seller Marketplace Collections.** The Governor's budget proposes legislation to extend the requirement to collect and remit sales taxes to previously exempt entities, consistent with the Supreme Court of the United States *South Dakota vs. Wayfair* decision and assumes \$11.5 million in revenues. The Assembly enacted separate authorizing legislation on March 29, 2019. The May 2019 Revenue Estimating Conference includes those revenues in the FY 2020 estimate. The Budget also assumes \$0.3 million in additional staffing expenses related to enforcement of this proposal.
- **Sales Tax Expansion.** The Budget assumes \$2.6 million in revenues from expanding the state sales tax to include online streaming or subscription services, including videos, music, books and ringtones, whether the purchaser retains permanent or term-limited access to the product, effective October 1, 2019.
- **Sales Tax Exemptions.** The Budget lowers expected revenues by \$0.7 million to reflect the exemption of feminine hygiene products and cremation urns from the state's sales tax, effective October 1, 2019.
- **Tobacco Tax Changes.** The Budget does not assume any new revenues associated with the Governor's proposals to increase the cigarette tax by \$0.25, to \$4.50 per 20-pack, raise the cigar tax by \$0.30, increase cigarette dealer license fees, or subject e-cigarette dealers to those fees or a new wholesale tax.
- **Medicaid Employer Assessment.** The Budget does not include the Governor's proposal for \$15.6 million in new revenues from imposing a 10.0 percent assessment on for-profit employers with 300 or more employees for each employee who is enrolled in the state's Medicaid program. The payment was to be capped at \$1,500 per employee per year. These revenues would have been offset by \$1.1 million of expenses for implementation.
- **Real Estate Conveyance Tax.** The Budget recognizes the potential refund of \$1.7 million of real estate conveyance tax revenues previously paid pursuant to ongoing litigation. The state is appealing a judgment issued against it in May, but the potential refund must be accounted for in FY 2019.
- **Rebuild Sales Tax Rebates from the Rebuild Fund.** The Budget subjects the sales and use tax exemption authorized in the Rebuild Rhode Island Tax Credit statute to both the individual project cap and aggregate program cap, and requires those exemptions to be paid for through the appropriations to the fund used to

pay for the tax credits. This change allows the recapture of \$5.6 million of revenue losses assumed to be paid out in rebates during FY 2020.

## **Departmental Revenues**

- ***Hospital Licensing Fee.*** The Assembly extended the hospital licensing fee for FY 2020 at a rate of 6.0 percent for all hospitals except South County and Westerly, which will be assessed a fee of 4.02 percent. It assumes \$187.0 million from community hospital payments and \$6.8 million from state payments for Eleanor Slater Hospital. This is \$13.0 million more than the revenues assumed in the Governor's budget. The licensing fee appears annually in the Appropriations Act and is not included in consensus revenue estimates; the Revenue Estimating Conference can only assume revenues under the current law. The Assembly also included a 5.0 percent license fee for FY 2021 that would generate \$161.5 million in revenue.
- ***Debt Collectors' Fee.*** The Budget assumes \$0.6 million in new revenues from raising the annual fee for debt collectors from \$100 to \$750.
- ***Mortgage Loan Originator Licensing Fee.*** The Budget assumes \$1.2 million of new revenues from increasing the annual mortgage loan originator licensing fee from \$100 to \$400.
- ***License Plate Reissuance.*** The Budget delays the statutory license plate reissuance from January 1, 2020 to June 1, 2020. The Budget increases the fee per plate set from \$6 to \$8 to offset the cost for these replacements.
- ***DEM Recreation Fees.*** The Budget assumes \$0.6 million in additional general revenues from increasing campground and miscellaneous recreation fees, such as table rentals. The Assembly did not concur with the Governor's proposal to increase beach fees and instead included legislation to freeze those fees at their current level until the conclusion of the 2021 beach season.
- ***Beverage Container Case Fee.*** The Budget assumes \$2.1 million in additional revenues from doubling the beverage container case fee from \$0.04 per case to \$0.08 per case for all beverage container cases sold by a wholesaler to a retailer or consumer.
- ***Hard-to-Dispose Materials Fees.*** The Budget assumes \$1.0 million in additional revenues for FY 2020 from doubling fees on a variety of hard-to-dispose materials such as motor oils, antifreeze, organic solvents, tires, and vehicles.
- ***Oversized and Overweight Vehicle Permits.*** The Budget assumes \$0.5 million of new revenues from increasing the oversized and overweight permit fees. The Budget increases the single use trip permit fee from \$20 to \$40 or the annual fee from \$300 to \$400 for loads under 130,000 pounds. It establishes a new fee of \$300 for loads exceeding 130,000 pounds.
- ***Medical Marijuana Regulation.*** The Budget assumes an increase of \$3.0 million in revenues from expanding the state's number of compassion centers from three to nine, and increasing the application and licensing fees. Current compassion center owners and their associates are prohibited from an ownership stake in the new centers.
- ***Compliance Order Fines.*** The Center for Health Facilities Regulation in the Department of Health monitors and ensures that all healthcare facilities provide quality care and services in a clean and safe environment. The director is authorized to levy administrative fees or impose penalties as compliance orders. The Governor proposed establishing a restricted receipt account in the Department of Health to fund staff with these fees. The Assembly did not concur with the Governor's proposal and assumed these receipts

as general revenues, consistent with current law. It also appropriated general revenues to support the staff. The FY 2019 final budget assumes \$1.2 million from these receipts.

- **Attorney General Settlements.** The Budget includes \$5.0 million in new revenue from several recently negotiated multi-state settlements through the Office of the Attorney General expected to be received in FY 2020 as well as other settlements not previously accounted for.
- **E-911 to Restricted Receipts.** The Budget shifts \$5.6 million of general revenues to a new restricted receipt account for surcharges collected on wired, wireless, and prepaid phone lines to be used exclusively for E-911 operations. The E-911 surcharge is \$0.50 per phone line and is now separate from the revised first response surcharge of \$0.50 per wired line and \$0.75 per wireless line. The Budget also repeals the Geographic Information System Technology fund and the \$0.26 surcharge collected on wireless phone lines.

## Other Revenues

- **Remote Sports Betting.** The Governor's budget included legislation to expand the state's existing sports betting operations to include play using a computer or mobile device and assumed an additional \$3.0 million. The Assembly enacted authorizing legislation on March 25, 2019. The May 2019 Revenue Estimating Conference estimate incorporated those revenues in the FY 2020 estimate, with an assumed start date of September 15, 2019. It also decreased total sports betting revenues by \$4.6 million based on experience through April 2019 and a third-party evaluation of revenue estimates.
- **Traditional Lottery Apps.** The Governor proposed \$0.9 million in new revenues from permitting traditional lottery games to be played via a mobile app. The May 2019 Revenue Estimating Conference included those revenues and assumed a start of January 31, 2020. No legislation was required to effectuate this change.
- **Division of Collections.** The Budget assumes a total of \$0.8 million in additional fines and fees will be collected by adding an attorney and procuring a case management system for the Division of Collections within the Department of Revenue.
- **Rhode Island Infrastructure Bank Transfer.** The Budget includes the Governor's proposed transfer of \$4.0 million from the Rhode Island Infrastructure Bank to state general revenues by June 30, 2020.
- **Rhode Island Housing Transfer.** The Budget includes the Governor's proposed Rhode Island Housing transfer of \$1.5 million to state general revenues by June 30, 2020.
- **Resource Recovery Corporation.** The Budget does not include the Governor's proposal to transfer \$5.0 million to state general revenues by June 30, 2019 from the Rhode Island Resource Recovery Corporation.
- **RI Health and Educational Building Corporation Transfer.** The Assembly did not concur with the Governor's proposal to require the Rhode Island Health and Educational Building Corporation to transfer \$2.0 million to state general revenues by June 30, 2019.
- **Rhode Island Student Loan Authority Transfer.** The Budget includes the Governor's proposed transfer of \$1.5 million from the Rhode Island Student Loan Authority to state general revenues by June 30, 2020.
- **Quonset Development Corporation Transfer.** The Budget assumes that Quonset Development Corporation will transfer \$1.2 million to state general revenues by June 30, 2020. The Governor had

proposed a transfer of \$2.0 million from the Corporation by June 30, 2019; however, the funds were not available during that timeframe.

- ***DEM Unexpended Bond Funds.*** The Budget includes the Governor's proposed transfer totaling \$1.4 million of unexpended bond funds from six different Department of Environmental Management issuances to state general revenues by June 30, 2019.
- ***OSPAR Fund.*** The Budget does not include the Governor's proposal to transfer \$1.0 million of current reserves from the Oil Spill Prevention, Administration, and Response Fund to state general revenues by June 30, 2019. Nor does it double the fee to generate an estimated \$1.5 million.
- ***Underground Storage Tank Trust Fund.*** The Budget does not include the Governor's proposal to transfer reserves of \$1.0 million from the Underground Storage Tank Trust Fund within the Department of Environmental Management to state general revenues by June 30, 2019.
- ***Highway Maintenance Account Revenues.*** The Budget assumes use of \$4.9 million from retaining 5.0 percent of total Highway Maintenance Account resources as general revenues to partially offset the costs of collections. The Governor's budget had proposed allowing the Highway Maintenance Account to be charged for certain specified positions at the Division of Motor Vehicles. While there was no dollar limit to the potential charges, her budget assumed \$4.5 million in general revenue savings for FY 2020. The enacted budget achieves a similar outcome with less administrative discretion.
- ***Commerce Corporation Transfer.*** The Budget includes a \$5.0 million transfer from the Commerce Corporation's First Wave Closing Fund reserves to state general revenues by October 1, 2019. Since enacting the program in 2015, the Assembly has appropriated \$15.3 million to support the program, which has made seven awards totaling \$2.6 million. With the transfer, \$7.7 million remains available for future awards.

# State Government Personnel and Staffing

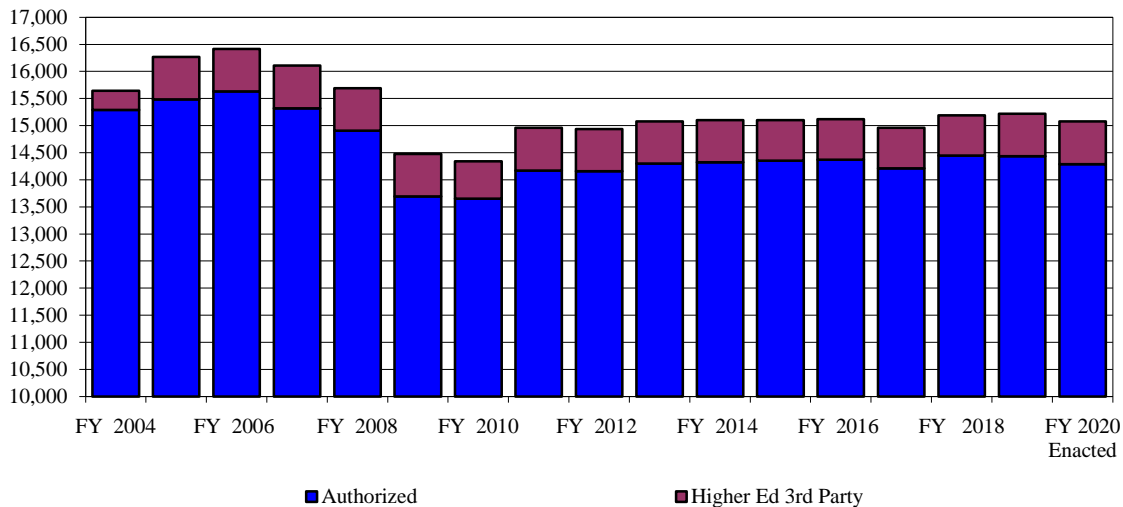
## Summary

The Governor recommended \$2,203.6 million for personnel expenditures and 15,413.1 full-time equivalent positions, 606.0 higher education positions dedicated for research or supported by other third-party funds, and 445.0 positions dedicated to support auxiliary enterprise units at the University. Auxiliary enterprise positions such as those that support dining halls have not previously been distinguished from others. The expenditures include salaries and benefits, as well as contracted services. The recommendation is \$161.0 million and 203.4 positions more than the FY 2019 enacted budget, including \$81.0 million more for salaries and benefits and \$80.0 million more for contracted services, nearly two-thirds is for expenditures relating to the Unified Health Infrastructure Project.

Among the staffing changes are 30.0 new positions in the Department of Transportation to carry out the Department's plan to perform more operations in-house. The Governor also included 25.0 new positions for regulation and support of the adult use of medical marijuana, 10.0 new correctional officers, 30.0 new State Police troopers and additional staff for the Department of Environmental Management's Division of Parks and Recreation. The recommendation also includes 18.0 new positions in the Department of Administration for centralized human resources, information technology and facility management services. The costs for those services appear in user agencies as operating expenses, rather than personnel.

The Assembly provided \$2,183.4 million for personnel expenditures and 15,074.7 full-time equivalent positions, including 788.8 higher education positions dedicated for research or supported by other third-party funds. This is \$20.2 million and 338.4 positions less than the Governor's original recommendation. The Assembly did not concur with numerous new positions recommended and eliminated 202.0 vacancies.

Full-Time Equivalent Positions

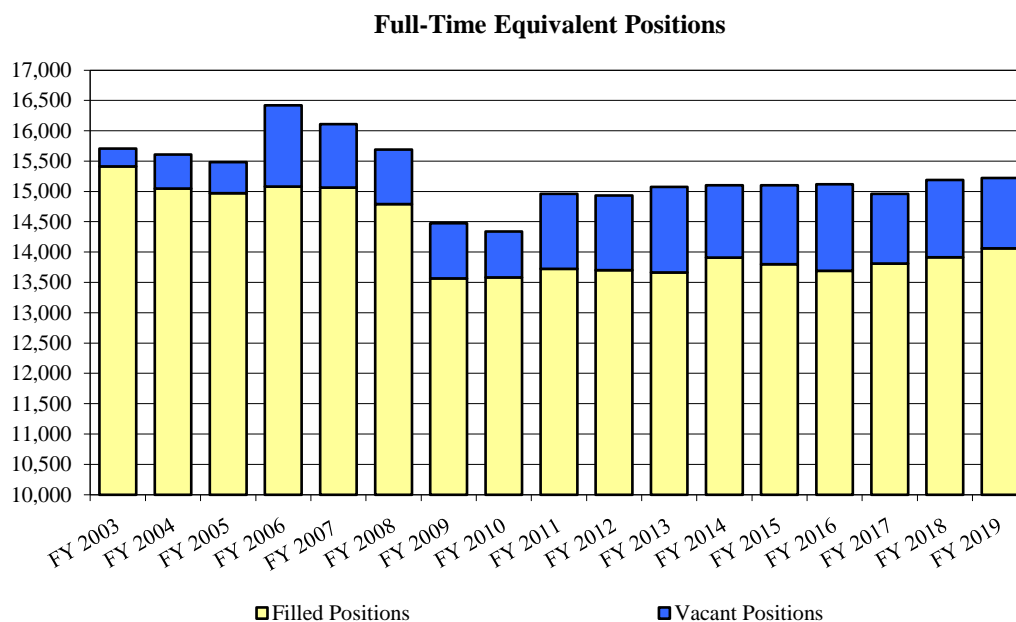


For many years, the budget has also limited a certain number of higher education positions to those solely funded by third-party sources in response to requests from the higher education institutions to reduce constraints on their pursuit of outside research funding. The Governor recommended creating a separate limit of 445.0 for positions that support auxiliary enterprises at the University of Rhode Island such as dining halls. The recommendation also reduces the number of third-party funded positions to 440.0 from 622.8. This appears to increase unrestricted positions by shifting authorization capacity for future research to unrestricted uses. The Assembly did not create a separate limit for auxiliary enterprises at the University

and included 788.8 higher education positions dedicated for research or supported by other third-party funds.

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

The following chart shows both filled and authorized staffing levels from FY 2003 through FY 2019. Authorized levels peaked in FY 2006; however, filled positions peaked in FY 2003. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 resulting from a major surge of retirements in 2008 and severe constraints put on refilling the vacancies. Other significant issues during that period are noted below.



- Total filled positions peaked at 15,413.9 in FY 2003. Filled positions dropped by 365.3 to 15,048.6 in FY 2004 during which there was a hiring freeze.
- The increase in authorized positions during FY 2005 is the result of an additional 461.2 higher education positions that are dedicated for research or supported by other third-party funds. There are consistent vacancies within this group of positions.
- Total authorized positions peaked in FY 2006 from an additional 151.9 authorized positions, primarily from a new class of correctional officers at the Department of Corrections and new nursing programs at each of the colleges. However, filled positions remained consistent with prior years.
- During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire, such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days,

and establishing limited service positions. The Assembly did not concur with the proposals; however, it did reduce vacant general revenue funded positions, eliminating 419.4 vacant positions.

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

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

The Governor's FY 2017 revised recommendation included 82.3 positions more than the enacted budget. For FY 2018, she recommended staffing of 15,067.4 positions, 114.8 positions more than enacted. She subsequently requested two amendments, adding 159.0 full-time equivalent positions for the Unified Health Infrastructure Project and making a technical change to staffing in the Judiciary, bringing her recommended staffing to 15,226.2 positions. The Assembly authorized only 14,959.0 positions for FY 2017, 6.4 positions more than enacted but 79.9 less than the Governor's revised budget; it did not concur with the majority of the new positions recommended. That year, the state averaged 13,809.6 filled positions, reflecting an average of 1,023.0 non-research vacancies.

In FY 2018, the state averaged 13,913.2 filled positions reflecting an average of 1,194.2 non-research vacancies. During the second half of FY 2018, the Administration implemented a voluntary retirement incentive under its own authority. State employees eligible to retire on or before December 31, 2017 were eligible for the incentive. Beginning on January 12, 2018, the number of filled positions declined for ten consecutive pay periods as eligible participants retired. On January 11, 2019, there were 149.3 more positions filled than there were when the program began.

The Governor recommended staffing of 15,426.5 full-time equivalent positions for FY 2019, 266.3 positions more than previously authorized for FY 2018. This added authorization for more than 300 new positions offset by the elimination of numerous unidentified positions in several departments, notably the Departments of Administration, Public Safety and Transportation. The Governor's FY 2018 revised recommendation included an additional 26.0 positions.

The 2018 Assembly authorized FY 2019 staffing of 15,209.7 full-time equivalent positions, including 788.8 higher education positions dedicated for research or supported by other third-party funds. This is 49.5 positions more than enacted; however, it is 216.8 full-time equivalent positions less than recommended. This reflects the elimination of 160.0 vacancies to bring authorizations closer to funded staffing levels.

The Governor's recommended budget for FY 2019 revised includes staffing of 15,230.7 full-time equivalent positions, 21.0 more than authorized. Her FY 2020 recommendation includes authorization for 15,413.1 full-time equivalent positions, 203.4 more than enacted and 182.4 positions more than her FY 2019 revised budget. As of February 2, there were 1,114.4 positions vacant.

The Assembly provided 15,221.7 positions for FY 2019, 9.0 fewer than recommended. It authorized 15,074.7 full-time equivalent positions for FY 2020, including 788.8 higher education positions dedicated for research or supported by other third-party funds. This is 338.4 fewer positions than the Governor's original recommendation. The Assembly did not concur with numerous new positions recommended and eliminated 202.0 full-time equivalent vacant positions.

## Personnel Costs

Personnel costs include both salaries and benefits and contracted services. Benefits include direct benefits to employees as well as assessed statewide employee benefits. Contracted services are services state government purchases by contract. The Governor’s personnel recommendation includes \$1,843.3 million for salaries and benefits and \$360.3 million for contracted services. These expenditures represent an increase of \$161.0 million or 7.9 percent from the FY 2019 enacted budget.

The recommendation includes \$1,843.3 million for salaries and benefits, an increase of \$81.0 million, or 4.6 percent. General revenue expenses for salaries and benefits increase by 3.5 percent and contracted services increase by 15.1 percent to include expenses for a new financial management contract for Medicaid program activities and funding to upgrade the health technology projects.

FY 2020 Enacted	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 608,032,296	\$ 187,241,162	\$ 54,606,339	\$ 358,821,193	\$ 1,208,700,990
Benefits	338,904,219	108,735,358	33,037,893	146,057,655	626,735,125
<b>Total Salaries and Benefits</b>	<b>\$ 946,936,515</b>	<b>\$ 295,976,520</b>	<b>\$ 87,644,232</b>	<b>\$ 504,878,848</b>	<b>\$ 1,835,436,115</b>
Contracted Services	58,072,370	194,837,881	68,550,165	26,462,878	347,923,294
<b>Total Personnel</b>	<b>\$ 1,005,008,885</b>	<b>\$ 490,814,401</b>	<b>\$ 156,194,397</b>	<b>\$ 531,341,726</b>	<b>\$ 2,183,359,409</b>

The Assembly provided \$2,183.4 million and staffing of 15,074.9 full-time equivalent positions for FY 2020. This is \$7.8 million less than the Governor recommendation, including \$10.1 million less from general revenues.

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

The 2017 Assembly adopted legislation authorizing internal service funds for centralized services including information technology, capital asset management and maintenance, and human resources. The legislation also requires that the Department of Administration report on a quarterly basis the fund activities, including breakdown by each department and agency. The report must be submitted to the Speaker of the House and President of the Senate with copies to the chairpersons of the House and Senate Finance Committees. The Administration issued the first and second reports on October 13, 2017 and February 21, 2018. The last two reports for FY 2018 were submitted on November 14, 2018. The first report for FY 2019, which was due by October 15, 2018, and the second report, which was due by January 15, 2019, were submitted on February 19; the third report was submitted on May 21 from the due date of April 15.

The FY 2019 enacted budget assumes expenditures of \$83.6 million for information technology, capital asset management and maintenance, and human resources services. These expenditures were projected to increase by 9.0 percent for FY 2019 and 15.1 percent for FY 2020, including \$3.7 million or 7.4 percent for salaries and benefits. The FY 2020 recommended budget assumes an additional 18.0 full-time equivalent positions for these services. The Assembly only concurred with adding one new position for the implementation of the E-Procurement System.



<b>Division</b>	<b>FY 2019 Enacted</b>	<b>FY 2019 Revised</b>	<b>FY 2019 Final</b>	<b>FY 2020 Recommended</b>	<b>FY 2020 Enacted</b>
Human Resources	\$ 12,131,620	\$ 13,377,854	\$ 13,377,854	\$ 15,227,277	\$ 14,847,653
DCAMM Facilities	39,212,184	38,693,072	38,693,072	40,379,969	40,091,033
Information Technology	32,282,229	39,077,346	39,077,346	40,631,267	44,113,005
<b>Total</b>	<b>\$ 83,626,033</b>	<b>\$ 91,148,272</b>	<b>\$ 91,148,272</b>	<b>\$ 96,238,513</b>	<b>\$ 99,051,691</b>

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

It should be noted that the Governor's program supplement budget publication continues to show all previously authorized non-classified positions in higher education as unclassified positions, resulting from an error in transitioning to a new budget system. This was identified last year and has not been corrected. There are also other classification errors in the personnel data published as part of the Governor's budget.

Employee status refers to an employee's protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996, will have statutory status when reaching 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganizations or layoffs. For veterans, statutory status is acquired after 15 years of service. On January 24, 2019, there were 2,516 employees with statutory status, including 112 employees who were eligible through the veterans' provision.

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

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

The FY 2016 revised and the FY 2017 recommended budgets included a total of \$1.2 million for a classification and compensation study. The study was completed in the summer of 2017 and through FY 2018, a total of \$0.8 million was spent. The following excerpts summarize the major findings from four comparisons.

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

- Range minimum: 7.6 percent higher than the market average minimum

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

Health care insurance:

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

Retirement plan:

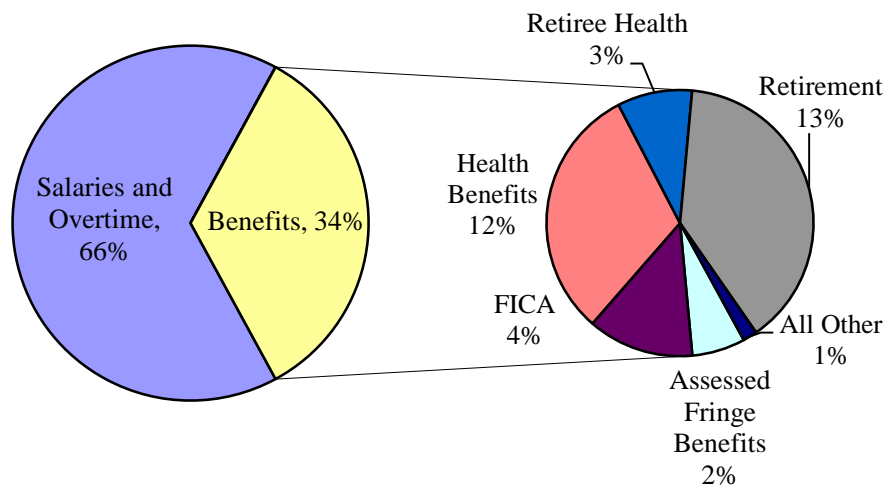
- On average, Rhode Island is 1.34 percentage points higher than the market for maximum employer contribution to the primary retirement plan

Paid leave:

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

Salaries and benefits make up 83.6 percent of total personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries and wages, including overtime and benefits. The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the graphic is described in further detail in the paragraphs that follow.

**FY 2020 Enacted Salaries and Benefits**



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

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

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

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

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

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

In April 2014, the Chafee Administration reached agreements with its largest unions for a new four-year contract effective July 1, 2013 through June 30, 2017. This included 2.0 percent salary increases effective April 6, 2014, October 5, 2014 and October 4, 2015. The cost for FY 2015 was estimated to be \$47.4 million, including \$24.3 million from general revenues which reflects approximately 3.5 percent growth over FY 2014. The FY 2015 recommended budget did not include funding for these agreements. The budget adopted by the Assembly assumed that the increased costs will be achieved through turnover, vacancies and other savings.

<b>Cost-of-Living Adjustments</b>		
<b>Fiscal Year</b>	<b>Increase</b>	<b>Notable Adjustments</b>
2005	1.5%	
2006	2.5%	
2007	4.0%	
2008	3.0%	6 furlough days
2009	-	
2010	2.5%	July 1; 8 furlough days
2011	3.0%	July 1,- 6 month delay; 4 furlough days
2012	3.0%	July 1, 2011
2013	-	
2014	2.0%	April 6, 2014
2015	2.0%	October 5, 2014
2016	2.0%	October 4, 2015
2017	-	
2018	2.0%	December 24, 2017
2019	2.5%	December 23, 2018
2020	3.0%	2.0% June 23 & 1% December 22

*Excludes Troopers, RIBCO and some other smaller unions*

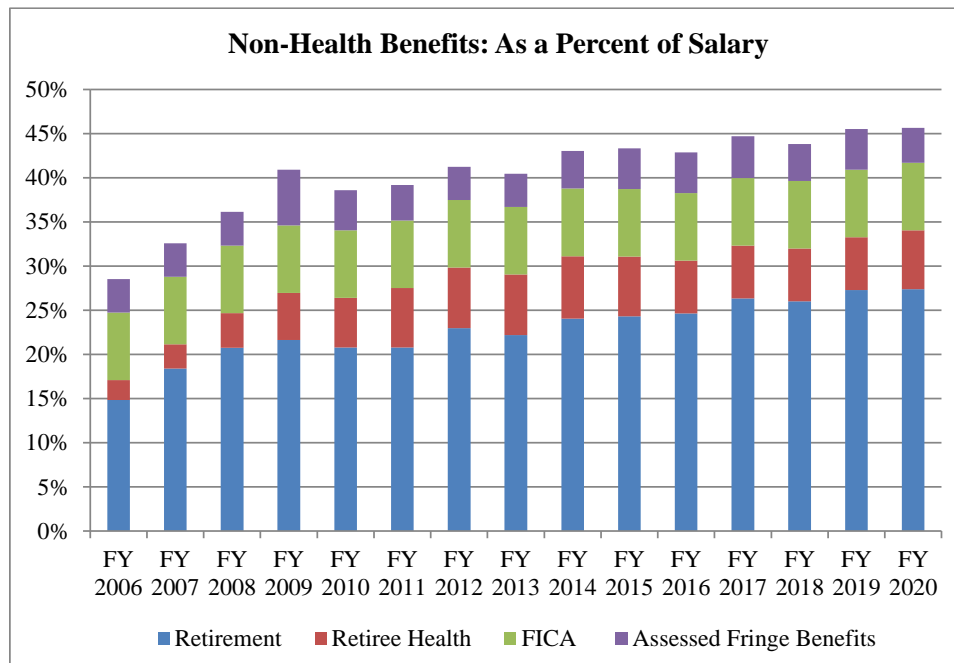
In April 2018, Governor Raimondo reached agreements with a majority of state employee unions for wage and benefit changes that include cost-of-living adjustments of 2.0 percent effective December 24, 2017, 2.5 percent effective December 23, 2018, 2.0 percent effective June 23, 2019, and 1.0 percent effective December 22, 2019. Her proposed budgets did not including funding for these increases. The Assembly added \$6.9 million for FY 2018 and \$19.8 million for FY 2019 from general revenues to account for these agreements assuming all unions reached similar terms.

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

<b>Overtime - FY 2020 Enacted</b>	
Corrections	36.9%
BHDDH	18.3%
Public Safety	11.0%
Transportation	10.5%
Higher Education	7.2%
Children, Youth and Families	5.5%
Human Services	7.0%
All Others	3.7%
<b>Total</b>	<b>100%</b>

The Assembly concurred with the Governor’s recommendation to include statewide overtime savings of \$1.0 million from general revenues; the savings are included in the Department of Administration’s budget for later distribution. The Department of Administration announced a new overtime policy in June 2019. It requires each agency to develop and submit to the Division of Human Resources and the Office of Management and Budget detailed overtime authorization and approval procedures, which must be submitted by October 15, 2019. Beginning in FY 2020, agencies are also required to submit to the Office of Management and Budget quarterly reports of overtime expenses along with their quarterly financial reports.

**Benefits.** Benefits include direct benefits to employees such as health, workers’ compensation and unemployment as well as unfunded liabilities for retirement and retiree health benefits. The following chart shows non-health benefits as a percent of salary from FY 2006 through FY 2020. In that 15-year period, the calculation increased from under 30 percent to over 45 percent. It is important to note that while FICA is part of the cost of a position, it is a federal requirement over which the state has no control. Each benefit is described in the paragraphs that follow. With the exception of health benefits, these are calculated as a percentage of salary and are approximately one-third of the total cost of a position.



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

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

The salary basis is the five highest consecutive years. Cost-of-living adjustments are only granted when the pension systems’ aggregate funded ratio exceeds 80.0 percent; the formula uses both investment returns and inflation, but no more than 3.5 percent or less than zero. It is only applied to the member’s first \$25,000 of pension income, indexed to grow at the same rate as the cost-of-living adjustment. Prior to full funding, intermittent cost-of-living adjustments are granted every four years and there are different provisions for pre-settlement retirees. There have been many changes to the retirement system over the past several years. These changes are discussed later in the report.

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

The rate for FY 2019 was revised upward by 2.1 percent or 0.53 percentage points based upon the retirement incentive program the administration undertook in the fall of 2017, and described later in this report. The rates for FY 2020 as well as the previous seven years are shown in the table below.

**Employer Contribution Rates - Regular Employees**

<b>FY</b>	2013	2014	2015	2016	2017	2018	2019	2020
<b>Rates</b>	21.18%	23.05%	23.33%	23.64%	25.34%	24.87%	26.28%	26.39%

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

**FICA.** The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This applies to all employee groups except State Police. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2019, the salary limit is \$132,900. There is no salary limit for the Medicare portion.

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

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

The fund ended FY 2015 with a deficit of \$1.9 million and surpluses of \$1.2 million in FY 2016 and \$6.2 million in FY 2017, largely due to a repayment for overpayments made for workers’ compensation by the state. The FY 2018 enacted budget was based on an assessment of 4.20 percent for most employees. Based on projections related to the voluntary retirement incentive, which is described in greater detail later in this report, the Governor’s FY 2019 recommended budget increased the assessment to 4.60 percent.

The FY 2019 revised budget assumes a reduction in the assessed fringe rate. The Budget Office indicated that the fund is in a more favorable position than previously projected in part due to an additional unbudgeted payment in FY 2018. As a result, the rate of 4.60 percent assumed for FY 2019 will be 4.20 percent, effective January 25; essentially the effective rate for FY 2019 is 4.40 percent. The rate of 4.20 percent previously planned for FY 2020 is now recommended at 3.95 percent. This also reflects savings from the plan to outsource the administration of the Workers’ Compensation program.

The current rate for certain public safety personnel is 2.00 percent because these employees receive injured on duty benefits as opposed to workers’ compensation. The rate for higher education faculty is 3.50 percent because they do not receive severance payments.

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

	<b>Individual Plans</b>	<b>Family Plans</b>
<i>Medical</i>		
Anchor Choice	\$ 7,118.40	\$ 19,956.36
Anchor	\$ 7,170.24	\$ 20,101.44
Anchor Plus	\$ 7,671.72	\$ 21,507.48
<i>Dental</i>		
Anchor Dental	\$ 383.88	\$ 994.32
Anchor Plus	\$ 430.68	\$ 1,115.40
Anchor Platinum	\$ 496.68	\$ 1,286.52
<i>Vision</i>		
Anchor Vision	\$ 57.12	\$ 157.68
Anchor Vision Plus	\$ 81.72	\$ 225.48

Pursuant to recently negotiated contract agreements, effective January 1, 2019, the state is offering three medical plans, called Anchor Choice, Anchor and Anchor Plus, three dental plans and two vision plans. Previously, only one plan was offered. Among the other provisions of the contract were increased co-pays for office visits and prescription drugs, and increased deductibles. The deductibles are based on plan selections and are now \$500 to \$1,500 for an individual, and \$1,000 to \$3,000 for a family. They were previously \$250 and \$500 for individuals and families, respectively.

The following table shows the cost of health benefits and the state employee co-shares for 2019 for both individual and family plans.

2019 Calendar Plan Year Per Employee	Below \$51,930 <sup>2</sup>		\$53,930 - \$99,825 <sup>2</sup>		Over \$99,825 <sup>2</sup>	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits <sup>1</sup>	\$ 8,184	\$ 22,848	\$ 8,184	\$ 22,848	\$ 8,184	\$ 22,848
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State	\$ 6,547	\$ 19,421	\$ 6,547	\$ 18,279	\$ 6,138	\$ 17,136
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,637	\$ 3,427	\$ 1,637	\$ 4,570	\$ 2,046	\$ 5,712

<sup>1</sup> Co-shares are based on Anchor Plus Plans

<sup>2</sup> Income amount to be adjusted by the June 2019 cost-of-living-adjustment

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

Weighted Average	FY 2019 Governor*	FY 2019 Revised	FY 2019 Final	FY 2020 Gov. Rec.	FY 2020 Enacted
Medical	\$ 19,396	\$ 18,071	\$ 18,071	\$ 17,822	\$ 17,822
Dental	784	789	789	815	815
Vision	126	127	127	130	130
<b>Total</b>	<b>\$ 20,306</b>	<b>\$ 18,987</b>	<b>\$ 18,987</b>	<b>\$ 18,767</b>	<b>\$ 18,767</b>

\*Enacted budget included savings in new contracts

As shown in the table above, the FY 2019 Governor's budget assumed a planning value of \$20,306; however, this did not include adjustments incorporated in the enacted budget for contracts negotiated in May 2018. In July 2018, agencies were instructed to use a revised planning value of \$19,537 for FY 2019 and \$19,904 for FY 2020. The FY 2020 planning values are \$367 or 1.9 percent less than the revised amount.

The Budget Office noted that the Health Insurance Fund was showing a larger surplus than expected; a medical benefit holiday occurred in December 2018, resulting in general revenue savings of \$3.3 million. The Governor's revised budget includes medical benefit savings of \$2.8 million from general revenues from updating the medical benefit rate. The FY 2020 recommendation includes \$5.9 million in savings from a lower than expected rate.

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

The 2014 Assembly adopted legislation replacing the assessments that support the infant and adult immunization programs, effective January 1, 2016, and established a new funding methodology. Pursuant to Rhode Island General Law, Section 42-7.4-3, the Healthcare Services Funding Contribution are based on a per-person enrollment for those in fully-insured or self-insured plans with the exception of municipal employees. State employees and employees of non-profit hospital corporations were included beginning July 1, 2016.

**Total Costs.** The total cost examples for two employees who have salaries of \$50,000 and \$100,000, respectively, and a family health plan in FY 2020 is displayed in the following table.

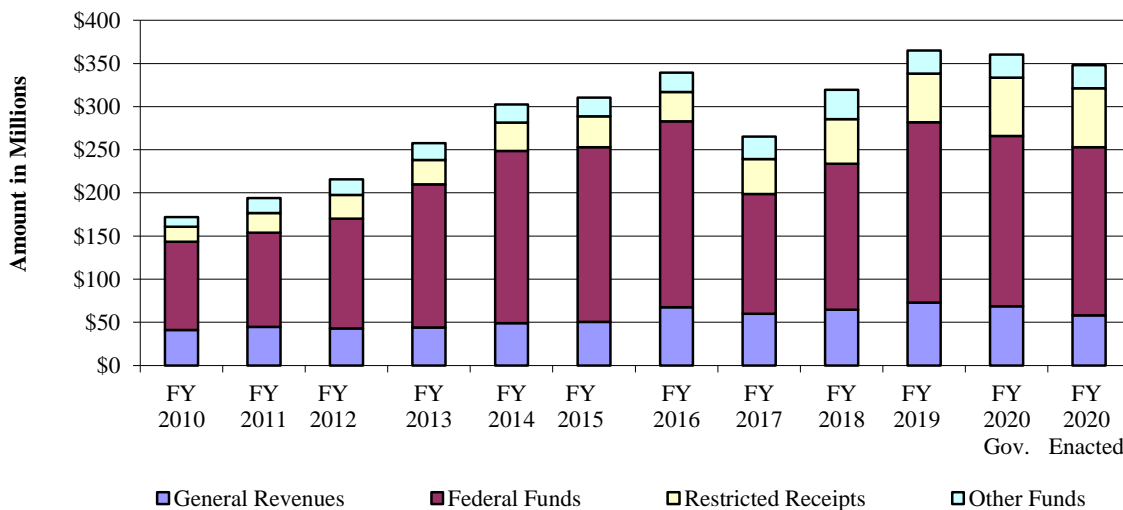
Cost of a Position - FY 2020 enacted				
	Expense	% of Salary	Expense	% of Salary
Salary	\$ 50,000		\$ 100,000	
FICA	\$ 3,825	7.65%	\$ 7,650	7.65%
Assessed Fringe	2,300	4.60%	4,600	4.60%
Retiree Health	2,990	5.98%	5,980	5.98%
Retirement	13,640	27.28%	27,280	27.28%
<b>Subtotal</b>	<b>\$ 22,755</b>	<b>45.51%</b>	<b>\$ 45,510</b>	<b>45.51%</b>
Health Benefits	\$ 22,848	Family Plan	\$ 22,848	Family Plan
Total Co-share	(4,570)	20.00%	(5,712)	25.00%
<b>Subtotal Benefits</b>	<b>\$ 41,034</b>	<b>82.07%</b>	<b>\$ 62,646</b>	<b>62.6%</b>
<b>Total Cost</b>	<b>\$ 91,034</b>		<b>\$ 162,646</b>	

Co-shares are based on Anchor Plus Plans

**Contracted Services.** Contracted services make up the remaining 15.9 percent of personnel costs. The enacted budget includes \$347.9 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services. These exclude expenses through internal service funds of \$8.9 million and \$8.3 million in FY 2019 and FY 2020, respectively.

By fund source, 56.0 percent of the expenses are supported by federal grants and 16.7 percent are funded from general revenues. The Executive Office of Health and Human Services and the Department of Transportation account for more than a third of these expenses from all sources.

**Contracted Services, FY 2010 to FY 2020**



The chart above shows the costs of contracted services from FY 2010 through FY 2020. The significant increases in FY 2012 and FY 2013 are mostly as a result of Race to the Top funds in the Department of Elementary and Secondary Education’s budget. The Department was awarded \$75.0 million to spend over four years. The FY 2013 and FY 2014 budgets also include over \$50 million from federal funds for the implementation of the Affordable Care Act.

The FY 2017 final budget included \$324.9 million for contracted services and actual expenditures were \$265.2 million. This is \$59.7 million less than appropriated, of which \$53.1 million was from federal funds. This reflects the agreement the state had with the main system’s contractor, Deloitte, to delay infrastructure costs for the Unified Health Infrastructure Project until system issues have been addressed.



The FY 2018 final budget included \$316.7 million for contracted services and actual expenditures were \$319.4 million, \$2.6 million above the final appropriation. Expenditures from general revenues were \$64.7 million.

The FY 2019 revised recommendation of \$366.4 million is \$86.2 million more than enacted, including \$10.3 million from general revenues and \$60.2 million from federal funds. This includes approximately \$57 million for expenses related to the Unified Health Infrastructure Project. The FY 2020 recommendation is \$6.1 million less than the revised budget, including \$1.4 million less from general revenues.

The Assembly provided \$365.2 million and \$347.9 million for contracted services for FY 2019 final and for FY 2020, respectively. Expenditures are \$1.3 million less than the revised budget and \$12.4 million less than recommended for FY 2020. However, general revenue expenditures reflect an increase of \$3.2 million for FY 2019 and \$10.5 million less for FY 2020; the shift in funding is attributable to the Unified Health Infrastructure Project. The Governor's recommended budgets included \$14.0 million for FY 2019 and \$20.4 million for FY 2020 from Deloitte Settlement funds in the Executive Office of Health and Human Services, Department of Human Services and HealthSource RI's budgets to offset general revenue costs for project. 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 from FY 2019 to FY 2020 and reduced general revenues in FY 2020.

For the past decade, the Assembly has required state agencies to be held more accountable for contracted services they purchase. These requirements have not been well executed. The Assembly concurred with most of Governor Chafee's FY 2015 budget proposal to repeal or consolidate them to improve compliance. The paragraphs that follow identify these reporting requirements as well as any significant revisions and current compliance.

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

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

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

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

requirement. At the Personnel Issues Hearing on April 4, 2018, the Director of Administration pledged to be in compliance with this reporting requirement. Since then, reports for FY 2015 through FY 2018 have been posted on the state's transparency portal.

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

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

This reporting requirement has not been met since it was adopted by the 2014 Assembly. The staff from the Budget Office indicated that it has been in discussions with Council 94 to format the template for reporting.

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

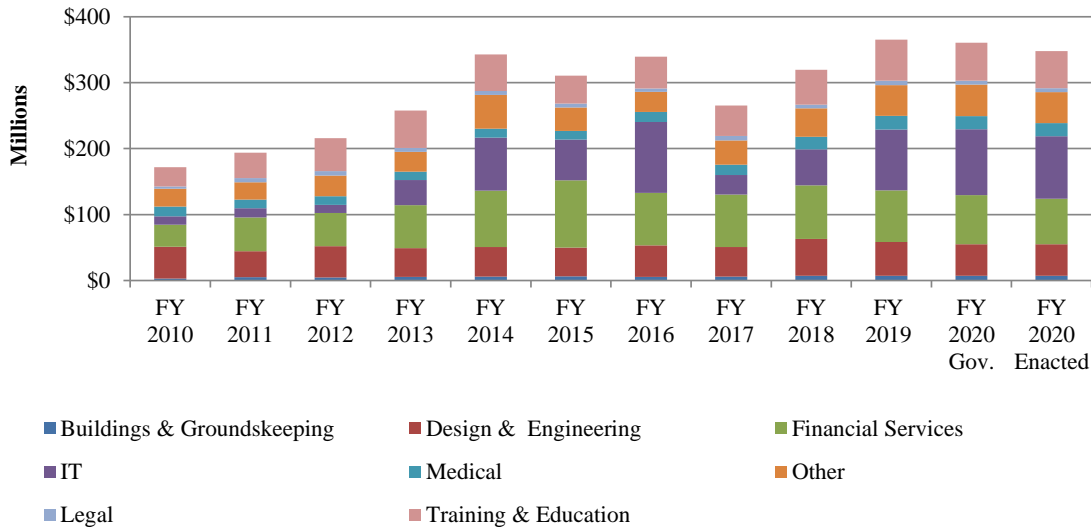
Governor Chafee included legislation in Article 17 of 2014-H 7133 to repeal this, in conjunction with modifying a similar requirement. The Assembly concurred.

RIGL 42-149-3.1. This legislation, adopted in Public Law 2011, Chapter 409 requires an assessment of 5.5 percent on contractual costs to be paid to the retirement system on a quarterly basis when a department, commission, board, council, agency or a public corporation agrees to obtain contractual services that are substantially similar to and in lieu of services provided by regular employees. During the FY 2013 budget process, the administration indicated that it developed a mechanism within the state's accounting system to calculate this charge and \$0.4 million has been collected each year from FY 2013 through FY 2018.

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

P.L. 2007, Chapter 073. The 2007 Assembly adopted legislation to correct a situation concerning contract employees that were doing the same work as state employees, under state employee supervisors. Departments and agencies would be allowed to convert those positions to state employee positions within available funding. The law also required that an agency or department may not employ contracted employees or employee services where the contracted employees would work under state employee supervisors after October 1, 2007, without determination of need by the Director of Administration acting upon the positive recommendations of the Budget Officer and the Personnel Administrator and 15 days after a public hearing. This language was included in budgets until FY 2016. It was once again included in FY 2020.

### Contracted Services



The table above shows the types of services provided by outside contractors from FY 2010 to FY 2020. The majority of the expenditures are spent on information technology and financial services. The smallest areas of spending are legal services and buildings and groundskeeping services.

### FY 2020 Proposed Personnel Initiatives

- **Disparity Study.** The Governor’s recommended budgets include \$219,029 for FY 2019 and \$280,000 for FY 2020 for total funding of \$499,029 from general revenues to conduct a statewide study to examine procurement practices of state agencies that purchase goods and services 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; no funding was included in the enacted budget. The Assembly did not concur and removed expenditures in both years.
- **Medical Benefit Savings.** The revised budget includes medical benefit savings of \$2.8 million from general revenues, from updating the medical benefit rates and savings from lower claims experience. The FY 2020 recommendation includes \$5.9 million in savings from lower claims experience. The Assembly concurred.
- **Statewide Benefit Assessment.** The budgets include savings of \$0.8 million and \$1.3 million in FY 2019 and FY 2020, respectively, from lowering the assessed fringe benefit rate for most employees from 4.60 percent to 4.20 percent, effective January 25, 2019, and to 3.95 percent in FY 2020. This reflects FY 2018 contributions as well as the plan to outsource workers’ compensation administration. The savings are reflected in agency budgets. The assessed fringe is a rate that is applied to the amount of all salaries and wages paid and is used to pay workers’ compensation claims, unemployment claims, and unused leave. The Assembly concurred.
- **Injured on Duty Reform.** The Governor proposed legislation that amends the injured on duty laws to limit the amount of time this benefit is applicable. It allows an independent medical examiner to certify that a person has reached maximum medical improvement triggering the 60-day clock to apply for an accidental disability pension. Under current law, it must be the treating physician that makes the certification. The article also provides that injured on duty benefits would terminate upon final ruling of the State Retirement Board and would not continue during appeal. Current recipients of injured on duty payments would have 90 days starting July 1, 2019 to apply for accidental disability payments, otherwise

benefits would be terminated, with some exceptions. Those current recipients who have been denied or approved for an ordinary or accidental disability benefit by a final ruling of the State Retirement Board would have their injured on duty payments terminated. The Governor's budget includes general revenue savings of \$1.7 million from these changes. The Governor subsequently requested an amendment to make these changes apply only to state employees. The Assembly concurred.

- **Workers' Compensation Outsourcing.** Rhode Island General Law, Chapter 28-31 contains the provisions for the workers' compensation program for state as well as municipal employees. Workers' Compensation is a program that requires employers to carry insurance coverage protecting their employees from loss of earnings and/or medical expenses for any work-related injury or illness. Rhode Island is self-insured and administers its own claims. The Governor proposed to privatize the administration of the Workers' Compensation program.

The FY 2019 enacted budget includes undistributed savings of \$1.5 million from this proposal, all of which was shifted from FY 2018, because of delays.

On October 26, 2018, the Department of Administration signed a contract with Beacon Mutual Insurance to be the third-party administrator. The agreement is effective through October 31, 2021 and has a two one-year renewal options. Pursuant to the contract, Beacon Mutual Insurance is to provide a final data migration report for review before the final implementation occurs. The transition to Beacon occurred on May 1, 2019.

As previously noted, the FY 2019 revised budget assumes a reduction in the assessed fringe rate, which funds the Workers' Compensation program. The rate of 4.20 percent previously assumed for FY 2020 is now recommended at 3.95 percent. The Budget Office projected benefit payments for the program to decline, offset by expenditures of \$1.5 million for FY 2019 and \$1.8 million for FY 2020 to Beacon for the administration of the program. Savings are reflected in agency budgets in both years. The Assembly concurred.

- **Background Checks.** The Governor proposed legislation in Article 4 of 2019-H 5151 establishing new requirements for background checks. All employees, including those of vendors and subcontractors with access to federal tax information, would have to undergo state and national fingerprint criminal background checks. The legislation amends the duties of the personnel administrator to allow him/her to facilitate the coordination for this requirement for state employees. The background check for employees of vendors will be included in contracts for all new employees, and current employees must complete the background check within a "reasonable time" that is approved by the appropriate agency head, which is the director or his/her designee. The Assembly concurred.

### **Recent Compensation and Benefit Revisions**

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

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

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

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

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

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

It returns state employees, teachers and Municipal Employees Retirement System (MERS) general employees with at least 20 years of service as of June 30, 2012 to a defined benefit plan with a 2.0 percent annual accrual and higher employee contribution rate. It increases the state's contribution to the defined contribution plan for those with between 10 and 20 years of service as of June 30, 2012. It also contains increases in accrual rates for correctional officers and municipal public safety employees.

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

- **Retiree Health Benefits.** The 2008 Assembly enacted legislation to change its provision of retiree health benefits from a pay-as-you-go system along with significant benefit reductions to future retirees effective October 1, 2008. Based on a recommendation in the Governor's FY 2009 revised budget, the

2009 Assembly enacted legislation to delay the move to a trust fund for two years. The trust fund was set up in FY 2011 and the state is now funding on an actuarial basis.

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

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

It should be noted that the federal “Cadillac” tax was scheduled to take effect in 2018 for plans deemed high cost. The tax would be 40.0 percent of the cost above federally established thresholds. While final regulations have not been issued, it is widely assumed that the threshold will be \$10,200 for an individual plan and \$27,500 for a family plan. The current pre-65 rate plan costs \$11,300 for an individual plan and \$31,500 for a family plan. In January 2018, Congress again delayed the start of the tax to 2022.

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

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

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

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

Governor Raimondo proposed legislation in her FY 2016 budget to freeze longevity payments currently expressed as a percent of salaries, at the amount earned by an employee as of June 2015, or the last pay

period prior to the expiration of applicable collective bargaining agreements, whichever occurs later. It also excluded longevity from an employee's base rate salary, which means longevity will not grow with other raises. She subsequently requested an amendment to rescind this proposal. The Assembly retained current law.

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

The incentive program was implemented in stages based on the amount of longevity to allow the Retirement System time to process the applications. The most senior employees had until February 15 and the least senior had until April 15. The Governor's revised budget included savings of \$4.6 million from vacancies, but no comprehensive information was provided on how much savings was assumed to offset added costs. Much of the vacancy savings assumed in FY 2018 did not appear to repeat in FY 2019. Based on updated program participation data, the Assembly assumed additional savings in both FY 2018 and FY 2019. It appears that 364 of employees received the payment. The total impact to the budget is unclear as a high level of the vacated positions appear to have been refilled.

### **Distribution of Positions**

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

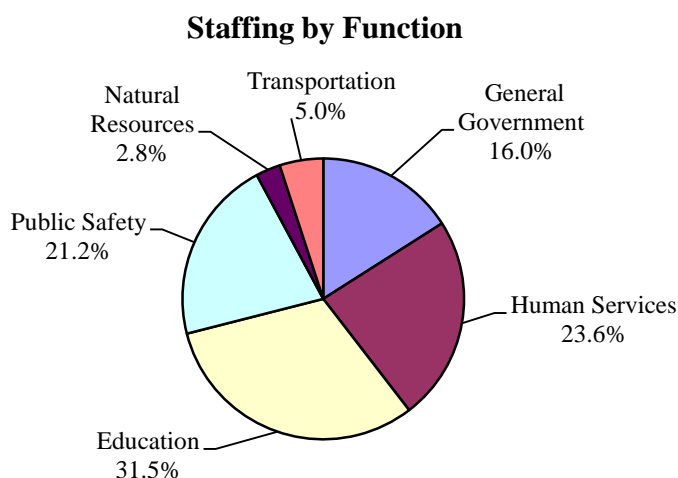
- ***Transfer of State Employees.*** The practice of cost allocation may skew the distribution of positions by function. In this case, cost allocation refers to the practice of charging an agency for a portion of the costs for a position that is working in a different agency. There are also cases in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

The 2017 Assembly adopted legislation in Section 6 of Article 5 of 2017-H 5175, Substitute A, as amended, requiring that the Personnel Administrator or any director of a department to file a written report with the Speaker of the House, the Senate President and the chairpersons of the House and Senate Finance Committees when transferring or extending the duration of a transferred employee. This report must be filed within seven days of making or extending the transfer. Since the adoption of this requirement, three reports identifying a total of three transfers have been received. The 2019 Assembly adopted legislation in Section 11 of Article 4 of 2019-H 5151, Substitute A, as amended, to clarify that reports be made on the transfer of all state employees, including those who are members of labor unions.

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2019 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 55.1 percent of all positions.

<b>Changes to Enacted</b>	<b>Gen. Gov't.</b>	<b>Human Services</b>	<b>Education</b>	<b>Public Safety</b>	<b>Natural Res.</b>	<b>Transp.</b>	<b>Total</b>
<i>FY 2019 Enacted</i>	2,438.9	3,682.6	4,748.2	3,160.0	425.0	755.0	15,209.7
New Positions	16.0	16.0	5.0	52.0	4.0	-	93.0
Transfers	5.0	(5.0)	-	-	-	-	-
Program Reduction	(16.0)	(2.0)	(6.0)	(1.0)	-	-	(25.0)
Unidentified Program Changes	(1.0)	-	-	-	-	-	(1.0)
Vacancy Reduction	(36.0)	(135.0)	(5.0)	(21.0)	(5.0)	-	(202.0)
<i>Total Change to Enacted</i>	<i>(32.0)</i>	<i>(126.0)</i>	<i>(6.0)</i>	<i>30.0</i>	<i>(1.0)</i>	-	<i>(135.0)</i>
<b>FY 2020 Enacted</b>	<b>2,406.9</b>	<b>3,556.6</b>	<b>4,742.2</b>	<b>3,190.0</b>	<b>424.0</b>	<b>755.0</b>	<b>15,074.7</b>

The Assembly included 2,406.9 full-time equivalent positions for general government agencies, 16.0 percent of the distributed positions. This is 32.0 positions less than the authorized level to primarily reflect including 16.0 new positions for implementation of Real ID requirements, medical marijuana, offset by vacancy reductions.



The Budget provides 3,556.6 full-time equivalent positions for human services, or 23.6 percent of all distributed positions. This is 126.0 fewer positions than enacted to primarily reflect eliminated vacancies.

The Budget includes 4,742.2 full-time equivalent positions for education, 31.5 percent of all distributed positions. This is 6.0 fewer positions than the FY 2019 enacted budget.

There are 3,190.0 full-time equivalent positions for public safety agencies, 21.2 percent of all distributed positions. This is 30.0 positions more than the FY 2019 authorized level, including new troopers and correctional officers.

The Budget includes 424.0 full-time equivalent positions for natural resources agencies, 1.0 fewer than enacted.

The Budget includes the authorized level of 755.0 full-time equivalent positions for transportation.

### **Program Changes to FY 2019 Enacted Staffing Levels**

**Administration.** The Governor recommended FY 2019 revised staffing of 657.7 full-time equivalent positions, 2.0 more than enacted. This includes three new positions, a senior buyer in the Division of Purchasing, a programmer to support the E-Procurement initiative and a programming services officer for



human resources services. The latter two positions are supported from internal service charges. The recommendation reflects the elimination of one unidentified position.

The Governor recommended 670.1 positions for FY 2020, 12.4 more than the revised recommendation. This includes 18.0 new positions, 16.0 of which would support centralized services functions and 2.0 positions for a new Litigation Unit. The recommendation includes several transfers: a data analyst from the Division of Municipal Finance, the small business ombudsman position to the Department of Business Regulation and the Water Resources Board to the Public Utilities Commission. It eliminates two positions, a programming service officer, which is vacant, and the cybersecurity officer. The recommendation inadvertently reduced staffing by 0.6 positions; the Governor subsequently requested an amendment to correct this and to transfer 5.0 positions for facilities management from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

The Assembly included the authorized level for FY 2019 and provided staffing of 647.7 full-time equivalent positions for FY 2020, provided that 417.0 of the authorized amount would be for positions that support internal service fund programs. The Assembly concurred with the subsequent amendments. It did not concur with the majority of the new positions, except the programmer for the E-Procurement System. It maintained the Water Resources Board in the Department; however, it eliminated a position that had been vacant for several years. It also eliminated 10.0 other vacancies.

**Business Regulation.** The Governor recommended FY 2019 revised staffing of 162.0 positions, 1.0 more than authorized, including a legal counsel for Medical Marijuana Licensing. Compared to her revised recommendation, she added an additional 25.0 positions for FY 2020 staffing of 187.0. This includes the transfer of the small business ombudsman position from the Office of Regulatory Reform within the Department of Administration, 7.0 positions to oversee the Simplify and Streamline Initiative, and 17.0 positions for the newly proposed Office of Cannabis Regulation.

The Assembly included the enacted level of staffing for FY 2019 and FY 2020 though positions are allocated differently. Of the Governor's recommended positions, the Assembly only concurred with the transfer of the small business ombudsman from the Department of Administration. It also eliminated two unfunded positions from the Office of the Health Insurance Commissioner, adopted a proposal to establish a new State Building Office which includes eliminating two positions, and added 3.0 positions for the medical marijuana program.

**Executive Office of Commerce.** The Governor recommended 18.0 full-time equivalent positions for FY 2020, 2.0 more than authorized to support the Simplify and Streamline Initiative. FY 2019 revised staffing is consistent with the enacted level. The Assembly did not concur with this proposal and provided 14.0 positions for FY 2020, reflecting the elimination of two vacancies.

**Labor and Training.** The Governor recommended the enacted level of 409.7 positions for FY 2019 and 451.7 full-time equivalent positions for FY 2020, or 42.0 positions above the authorized level. This includes 37.0 full-time equivalent positions transferred from the Department of Revenue to align the Employer Tax Division and centralize work related to unemployment insurance, temporary disability and caregiver's insurance, and the Job Development Fund. It also includes 5.0 new full-time equivalent positions to implement the proposed Medicaid Assessment, which will charge for-profit employers of 300 or more individuals an assessment for each employee on Medicaid.

The Assembly authorized 390.7 positions. It did not concur with establishing a Medicaid Assessment or transferring the Employer Tax Division and removed the associated 42.0 positions. The Assembly did not concur with the proposal to convert 6.0 vacancies into separate grant and audit units and removed the associated positions as well. It also eliminated 13.0 other vacancies.

**Revenue.** The Governor recommended staffing of 587.5 full-time equivalent positions for FY 2020, 17.0 less than authorized. This reflects the transfer of 38.0 positions, including 1.0 position to the Department of Administration and 37.0 positions from the Employer Tax Division to the Department of Labor and Training. The recommendation eliminates 4.0 positions in the Division of Municipal Finance, 2.0 of which are unidentified. It also transfers one position to the Department of Administration. The Governor added 10.0 positions in the Division of Motor Vehicles including two for implementation of license plate enforcement and eight for year two of a two-year plan to meet Real ID requirements. She added 1.0 attorney in the Division of Collections and 14.0 positions in the Division of Taxation related to new revenue proposals, including 4.0 positions for adult use of marijuana. The Governor subsequently requested an amendment to restore one position to the Division of Municipal Finance.

The Assembly authorized 602.5 positions, 2.0 fewer than enacted. It concurred with eliminating 3.0 positions from the Division of Municipal Finance, as well as the transfer. It added 8.0 positions for Real ID, 3.0 positions for the remote sellers tax collection expansion and 1.0 position to the Collections unit. It also eliminated 10.0 vacant positions.

**Public Utilities Commission.** The Governor recommended the authorized level of 53.0 positions for FY 2019 and 60.0 positions for FY 2020. This is 7.0 more than enacted, including the transfer of 3.0 positions for the Water Resources Board from the Department of Administration. She also added 1.0 consumer agent, 2.0 engineers, and 1.0 public utilities analyst. The Assembly did not concur and eliminated a current vacant position and authorized 52.0 positions for FY 2020.

**Executive Office of Health and Human Services.** The Governor recommended 195.0 full-time equivalent positions for FY 2019, 3.0 more than enacted for new legal staff, and 479.1 positions for FY 2020. The Governor's budget transfers the Division of Elderly Affairs with its 31.0 positions and 240.1 positions from the Department of Human Services and adds 12.0 new positions for the Office of Veterans' Affairs for total staffing of 252.1 positions. She also included an additional legal position for childcare licensing above the FY 2019 recommendation of 3.0 positions for a total of 4.0 new positions for FY 2020.

The Assembly provided 192.0 positions for FY 2019 and 186.0 positions for FY 2020. It concurred with the Governor's subsequent amendment to keep the Division of Elderly Affairs and Office of Veterans' Affairs in the Department of Human Services. It also included a new legal position for childcare licensing and eliminated seven vacant positions.

**Children, Youth and Families.** The Governor recommended 629.5 full-time equivalent positions for both FY 2019 and FY 2020, 2.0 less than enacted. This includes the elimination of 10.0 positions at the Training School based on population. These are offset by the addition of 8.0 new positions, including 4.0 in central management, 3.0 for behavioral health services, and 1.0 unidentified position. For FY 2020, the Governor's budget transfers the Child Care Facilities Licensing unit to the Department of Human Services but retains authorization for the related 8.0 positions. Current staff doing this work at the Department of Children, Youth and Families would be reassigned within the Department. The Assembly removed the 8.0 positions related to the transfer and concurred with the remainder of the recommendation.

**Health.** The Governor recommended FY 2019 revised staffing of 517.6 full-time equivalent positions, 3.0 more than authorized to conduct inspections of state-licensed facilities. To the revised recommendation, she added an additional 3.0 positions to support adult use marijuana for FY 2020 staffing of 520.6 positions. The Assembly concurred with the revised staffing level and authorized 499.6 full-time equivalent positions for FY 2020, 21.0 positions fewer than recommended, reflecting the elimination of 18.0 vacancies and exclusion of the 3.0 for the adult-use marijuana program.

**Human Services.** The Governor's revised recommendation includes 1,030.1 full-time equivalent positions, 10.0 more than authorized. This reflects the transfer of 2.0 positions to the Department of

Behavioral Healthcare, Developmental Disabilities and Hospitals and 12.0 new positions for the Veterans' Home in Bristol. For FY 2020, she recommended 755.0 full-time equivalent positions, 265.1 less than the authorized level, transferring 240.1 positions from the Office of Veterans' Affairs and 31.0 from the Division of Elderly Affairs to the Executive Office of Health and Human Services, and 2.0 positions to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. She also increased staffing for the Office of Veterans' Affairs by 12.0 in the Executive Office's budget. The Governor's budget transferred the Child Care Facilities Licensing unit to the Department of Human Services and added 8.0 new full-time equivalent positions. Current staff doing this work at the Department of Children, Youth and Families would be reassigned within that Department.

The Governor subsequently requested an amendment to retain the Office of Veterans' Affairs and Division of Elderly Affairs, including staffing authorization, in the Department of Human Services. The Assembly concurred with the subsequent amendment, renamed the programs as the Office of Veterans Services and Office of Healthy Aging, and provided separate staffing authorizations for both programs.

**Behavioral Healthcare, Developmental Disabilities and Hospitals.** The Governor recommended 1,304.4 full-time equivalent positions for FY 2019 and 1,305.4 positions for FY 2020. This includes the transfer of 2.0 quality management positions from the Department of Human Services in both years and a new Substance Use Disorder Program Administrator funded through revenue from the adult use marijuana proposal for FY 2020. The Governor subsequently requested two amendments, transferring 5.0 positions to the Department of Administration.

The Assembly concurred with the subsequent amendment and eliminated 110.0 vacant and unfunded positions. It authorized staffing of 1,189.4 for FY 2020; it did not include the new program administrator since the adult use marijuana proposal was not accepted.

**Elementary and Secondary Education.** The Governor recommended FY 2019 revised staffing of 323.1 full-time equivalent positions, 2.0 more than enacted to support two new federally funded programs, one for adolescent mental health and another to improve school climate. Her FY 2020 recommendation of 328.1 full-time equivalent positions is 5.0 more than the revised budget, including 1.0 school construction position to be funded from the Rhode Island Health and Educational Building Corporation and 4.0 positions to support the Governor's universal prekindergarten initiative funded from general revenues.

The Assembly did not concur and included the enacted level of 321.1 full-time equivalent positions for FY 2019. For FY 2020, it added 4.0 new positions for total authorization of 325.1. This includes 1.0 position for literacy and dyslexia, 1.0 for science, technology, engineering and mathematics curriculum, 1.0 school leadership position, and 1.0 for school improvement.

**Public Higher Education.** The Governor recommended 4,396.3 full-time equivalent positions for FY 2020, 2.0 more than enacted. This includes 3.0 new positions for the Westerly Higher Education Center, including 1.0 administrative professional to assess student academic and career preparedness, 1.0 event coordinator, and 1.0 proposal development lead to assist with grant applications. She also added 1.0 new operations and facilities manager for the Northern Rhode Island Higher Education Center and restored 2.0 of the 4.0 positions recently vacated after the transfer of guaranty agency operations to a successor agency making these positions no longer necessary, which provides 2.0 new positions for the Office.

For many years, the budget has also limited a certain number of higher education positions to those solely funded by third-party sources in response to requests from the higher education institutions to reduce constraints on their pursuit of outside research funding. The Governor recommended creating a separate limit of 445.0 for positions that support auxiliary enterprises at the University of Rhode Island such as dining halls. The recommendation also reduces the number of third-party funded positions to 440.0 from

622.8. This appears to increase unrestricted positions by shifting authorization capacity for future research to unrestricted uses.

The Assembly did not create a separate limit for auxiliary enterprise positions at the University or the 1.0 new position for the Northern Rhode Island Higher Education Center based on a delay in securing a site. It removed authorization for 6.0 positions for the Office of Postsecondary Commissioner based on the Efficiency Commission's proposal to co-locate the Office with the Department of Elementary and Secondary Education. It also reduced the authorization for the Community College by 5.0 positions.

**Office of the Attorney General.** The Governor recommended 239.1 full-time equivalent positions for FY 2020, 2.0 more than authorized. This includes 1.0 new traffic safety resource prosecutor, and 1.0 new intake clerk to assist with intake and screening operations. The Assembly concurred.

**Corrections.** The Governor recommended 1,426.0 full-time equivalent positions for FY 2020, which is 10.0 more correctional officer positions than authorized to allow the Department to hire all 70 of the correctional officer Class 83 graduates. The Assembly concurred and eliminated 15.0 vacant non-correctional officer positions for FY 2020.

**Judiciary.** The Governor recommended the enacted authorization of 723.3 full-time equivalent positions. The Assembly added 3.0 new positions to support the Superior Court Diversion program, including two case managers and one supervisor.

**Military Staff.** The Governor recommended 98.0 full-time equivalent positions for FY 2020, 6.0 more than authorized for National Guard programs. The positions include one environmental protection specialist, one technical assistant, two security managers and two facilities management officers. The Assembly concurred and eliminated 6.0 vacancies, authorizing 92.0 full-time positions for both FY 2019 and FY 2020.

**Public Safety.** The Governor recommended 595.6 positions for FY 2020, which is 31.0 more than enacted. This includes 1.0 grant manager to assist the Division of Central Management and 30.0 new state police troopers which are expected to graduate from the State Police Training Academy on June 28, 2019. The Assembly concurred and eliminated 2.0 positions, a fiscal clerk and a grants manger. It authorized 593.6 positions for FY 2020.

**Public Defender.** The Governor recommended 96.0 positions for FY 2020, which is 1.0 more than enacted, to convert a contracted social worker who assists at juvenile arraignments to a full-time equivalent position. The Assembly concurred.

**Environmental Management.** The Governor recommended the authorized level of 395.0 full-time equivalent positions for FY 2019 and 406.0 full-time equivalent positions for FY 2020, or 11.0 positions more than enacted. This includes 4.0 maintenance staff, 1.0 assistant administrator of financial management, 1.0 senior civil engineer, and 1.0 senior reconciliation clerk in the Bureau of Natural Resources; 1.0 business management officer in the Office of the Director; and 2.0 environmental scientists as well as 1.0 programming services officer in the Bureau of Environmental Protection. The Assembly concurred with the addition of 4.0 positions to the Bureau of Natural Resources and eliminated 5.0 vacancies for a net reduction of 1.0 position from the FY 2019 enacted level.

**Transportation.** For FY 2020, the Governor recommended 785.0 full-time equivalent positions, 30.0 positions more than enacted. These are primarily related to a plan to perform more operations in-house. The recommendation also includes a new community liaison officer, an economic and policy analyst, a project manager, and a managing engineer. The Assembly did not concur and authorized staffing consistent with the FY 2019 enacted level, given the high level of vacancies in the Department.

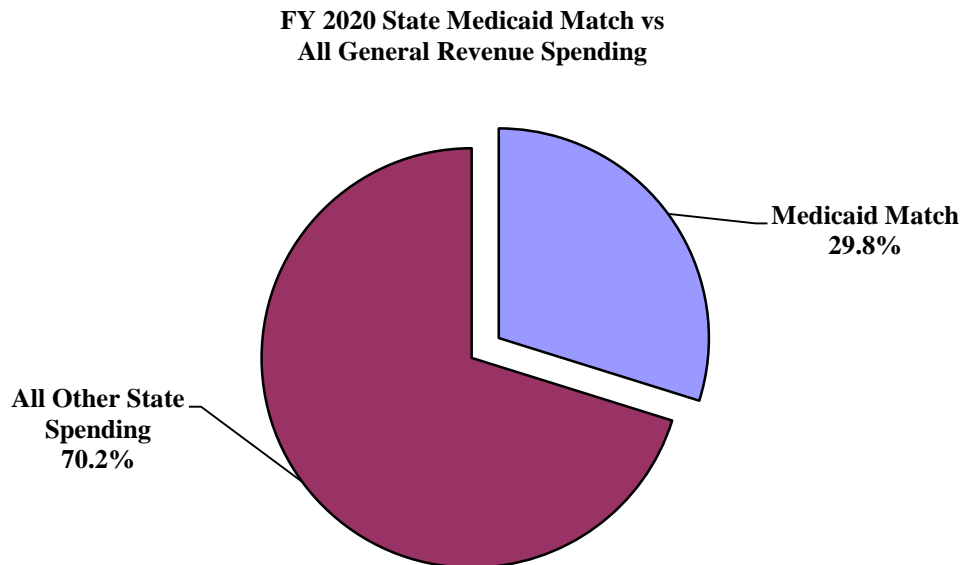
## Medicaid

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

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

FY 2020 Enacted	General Revenues	All Funds	% of Medicaid
EOHHS	\$ 995,098,576	\$ 2,645,117,692	83.8%
BHDDH	188,662,458	415,727,971	13.2%
Children, Youth and Families	21,355,683	44,670,175	1.4%
Human Services	9,962,253	25,693,025	0.8%
Health	1,235,228	25,693,025	0.8%
<b>Total</b>	<b>\$ 1,216,314,198</b>	<b>\$ 3,156,901,888</b>	<b>100%</b>

**Medicaid as a Percent of the State Budget.** Programs supported by Medicaid are 31.7 percent of total spending in the FY 2020 enacted budget and 29.8 percent of spending from general revenues.



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

The 2012 Assembly concurred with the Governor’s FY 2013 budget recommendation to shift Medicaid benefits to the Executive Office of Health and Human Services from the Department of Human Services. The 2014 Assembly transferred Medicaid funded behavioral health services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office. The Executive Office’s budget also includes medical benefit expenses for children and youth in the care of the Department of Children, Youth and Families. The Governor recommended transferring the Division of Elderly Affairs from the Department of Human Services to the Executive Office of Health and Human Services and renaming it the Office of Elder Services; this is contained in several sections of Article 4 of 2019-H 5151. She subsequently requested an amendment to retain the division in the Department of Human Services and change the name to the Office of Healthy Aging; the Assembly concurred.

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

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

The following table shows only the expenditure savings assumed for the Executive Office from Reinventing Medicaid for FY 2018. A majority of the savings, \$71.0 million, is from a reduction to rates paid to hospitals, nursing facilities and the managed care plans.

Proposal	FY 2018 Final		Status*
	Gen. Rev.	All Funds	
Hospital/Nursing Home & Managed Care Payments	\$ (30,943,766)	\$ (70,988,688)	Implemented
Pilot Coordinated Care Program	(3,846,985)	(12,077,294)	Implemented
Community Health Teams	(1,035,000)	(2,083,333)	Implemented
Home Stabilization Initiatives	-	-	Not Implemented
Assisted Living Opportunities	-	-	Not Implemented
Adult Day Services	(593,338)	(1,207,690)	Implemented
Coordinated Care Management for SPMI	(2,563,601)	(6,000,000)	Implemented
Medicaid Eligible Adults to Expansion	(1,500,000)	-	Implemented
Electronic Visit Verification	(256,250)	(512,500)	Implemented
Evaluate Structural Barriers to HCBS	-	-	Not Implemented
Enhanced Residency Verification	-	-	Not Implemented
Automate Patient Share	-	-	Not Implemented
Personal Choice Program Admin	-	-	Not Implemented
Enhanced Medicare Identification	-	-	Not Implemented
Coordinate Coverage with VA for veterans	-	-	Not Implemented
Predictive Modeling	(1,018,440)	(2,505,000)	Implemented
LTC - Align Activities of Daily Living	-	-	Not Implemented
Best price drugs	(1,759,500)	(3,519,000)	Implemented
Redesign CEDARR Services	(2,098,700)	(4,224,436)	Implemented
Move CSHCN Services in-plan	(1,581,792)	(3,219,606)	Implemented
Align Commercial Insurance Mandates	-	-	Not Implemented
Redesign Connect Care Choice Program	-	-	Not Implemented
<b>Total</b>	<b>\$ (47,197,372)</b>	<b>\$ (106,337,547)</b>	

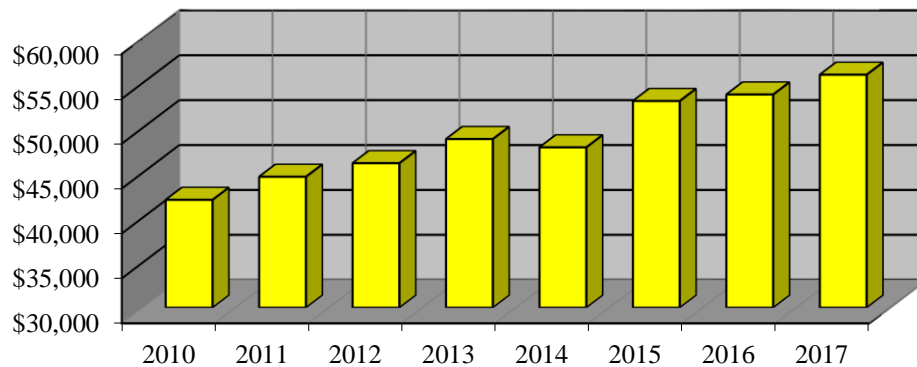
\*As of the May 2018 Caseload Estimating Conference

There were over 40 initiatives and the table above aggregates some of the program efficiencies, such as moving CEDARR services into the managed care plans and coordinated coverage for those with other third-party coverage. The proposals identified as not implemented are as of the FY 2018 final budget. Some proposals, such as new efforts to automate patient share and housing stabilization services are part of the new waiver submission. Any savings from those would have occurred in FY 2019 and the out-years. The two initiatives were included in the Medicaid waiver extension submitted in March 2018 but were not part of the December 2018 approval. The Executive Office indicated that it is still requesting approval for the state to automate collection of patient share.

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

By law, the Medicaid rate cannot be lower than 50 percent or higher than 83 percent. The federal contribution to any state’s administrative costs for Medicaid services is set at 50 percent. The following chart shows the state’s per capita income for the previous eight calendar years. The FY 2020 rate is based on 2015 through 2017 data. The per capita income data is released by the federal Bureau of Economic Analysis and is used by the federal government to calculate each state’s Medicaid reimbursement rate.

**State of Rhode Island Per Capita Personal Income**



The following table includes the Rhode Island Medicaid rates used from FY 2015 through the projected FY 2020 rate. Enhanced rates were authorized as fiscal relief to states affecting FY 2008 through FY 2011. Since the Medicaid rate is published for the federal fiscal year that starts on October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island’s FY 2019 projected rate is based on one quarter of the federal fiscal year 2018 rate and three quarters of the federal fiscal year 2019 rate resulting in the different rate for budgetary purposes.

<b>Medicaid Rates</b>	<b>FFY</b>	<b>SFY</b>
2020	52.95%	52.86%
2019	52.57%	52.29%
2018	51.45%	51.34%
2017	51.02%	50.87%
2016	50.42%	50.32%
2015	50.00%	50.03%

**Medicaid - CHIP Enhanced Rate.** The federal medical assistance percentage rate not only determines the state and federal share of Medicaid, the state’s largest health and human services program, but also applies to adoption assistance, foster care, and child care. The Medicaid rate is the basis for calculating the enhanced federal medical assistance percentage rate, the federal matching rate for the Children’s Health Insurance Program (CHIP). The enhanced Medicaid rate reduces the state share by 30 percent. For example, if a state’s Medicaid rate is 52 percent, its state share is 48 percent. That gets lowered to 33.6 percent under the enhanced rate of 66.7 percent. A state’s Medicaid rate may increase or decrease depending on the adjustment to a state’s per capita income, as does the enhanced Medicaid rate.

The Affordable Care Act increased the already enhanced rate by another 23 percentage points. On January 22, 2018, the Program was extended for ten years, expiring on October 1, 2026. The 23 point rate increase will be provided until FFY 2020 when it will be lowered to 11.5 extra points. The regular enhanced rate would return starting in FFY 2021. The FFY 2020 rate is 78.57 percent and staff has estimated that the rate for FFY 2021 and FFY 2022 will be 67.07 percent, based on the current state enhanced Medicaid rate for FFY 2020.

CHIP Rates	FFY	SFY
2022	67.07%	67.07%
2021	67.07%	69.95%
2020	78.57%	81.14%
2019	89.80%	89.61%
2018	89.02%	88.95%
2017	88.71%	88.61%
2016	88.29%	82.47%
2015	65.00%	65.04%

**The Patient Protection and Affordable Care Act of 2010.** On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act of 2010, commonly referred to as the Affordable Care Act, which provides for national health care reform. The following week, he signed a package of amendments to the Act, called the Health Care and Education Reconciliation Act of 2010, though when referring to health care reform legislation, the Affordable Care Act is the referenced Act, and the amendments are considered included.

The Act required most citizens and legal residents to have health insurance by January 1, 2014, or pay a tax penalty, and expanded Medicaid coverage to individuals and families up to 138 percent of the federal poverty level; the threshold is 133 percent, but the Act includes a 5 percent disregard, essentially making the Medicaid eligibility threshold 138 percent. The Tax Cuts and Jobs Act of 2018 repealed the individual mandate to purchase health insurance, but did not make any changes to the expansion program.

The Affordable Care Act also provides for premium credits and cost-sharing subsidies for individuals and families between 139 percent and 400 percent of poverty; this also remains unchanged in the Tax Cuts and Jobs Act. The Act requires most employers to offer medical coverage, includes small business tax credits for employers with no more than 25 employees and provides for a temporary reinsurance program for employers providing health insurance coverage to individuals over 55 years of age but who are not eligible for Medicare. This provision was not changed.

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



age 19, or until age 25 if a student. If the dependent child is mentally or physically impaired, the plan must continue coverage after the specified age. This provision remains in current law.

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

Between 2014 and 2016, the federal government paid 100 percent of the cost of covering newly-eligible individuals. On January 1, 2017, the Medicaid rate decreased to 95 percent. The rate is 94 percent for calendar year 2018; it drops to 93 percent in 2019 and 90 percent on January 1, 2020 for all subsequent years, requiring a 10 percent state match.

States are required to maintain the same income eligibility levels through December 31, 2013 for all adults, and this requirement is extended through September 30, 2019, or FY 2020, for children currently on Medicaid. This requirement has been extended until September 30, 2023 with the recent passage of the Healthy Kids Act that extended the Children’s Health Insurance Program. For Rhode Island, this requirement applies to RItE Care eligibility for parents who are at or below 175 percent of poverty and children who are at or below 250 percent. The 2013 Assembly lowered the parent’s threshold to 133 percent of poverty and included funding to assist in the transition to coverage through the health benefits exchange. The eligibility threshold for the parent was increased to 138 percent to match the threshold for the expansion program which is 133 percent of poverty after disregarding five percent of the annual income.

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

As noted, the federal government paid 100 percent of the cost for states to provide benefits to adults age 19 to 64, without dependent children, with incomes at or below 138 percent of poverty from January 1, 2014 until January 1, 2017, or FY 2018, with the rate incrementally decreasing to 90 percent by January 2020 requiring a 10 percent state match. Final FY 2017 expenses were \$453.9 million from all sources, including \$25.4 million from the state match. For FY 2018, those expenses were \$453.9 million, of which \$25.4 million is from general revenues and the FY 2019 final budget includes \$478.7 million, of which \$31.2 million is from general revenues. The FY 2020 enacted budget includes \$483.1 million, including \$442.1 million from federal funds and \$41.1 million from general revenues and the program’s out-year estimates, including the state match, are shown in the following table.

<b>Medicaid Expansion</b>		
<b>FY</b>	<b>General Revenues</b>	<b>All Funds</b>
2020	\$ 41.1	\$ 483.1
2021	\$ 49.5	\$ 494.7
2022	\$ 50.7	\$ 506.6
2023	\$ 51.8	\$ 518.2
2024	\$ 53.1	\$ 531.2

*\$ in millions*

**HealthSource RI.** In September 2011, Governor Chafee issued an executive order to establish the Rhode Island Health Benefits Exchange, renamed HealthSource RI, the marketplace for purchasing health insurance, known as the Exchange. The 2015 Assembly enacted Article 18 of 2015-H 5900, Substitute A, as amended, to establish the health benefits exchange into general law as a division within the Department

of Administration. It authorizes HealthSource RI to operate a state-based exchange to meet the minimum requirements of the federal act. It authorizes an assessment be charged by the Department, which cannot be more than the revenues that would be raised through the federally facilitated marketplace upon those insurers offering products on the exchange. The assessment is estimated to generate \$6.8 million budgeted for FY 2019 and \$6.9 million for FY 2020. The budget also includes \$2.8 million from general revenues to be used in conjunction with the revenues from the assessment for the operations of HealthSource RI for FY 2019 and \$1.6 million for FY 2020.

The 2019 Assembly also included Article 11 of 2019-H 5151, Substitute A, as amended, to address federal changes decreasing the assessment from 3.5 percent to 3.0 percent. The article decouples the state's premium assessment from the rate charged for federally facilitated marketplaces. It establishes a fee of 3.5 percent in statute, effective January 1, 2020.

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

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

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

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

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

**Reinsurance Program.** The Assembly concurred with the Governor's proposal to establish a Reinsurance Program, which is envisioned to provide stability in the individual insurance market and included Article 11 of 2019-H 5151, Substitute A, as amended, to accomplish this. It imposes a shared responsibility payment penalty for individuals who do not have health insurance coverage, with certain exemptions and is effective on January 1, 2020. For federal tax year 2017, the penalty per household was \$695 per adult and \$347.50 per child under 18 or 2.5 percent of the household's income; however, the penalty was capped at the national average premium for bronze level plans. Article 11 mirrors the federal penalty, with the exception of capping the penalty at the statewide average premium for bronze level plans offered on the state's health benefits exchange. This currently equates to \$2,388. The collections from tax year 2017 were approximately \$11.0 million. The penalty will be collected by the tax administrator and will be deposited into a restricted account titled the Health Insurance Market Integrity Fund. The funds will be

used to provide reinsurance or payments to health insurance carriers, as a means of ensuring that premiums do not increase drastically, and for administrative costs. Remaining funds from the penalty can be used for preventative health care programs in consultation with the Executive Office of Health and Human Services. The legislation prohibits the use of general revenues for reinsurance payments.

**Employer Public Assistance Assessment.** The Governor proposed to implement an employer public assistance assessment that was included in Section 4 of Article 16 of 2019-H 5151. This would have required an employer with 300 or more employees to pay a quarterly assessment for each employee, who during that quarter, is a Medicaid recipient. The assessment was based on 10 percent of the employee wages not to exceed \$1,500 annually. If an employee is a disabled adult, the employer would not be charged an assessment. The Departments of Administration, Revenue, Human Services, Labor and Training and the Executive Office of Health and Human Services would collect and share the necessary data which would not be a public record. The Governor's FY 2020 budget assumed \$15.6 million in revenue for the assessment and \$1.1 million for administrative expenses in the Department of Labor and Training.

The Assembly did not implement this program and instead added Section 7 of Article 13 of 2019-H 5151, Substitute A, as amended, that includes a plan to be submitted by October 1 by the Executive Office of Health and Human Services to identify Medicaid eligible individuals who have access to employer sponsored health insurance. The Executive Office will then be able to determine if the commercial coverage is creditable and if individuals eligible for the RItE Care program, with access to full Medicaid benefits, can be enrolled in the employer sponsored plan while still having access to Medicaid wrap around services.

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

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

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

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

Executive Office spent \$7.0 million in FY 2017 in the Medical Assistance program for incentive payments to nursing facilities.

The second phase is to expand opportunities through the Accountable Entities and the FY 2018 final budget includes \$9.3 million for the administrative expenses. The Executive Office entered into the following financial arrangements: \$2.0 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, \$1.3 million for contracted evaluation and other oversight services through Conduent, and \$0.8 million for contracted staffing for project management, financial operations, analysis, evaluation and federal compliance.

The Assembly concurred with the Governor's proposal to establish a restricted receipt in the general fund so that healthcare workforce development activities at the state's public institutions of higher education can receive the federal match that is available to the state's Medicaid program through its Executive Office of Health and Human Services' Designated State Health Program. The match of \$23.5 million is included in the FY 2019 final and FY 2020 enacted budgets for the three institutions and is appropriated as federal funds. This change is contained in Section 10 of Article 2 of 2019-H 5151, Substitute A, as amended.

Unified Health Infrastructure Project. The state received approval from the Centers for Medicare and Medicaid Services in April 2015 to implement a nine-year, \$230.8 million project that includes \$162.6 million from federal funds including Medicaid, matched by \$50.6 million from general revenues. The project is a joint venture among the Executive Office of Health and Human Services, Department of Human Services, and HealthSource RI. The project replaces the state's existing eligibility system and will eventually determine eligibility for all health and human services programs, including new health care reform subsidies, through a single application.

The state submitted a new plan in July 2015 that increased project costs to \$363.7 million, including \$79.0 million for the state match. This is \$154.2 million more than the October 2014 plan and increased state funding by \$27.2 million. The updated plan called for a one-year delay to July 12, 2016 and a fully integrated system, RI Bridges, instead of two separate systems for its human services eligibility, application and worker accessibility activities in the affected agencies. Following adoption of the budget, the Executive Office indicated that the start date for Phase II would be delayed two months until September 13, 2016 so the state could comply with federal testing requirements for the new system.

In May 2016, the Department received a memo from the United States Department of Agriculture's Food and Nutrition Service indicating its decision not to allow implementation as planned and required a full three-month pilot in a live environment be followed by a phased statewide implementation. The Department offered an alternative pilot proposal, which was accepted. On September 2, 2016, the state received notification from the Food and Nutrition Services that it was unable to agree with the state's decision to proceed with the September 13 start date. In November 2016 the state submitted its corrective action plan to address issues raised by the federal authority.

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

The state submitted an update on its corrective action plan in December 2017 of progress being made regarding the functionality of the new system. However, as of January 1, 2018, the Unified Health Infrastructure Project continued to function with multiple operational problems and the state received notification from the Food and Nutrition Service of its concern with system functionality. The state

submitted a corrective action plan addressing issues identified by the federal authority and provided an update on May 15, 2018 on the progress the state is making towards having a fully functioning system.

The state was approved for a project plan that totals \$444.5 million through federal fiscal year 2019. This includes \$355.2 million from federal funds and \$89.3 million from general revenues. Design, development and implementation costs total \$298.5 million and \$146.0 million is for maintenance and operations. The planning document indicated that the backlogs would be cleared by March 30, 2018 and the system would be fully compliant by September 28, 2018. The state submitted an updated plan on April 30, 2018 that increased projected expenses to \$491.7 million, including \$108.2 million from general revenues.

The state received approval 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 filed in July 2018 does not contain the same information as to when the system will be fully compliant. To receive federal approval for matching funds, the state is required to submit its project plan quarterly.

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 state submitted the plan for the fourth quarter of federal fiscal year 2019 that lowers projected spending to \$566.9 million, including \$440.4 million from federal funds and \$126.5 million from general revenues. 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. This is in addition to the \$87.0 million in prior credits and no-charge services and another \$75.0 million for future credits and discounts.

Expenses for the Unified Health Infrastructure Project appear in the Executive Office of Health and Human Services’ budget, the Department of Human Services and HealthSource RI. The FY 2019 final budget includes \$95.5 million from all sources, including \$12.9 million from general revenues, \$74.6 million from federal funds and \$4.7 million from other sources. The FY 2020 enacted budget includes \$109.3 million, including \$74.6 million from federal funds, \$33.2 million from Deloitte Settlement funds that offset general revenue expenses and \$2.0 million from assessment funds through Health Source RI. For the FY 2016 through FY 2018 timeframe, project expenses totaled \$194.5 million in the budgets of the Executive Office of Health and Human Services and the Department of Human Services. This included \$161.7 million from federal funds, \$28.5 million from general revenues and \$4.3 million from Information Technology Investment funds.

The 2017 Assembly added 143 new positions to support the project which is consistent with the Governor’s amendment to address staffing needs through the “Get Well Plan” which was released in the spring of 2017. The following table shows the progression of hiring for the Department of Human Services from FY 2016 through FY 2019. The Department currently has 50 more employees than it did for FY 2017 doing this work.

<b>Department of Human Services Field Staff Positions</b>					
<b>Program</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Change FY 2019 to FY 2017</b>
Administrative	4	1	6	6	5
Eligibility Technician	191	167	243	260	93
Social Case Worker	116	103	83	69	(34)
Customer Service Aide	-	-	27	50	50
Employment & Career Advisor	-	16	24	23	7
Temporary	36	49	42	13	(36)
Clerk	19	18	3	7	(11)
Other Staff	47	44	44	20	(24)
<b>Total</b>	<b>413</b>	<b>398</b>	<b>472</b>	<b>448</b>	<b>50</b>

**Rhode Island Consumer Choice Global Compact Waiver.** The Rhode Island Consumer Choice Global Compact Waiver, or Medicaid Global Waiver, was approved by the Centers for Medicare and Medicaid Services on January 16, 2009. The Global Waiver establishes a new federal-state agreement that provides Rhode Island with the flexibility to provide services in the least restrictive, most cost effective way to meet the needs of its citizens. It was in effect until December 31, 2013, at which time the state applied for and received an extension until December 31, 2018, renaming it the 1115 Research and Demonstration Waiver. The state recently received approval to extend the waiver until December 31, 2023.

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

As part of the Medicaid resolution language included in Article 13 of 2018-H 7200, Substitute A, as amended, the state has legislative approval to seek extension of the waiver. The state received that approval and the waiver was extended until December 31, 2023. The following table summarizes some of the new benefits that were included in the extension.

<b>Proposals Approved and Considered as Part of the Governor's Recommendations</b>	
<i>Program</i>	<i>Explanation</i>
BH Link	<ul style="list-style-type: none"> <li>• Behavioral Health Link (BH Link) triage center to support crisis stabilization and short-term treatment for individuals experiencing a behavioral health or substance use crisis</li> <li>• Number of providers allowed to provide this service is limited to one</li> </ul>
Adults with Developmental Disabilities - Level of Care Criteria	<ul style="list-style-type: none"> <li>• Strengthening eligibility criteria for group home services for the developmentally disabled (DD) population receiving HCBS; designed to ensure that the services provided are in the most integrated, least restrictive setting, that the services are appropriate for the needs of the population, and to reduce an over reliance on the most restrictive and highest cost community living option</li> <li>• Criteria will not be applied to those individuals that are already residing in a group home</li> </ul>
DSHP Claiming & Expenditure Authority for 5 Years	<ul style="list-style-type: none"> <li>• Extension of the Designated State Health Program (DSHP) authority through December 31, 2020, allowing continued work on Accountable Entities and Healthcare Workforce Development activities through 2022</li> </ul>

The next table shows proposals that have been approved but not included in the FY 2019 final or FY 2020 enacted budgets that impact youth and families.

<b>Proposals Approved and Not Funded as Part of the Governor's Recommendations</b>	
<i>Programs for Youth and Families</i>	<i>Explanation</i>
Facilitating Medicaid Eligibility for Children with Special Needs	<ul style="list-style-type: none"> <li>• Eligibility category established for children who meet the SSI disability criteria, but whose household income &amp; assets exceed the SSI resource limits, and who need care in a psychiatric residential treatment facility</li> <li>• Allows children who meet the SSI disability criteria and require care in a residential treatment facility to become Medicaid eligible and receive residential care without parents needing to voluntarily relinquish custody to the Department of Children, Youth and Families</li> </ul>
Covering Family Home Visiting Programs	<ul style="list-style-type: none"> <li>• Able to receive federal matching funds for evidence-based home visiting services for Medicaid-eligible pregnant women and children up to age four who are at-risk for adverse health, behavioral, and educational outcomes</li> <li>• Aimed at improving maternal and child health outcomes, encouraging positive parenting, and promoting child development and school readiness</li> </ul>
Enhancing Peer Support Services for Parents & Youth	<ul style="list-style-type: none"> <li>• Able to receive federal matching funds for peer mentoring services to children, youth, and young adults, and their families, who have complex behavioral health needs and are at risk of removal from the home due to child welfare or juvenile justice involvement, or who may need extended residential psychiatric treatment</li> </ul>

The next table shows proposals that have been approved but not included in the FY 2019 final or FY 2020 enacted budgets that impact adults.

<b>Proposals Approved and Not Funded as Part of the Governor's Recommendations</b>	
<i>Programs for Adults</i>	<i>Explanation</i>
Piloting Dental Case Management	<ul style="list-style-type: none"> <li>• Pilot four new dental case management payments in select group of six trained dental practices</li> </ul>
Supporting Home- and Community-Based Therapeutic Services for the Adult Population	<ul style="list-style-type: none"> <li>• Expansion of current in-home/community-based skill building and therapeutic/clinical services offered to children to adults</li> <li>• Services may include but are not limited to: home-based specialized treatment; home-based treatment support; individual-specific orientation; transitional service; lead therapy; life skill building; specialized treatment consultation by a behavioral health clinician; and treatment coordination</li> </ul>
Access to Care for Homebound Individuals	<ul style="list-style-type: none"> <li>• Cover home-based primary care services only for Medicaid-eligible individuals who are homebound, have functional limitations that make it difficult to access primary care, or for whom routine office-based primary care is not effective because of complex medical, social, and/or behavioral health conditions</li> </ul>
Waive the Institutions of Mental Disease (IMD) Exclusion	<ul style="list-style-type: none"> <li>• Waiver of the IMD exclusion to allow Medicaid coverage for residential treatment services in a facility with 16 or more beds for individuals who have substance use disorders</li> <li>• <b>CMS has approved a waiver of the IMD exclusion for substance abuse disorder only, not mental health</b></li> </ul>

One aspect that did change was the process that the state has to adhere to in order to amend the waiver. Previously, the process was dictated by the nature of the change and identified as either a Category I, II or III change. The following table shows each separate category, gives brief explanations and examples, and identifies whether or not Assembly approval is required.

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

As part of the waiver extension, the Centers for Medicare and Medicaid Services notified the state that the process to approve requested waiver changes would be streamlined and the separate categories eliminated. There would now be one process to make formal amendment changes that were previously considered Category III. The Assembly included Section 9 of Article 13 of 2019-H 5151, Substitute A, as amended, that retains Assembly approval for previous Category II and III changes which will now be identified as formal amendment and state plan changes.

**Medicaid Expenses - State/National Comparison.** The Medicaid report has compared national and state 2013 Medicaid spending using the Medicaid and Children's Health Insurance Program Payment and Access Commission (MACPAC) MACStats Data Book (December 2015). The updated MACStats Data Book (December 2016 and 2017) includes national and state 2013 spending; however, certain information for Rhode Island is not listed because as footnoted: *State was excluded due to data reliability concerns regarding completeness of monthly claims and enrollment data.* The information has not been updated for 2013 data and as such is being excluded from this year's edition of the report. Prior House Fiscal Advisory Staff analyses show the older data.



## Poverty Guidelines

The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office. The 2019 guidelines are shown in the following table.

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	3,170	4,216	4,375	4,755	5,706	5,865	7,133	7,925
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.*

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

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

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

## Medicaid Recipients

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Medicaid - Benefits**

States must provide mandatory benefits to certain populations. States can also choose to cover additional

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

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

<b>Populations</b>	<b>Persons</b>	<b>% of Population</b>	<b>Costs</b>	<b>% of Cost</b>	<b>Annual Cost/Person</b>
Children/Parents	153,342	54.4%	\$ 537.0	25.9%	\$ 3,504
Expansion	64,989	23.1%	402.0	19.4%	\$ 6,186
Elderly	19,198	6.8%	559.0	27.0%	\$ 29,124
Disabled - Children	12,025	4.3%	170.0	8.2%	\$ 14,052
Disabled - Adults	32,080	11.4%	402.0	19.4%	\$ 23,496
<b>Total</b>	<b>281,634</b>	<b>100%</b>	<b>\$ 2,070.0</b>	<b>100.0%</b>	

*\$ in millions*

The report typically included a breakdown of cost by mandatory and optional populations and mandatory and optional services. However, this has been excluded from the report since FY 2014. It was included in the report for FY 2013 spending, which is shown in the next table. The state spent \$1,785.0 million from federal and state funds on Medicaid services in FY 2013. Of this total, \$615.0 million, or 34.0 percent, was spent on mandatory services for mandatory populations.

<b>FY 2013 Medicaid</b>		<b>Gen. Rev.</b>	<b>All Funds</b>
<b>Mandatory Populations</b>	Mandatory Services	\$ 298.4	\$ 615.0
	Optional Services	134.9	278.0
	<i>Subtotal - Mandatory Populations</i>	<i>\$ 433.3</i>	<i>\$ 893.0</i>
<b>Optional Populations</b>	Mandatory Services	\$ 311.0	\$ 641.0
	Optional Services	121.8	251.0
	<i>Subtotal - Optional Populations</i>	<i>\$ 432.8</i>	<i>\$ 892.0</i>
<b>Total Expenses</b>		<b>\$ 866.1</b>	<b>\$ 1,785.0</b>

*\$ in millions*

The requirements to submit the annual report are contained in Rhode Island General Laws, Section 42-7.5 (4) and include reporting on: expenditures, outcomes and utilization rates by population and sub-population served (e.g. families with children, persons with disabilities, children in foster care, children receiving adoption assistance, adults ages 19 to 64, and elders); expenditures, outcomes and utilization rates by each state department or other municipal or public entity receiving federal reimbursement under Medicaid; and expenditures, outcomes and utilization rates by type of service and/or service provider.

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

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

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

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

### **Medicaid Programs**

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

#### **Medical Benefits**

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

The federal government allows states to provide medical benefits to individuals beyond the populations it mandates and that coverage is provided through Medicaid waivers. Rhode Island chooses to provide benefits to children whose family income is at or below 250 percent of poverty (for example, a family of

four with an income that does not exceed \$60,625) and to parents if the family income is at or below 133 percent of poverty (for that same family of four, an income that is not above \$31,322). If a family’s income is at or below 200 percent of poverty, the child (or children) would receive RItE Care benefits, but the parent (or parents) would not because the annual income is too high. The Centers for Medicare and Medicaid Services issued a ruling that requires states to use the new methodology mandated under the Affordable Care Act for verifying income that uses a family’s modified adjusted gross income (MAGI) instead of family income with certain disregards.

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

RItE Share recipients are eligible for RItE Care but have access to employer sponsored insurance for which the state pays monthly cost sharing requirements and deductibles. The 2019 Assembly added Section 7 of Article 13 of 2019-H 5151, Substitute A, as amended, that requires a plan be submitted by October 1, by the Executive Office of Health and Human Services to identify Medicaid eligible individuals who have access to employer sponsored health insurance. Beginning January 1, 2020, the information is to be included in the Medicaid monthly report. The objective is to increase enrollment in the lower cost benefit that enrolls Medicaid beneficiaries in employer sponsored insurance to levels that existed prior to the launch of the Unified Health Infrastructure Project which totaled approximately 7,000. The May 2019 caseload testimony reported enrollment of less than 3,000.

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

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

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

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

**Foster Care.** The state provides RItE Care benefits to a child in a foster care placement. The state does not provide benefits to the biological parent or the foster parent. The child is also covered by Medicaid if determined to be eligible for disability through the Supplemental Security Income program.

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

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

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

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

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

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

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

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

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

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

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

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

### **Residential Services and Other Programs**

**Mental Health Treatment Services.** The state provides mental health treatment services through the Medicaid waiver. For Medicaid funded services, managed care organizations must adhere to the

requirement of the Mental Health Parity and Addiction Equity Act of 2008 which was later amended by the Affordable Care Act.

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

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

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

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

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

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

*Financial* eligibility requires a person to be income eligible for services. In most cases, the only source of income for individuals with developmental disabilities is a \$774.92 monthly Supplemental Security Income check, which places them below the 135 percent of the federal poverty level required for the program.

Medicaid funded services, provided through the waiver, for this eligible population include residential care, day programming and supportive services. The Assembly passed Section 7 of 2018-H 7200, Substitute A, as amended, to update the Medicaid waiver to reflect what is in its current practice for services to developmentally disabled adults. The state is in the process of finalizing this portion of the waiver but anticipates federal approval. The following table shows the tiers and description of options and supports.

DD/ID Needs-Based Service Tier Classifications and Options		
Tier	Service Options	Available Supports
<b>Tier D and E (Highest):</b> <i>Extraordinary Needs</i>	<ul style="list-style-type: none"> <li>• Living with family/caregiver</li> <li>• Independent Living</li> <li>• Shared Living</li> <li>• Community Support Residence</li> <li>• Group Home/Specialized Group Home</li> </ul>	<ul style="list-style-type: none"> <li>• Community Residential Support or access to overnight support services</li> <li>• Integrated Employment Supports</li> <li>• Integrated Community and/or Day supports</li> <li>• Transportation</li> </ul>
<b>Tier C (Highest):</b> <i>Significant Needs</i>	<ul style="list-style-type: none"> <li>• Living with family/caregiver</li> <li>• Independent Living</li> <li>• Shared Living</li> <li>• Community Support Residence</li> <li>• Group Home</li> </ul>	<ul style="list-style-type: none"> <li>• Community Residential Support or access to overnight support services</li> <li>• Integrated Employment Supports</li> <li>• Integrated Community and/or Day supports</li> <li>• Transportation</li> </ul>
<b>Tier B (High):</b> <i>Moderate Needs</i> <b>Tier A (High):</b> <i>Mild Needs</i>	<ul style="list-style-type: none"> <li>• Living with Family/Caregiver</li> <li>• Independent Living</li> <li>• Community Support Residence</li> <li>• **Shared Living</li> <li>• *Group Home</li> </ul>	<ul style="list-style-type: none"> <li>• Access to overnight support services</li> <li>• Integrated Employment supports</li> <li>• Integrated Community and/or Day supports</li> <li>• Transportation</li> </ul>

*\*Tier A or B individuals will have access to residential services in a group home if they meet at least one defined exception*

*\*\*Tier A will have access to shared living services if meet at least one defined exception*

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

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

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

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

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

### **Executive Office of Health and Human Services**

The Executive Office of Health and Human Services is the umbrella agency for the four health and human service departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget as Enacted FY 2020*. The following table shows the services provided by population and the department that is responsible for the expenses.



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

### **Department of Justice Consent Decree**

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

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

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

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

The state also had to create an employment first task force no later than May 1, 2014 that includes but is not limited to: the Community Provider Network of Rhode Island, the Paul V. Sherlock Center on Disabilities at Rhode Island College, the Rhode Island Disability Law Center, the Rhode Island

Developmental Disabilities Council, the Rhode Island Parent Information Network, individuals with intellectual and developmental disabilities and parent and family representatives.

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

The 2016 Assembly expanded the information contained in the current monthly report being submitted by the Department to include any reports that have been submitted to the federal court related to the consent decree along with the number of unduplicated individuals employed, the place of employment and the number of hours working. The Department must also report transitions to and from 24-hour residential placements, collection of patient liability, approvals and funding for services above the resource allocation levels.

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

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

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

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

The report also requires that provider annual cost reports be submitted by the Department to the House and Senate fiscal advisors and the State Budget Officer by November 1 of each year. Some information was provided during FY 2019 but did not meet expectations and has not been filed again.

# Mergers and Consolidations

## Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2019 budget adopted by the 2018 General Assembly contained 38 state agencies and departments. The Governor's FY 2020 recommendation of 38 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2018 Assembly. The FY 2020 Budget adopted by the 2019 General Assembly maintains 38 agencies, and the Assembly's actions on the Governor's proposals are noted below and followed by 10 years of historical information on such proposals. Prior publications have included information back to 1991 and that can still be accessed in online publications.

## FY 2020

**Employer Tax Division.** The Governor recommended transferring the responsibilities of the collection of taxes for temporary disability insurance, employment security, and the job development fund from the Department of Revenue to the Department of Labor and Training. This includes the 37.0 full-time equivalent positions associated with these employer tax collection duties from the Department of Revenue to the Department of Labor and Training. The Assembly did not concur with this proposal.

**Office of Veterans' Affairs.** The Governor proposed to transfer the Office of Veterans' Affairs and its staff from the Department of Human Services to the Executive Office of Health and Human Services. This includes 252.1 positions. She requested an amendment to rescind her recommendation and rename it the Office of Veterans Services. The Assembly concurred and included a separate staffing authorization.

**Division of Elderly Affairs.** The Governor proposed to transfer the Division of Elderly Affairs and its staffing level of 31.0 positions to the Executive Office of Health and Human Services creating an Office of Elder Affairs. She subsequently requested an amendment to rescind the proposal and rename it the Office of Healthy Aging. The Assembly concurred and included a separate staffing authorization.

**Water Resources Board.** The Governor proposed to transfer the Water Resources Board and its staff to the Public Utilities Commission. Operating costs for the Water Resources Board would be charged to regulated utilities. The legislation designates the Department of Administration as the agency that will be responsible for the Big River Management area, which must be maintained for future development of groundwater wells. Prior to 2011, the Water Resources Board was a stand-alone agency. The 2011 Assembly adopted legislation merging the Board into the Division of Planning to more closely align the water planning aspects of the Board with the statewide planning process. The Assembly did not concur and maintained the Water Resources Board in the Department of Administration.

**Child Care Facilities Licensing.** The Governor's budget transferred the Child Care Facilities Licensing unit to the Department of Human Services. It added 8.0 new full-time equivalent positions for the Department of Human Services and 1.0 new legal position for the Executive Office of Health and Human Services. Current staff doing this work at the Department of Children, Youth and Families would be reassigned within the Department. The Department of Human Services would now be responsible for licensing; the shift would centralize transactions with child care providers. The Assembly concurred but reduced staffing authorization for the Department of Children, Youth and Families by 8.0.

**Office of Grants Management.** The Governor proposed to transfer functions of federal grants management from the Office of Management and Budget to Accounts and Control. The 2012 Assembly adopted Governor Chafee's recommendation to establish the Office of Management and Budget within the

Department of Administration to serve as the principal agency of the executive branch for managing budgetary functions, performance management, and federal grants management. The Assembly concurred.

**Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.** The Governor's FY 2020 through FY 2024 capital plan shifts funding and project oversight for capital projects related to the Eleanor Slater hospital system at both the Cranston and Burrillville campuses, and Barry and Simpson administrative halls to the Department of Administration's Division of Capital Asset Management and Maintenance. In addition, she transferred those functions for community facilities for those with developmental disabilities and behavioral health issues as well. She requested an amendment to transfer the substance abuse asset protection project to the Department of Administration. The Assembly concurred.

**Small Business Ombudsman.** The Governor proposed to transfer the staffing authorization for the Small Business Ombudsman from the Office of Regulatory Reform within the Department of Administration to the Department of Business Regulation in accordance with a proposed streamline and simplify initiative. It should be noted that the enacted budget assumes a cost allocation for the position paid from the Commerce Corporation's resources; the recommendation does not alter that assumption. The Governor proposed a substantially similar initiative in FY 2018; the Assembly did not concur. The Assembly did not concur with the streamline and simplify initiative; however, it did transfer the position, and shifted the funding for the position from the Commerce Corporation to the Department of Business Regulation.

**State Building Office.** The Governor's recommended budget includes a proposal for an efficiency commission tasked with identifying \$10.0 million of general revenue savings. Subsequently, the Governor requested an amendment which proposed consolidating the Contractors' Registration and Licensing Board and State Building Code Commission of the Division of Building, Design and Fire Professionals into a new State Building Office, as of January 1, 2020 for savings of \$0.1 million. The Assembly concurred.

**Office of Postsecondary Commissioner - Department of Elementary and Secondary Education Co-locate.** The Budget removes \$1.0 million from general revenues from the Office of Postsecondary Commissioner based on a proposal from the Efficiency Commission and recommended by the Governor to co-locate the Office and the Department of Elementary and Secondary Education with the goal to encourage shared administrative support and allow for closer collaboration. The Office would still do planning support for the Council on Postsecondary Education and focus on strategy and policy. The Department of Elementary and Secondary Education would provide the administrative support for the Councils and also provide legal, finance and support functions. Savings are based on the funding for several positions being eliminated from sharing administrative support and the Budget reduces the Office's staffing authorization by 6.0 full-time equivalent positions.

## **10-Year History**

### ***FY 2019***

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

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

The Assembly did not concur and maintained the Water Resources Board in the Department of Administration.

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

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

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

The Assembly did not concur with any of the proposed transfers.

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

**Consolidation of Medical Marijuana Oversight at Business Regulation.** The Governor proposed to expand the regulatory role of the Department of Business Regulation, including centralizing the registration and regulation of authorized purchasers, compassion center cardholders, primary caregivers, issuance or renewal of registry identification cards, and eliminating the role of the Department of Health to define the equivalent amounts of medical marijuana. The program is staffed by 5.9 full-time equivalent positions in the Department of Health; the Department of Business Regulation had 4.0 full-time equivalent positions, but the Governor's budget proposed to add 4.0 more positions in FY 2019. The Assembly did not concur with this proposal.

#### *FY 2018*

**Public Safety Consolidation.** The Governor proposed legislation to replace the director of the Department of Public Safety with a civilian commissioner, who will be appointed by the Governor with the advice and consent of the Senate. Under current law, the Department of Public Safety is administered by a director who also serves as Superintendent of the State Police. The Governor also proposed to merge the Emergency Management Agency and establish it as the seventh division within the Department of Public Safety. The

director of the Emergency Management Agency would be appointed by the Governor; however, the Commissioner may prescribe other duties and responsibilities. The Assembly did not concur.

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

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

The Assembly did not concur and maintained current law.

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

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

**Health and Human Services - Finance Staff.** The Governor transferred 91.0 finance positions to the Executive Office of Health and Human Services from agencies under its umbrella in her FY 2018 recommendation; this is consistent with current law. The transfer includes: 39.0 positions from the Department of Human Services, 33.0 positions from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals, 12.0 positions from the Department of Children, Youth and Families, and 7.0 positions from the Department of Health. Funding would remain with the individual agencies. Functions include finance administration, billing and data entry. This increased the level of 17.0 finance positions in the Executive Office to 108.0 positions. The Assembly concurred.

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

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

#### *FY 2017*

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

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

**Division of Capital Asset Management and Maintenance.** Governor Raimondo proposed legislation to create the Division of Capital Asset Management and Maintenance, which will assume the responsibilities of the current divisions of Facilities Management and Capital Projects and Property Management. Both divisions were created by an executive order in 2004. The legislation allows the Director of the Department of Administration to appoint a director of the division. Some of the responsibilities of the division director include: reviewing agency capital budget requests to ensure that requests are consistent with strategic and master facility plans of the state; managing and maintaining state owned facilities; overseeing new construction and rehabilitation projects; maintaining an inventory of all state properties; and responding to facilities emergencies. The Assembly concurred.

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

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

**Women, Infants, and Children Nutrition Program.** Governor Raimondo proposed legislation to transfer the administration and management of the Women, Infants, and Children nutrition program from the Department of Human Services to the Department of Health. The Department of Health previously managed the program; however, the 2009 Assembly adopted legislation to transfer the program to the Department of Human Services. This was to consolidate management and nutrition benefits. There have

been issues with the United States Department of Agriculture regarding the designation of the administrating state agency. The Assembly concurred.

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

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

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

#### *FY 2016*

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

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

**Capital Projects Consolidation.** Governor Raimondo's budget proposed consolidating construction property and asset management functions into the Department of Administration. It appears that the positions are kept in their respective agencies, including the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Environmental Management, Corrections, and Transportation.



The Assembly concurred; however, it transferred funding back for the Department of Environmental Management, consistent with the Governor's requested budget amendment.

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

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

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

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

#### *FY 2015*

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

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

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

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

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

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

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

**Behavioral Healthcare Services to EOHHS.** The Budget 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 so that mental health and substance abuse treatment services for disabled individuals will be appropriated to one agency and included \$60.8 million, of which \$30.1 million is general revenues.

#### *FY 2014*

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

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

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

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

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

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

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

### *FY 2013*

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

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

**Human Resources Restructure.** Governor Chafee's FY 2013 budget recommendation included savings of \$0.8 million from the elimination of 12.0 positions in the Division of Human Resources. This consists of 2.0 positions from the Employee Services Unit and 10.0 positions in the Classification and Examination Unit, about half of the current staff. The Governor's FY 2012 revised budget included \$0.3 million for a personnel study of the merit system to be accomplished in the current year to make the proposed reductions possible. The Assembly restored \$0.4 million of the general revenue savings and shifted funding for the personnel study from FY 2012 to FY 2013 to reflect a delay in the work proposed.

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

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

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

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

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

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

**Board of Education.** The Assembly enacted legislation to abolish the Board of Governors for Higher Education and the Board of Regents, effective January 1, 2013, and create a new Rhode Island Board of Education. It also abolished the Office of Higher Education, effective January 1, 2014, and created an

executive committee of education comprised of the three institutions of public higher education, and the commissioners of higher education and elementary and secondary education.

**Rhode Island Public Telecommunications Authority.** The Budget included legislation to require the Administration to submit a plan to the Chairpersons of the House and Senate Finance Committees by November 1, 2012 to transition the Rhode Island Public Telecommunications Authority from the state to a privately supported entity by July 1, 2013. The Administration also must include any statutory changes required for the transition as part of the FY 2014 budget.

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

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

#### *FY 2012*

**State Aid Transfer.** Governor Chafee's budget transferred some of the appropriations for the State Aid program from the Department of Administration to the Department of Revenue. These include the distressed communities' relief fund, motor vehicles excise tax, payment in lieu of taxes program, and the newly proposed Municipal, Accountability, Stability and Transparency Fund. State aid for library operations and library construction remain in the Department of Administration. The Assembly concurred.

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

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

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

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

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

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

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

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

**Higher Education Administration.** The Assembly included legislation that requires the Director of Administration to submit a revised plan for the organizational structure for higher education administration, staff support and resource allocation. The plan shall address the goal of improving affordability and accessibility to public higher education and maximizing efficiencies while providing sufficient support to the governance structure of public higher education. The Director of Administration is required to report findings, recommendations and alternative designs to the General Assembly no later than November 1, 2011.

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

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

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

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

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

## *FY 2011*

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

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

**Public Utilities Commissioners.** Governor Carcieri again recommended statutory language as part of his FY 2010 revised budget to eliminate the scheduled addition of 2.0 members of the Public Utilities Commission. The Assembly concurred and included legislation in Article 7 of 2010-H 7397, Substitute A, as amended.

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

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

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

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

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

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

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

#### *FY 2010*

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

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

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

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

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

**Public Utilities Commissioners.** Governor Carcieri recommended statutory language as part of his FY 2009 revised budget to eliminate the scheduled addition of 2.0 members of the Public Utilities Commission. The Assembly did not adopt legislation to reverse expansion of the number of Commissioners.

**Managed Care Transfer.** Governor Carcieri recommended shifting the residential portion of managed care expenses for children in the custody of the Department of Children, Youth and Families back from the Department of Human Services and provided \$37.5 million from all sources of funds for the expenses. In



FY 2008, a portion of both residential and hospital based programs and funding were shifted from the Department of Children, Youth and Families to the Department of Human Services as part of an initiative to provide more efficient services to children. After the transfer, it was determined that the residential services portion of the transfer did not fit the managed care model. The Assembly concurred.

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

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

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

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

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

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

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



---

## Explanations of Budget Articles

---

### 2019-H 5151, Substitute A, as Amended

#### Article 1

**Section 1. Appropriations.** This section of Article 1 contains the appropriations for FY 2020.

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

**Section 3. Transfer of Functions.** This section authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions between agencies. It also clarifies that this authority does not supersede current law requirements for functions of government designated by law to be performed within a particular department or agency. In those cases, no transfer of duties or functions and no re-allocation, in whole or part, of appropriations and full-time equivalent positions to any other department or agency shall be authorized.

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

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

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

**Section 7. Temporary Disability Insurance Funds.** This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2020.

**Section 8. Employment Security Funds.** This section appropriates all funds required for benefit payments to unemployed individuals from the Employment Security Fund for FY 2020.

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

**Section 10. Appropriation of CollegeBound Saver Funds.** This section appropriates the funds received by the Office of the General Treasurer from the CollegeBound Saver program for transfer to the Office of Postsecondary Commissioner to support student financial aid for FY 2020. The Budget includes \$7.9 million from these sources for state grant programs.

**Section 11. Full-Time Equivalent Positions.** This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2020. It also provides that state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the

---

## Explanations of Budget Articles

---

Senate or designee, may jointly adjust the authorization. Total staffing is 15,074.7 full-time equivalent positions, 147.0 positions less than the final authorization for FY 2019.

It also provides that no contracted employee can be hired nor may any agency contract for services replacing work done by state employees without public hearings and recommendations by the Budget Officer and the State Director of Personnel and determination of need by the Director of Administration.

**Section 12. Multi-Year Appropriations.** This section makes multi-year appropriations for a number of capital projects included in the FY 2021 through FY 2024 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2020 and multi-year appropriations supersede appropriations made for capital projects in Section 12 of Article 1 of the FY 2019 Appropriations Act.

**Section 13. Reappropriations.** This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan Fund projects shall be reappropriated in FY 2020. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than \$500 can be reappropriated at the discretion of the State Budget Officer.

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

**Section 15. Rhode Island Housing and Mortgage Finance Corporation Transfer.** This section requires the transfer of \$1.5 million from Rhode Island Housing to state general revenues by June 30, 2020.

**Section 16. Rhode Island Infrastructure Bank Transfer.** This section requires the transfer of \$4.0 million from the Rhode Island Infrastructure Bank to state general revenues by June 30, 2020.

**Section 17. Rhode Island Student Loan Authority Transfer.** This section requires the transfer of \$1.5 million from the Rhode Island Student Loan Authority to state general revenues by June 30, 2020.

**Section 18. Quonset Development Corporation Transfer.** This section requires the transfer of \$1.2 million from the Quonset Development Corporation to state general revenues by June 30, 2020.

**Section 19. Commerce Corporation Transfer.** This section requires the transfer of \$5.0 million from First Wave Closing Fund reserves to state general revenues by October 1, 2019.

**Section 20. Effective Date.** This section establishes that the article is effective July 1, 2019.

### Article 2. State Funds

**Sections 1 and 2. Real Estate Appraisers.** These sections establish authority for two new restricted accounts in the Department of Business Regulation relating to real estate appraisals collected and paid to the Federal Reserve's Federal Financial Institutions Examination Council Appraisal Subcommittee, tasked with developing uniform reporting systems for various federally supervised financial institutions.

---

## Explanations of Budget Articles

---

**Section 3. Auditor General.** This section gives the auditor general the authority to conduct investigations and inspections or oversight reviews with the purpose of preventing and detecting fraud, waste, abuse, and mismanagement.

**Section 4. Healthcare Information Technology.** The 2004 Assembly adopted legislation establishing a Healthcare Information Technology and Infrastructure Development Fund to be administered by the Department of Health director in coordination with the Healthcare Information Technology and Infrastructure Advisory Committee. The fund is supported by any grant or donations and must be used for projects that support healthcare information technology projects shown to improve healthcare quality. Section 4 converts the fund to a restricted receipt account from which expenditures can be made.

**Section 5. Control of State Spending.** This section addresses administrative adherence to budget control laws by requiring a monthly report in the event that an agency's quarterly report forecasts a deficit and prohibits the controller from authorizing payments for additional staff, contracts, or purchases for any agency expected to overspend with exceptions for immediate health and safety. It empowers the Chairpersons of the House and Senate Finance Committees to request a written report as to whether documented overspending resulted in any disciplinary action or the \$1,000 fine allowed under current law and reasons for not doing so, if applicable.

**Section 6. Indirect Cost Recovery.** This section exempts five accounts from the state's indirect cost recovery charge; three of them are newly authorized in Article 2. Article 11 includes authorization for the Health Insurance Market Integrity Fund and the De Coppet Estate Fund was authorized in 2014.

**Sections 7 through 9 and 12. E-911 Uniform Emergency Telephone System.** These sections revise the fees and distribution of current Emergency and First Response phone charges, effective October 1, 2019. This includes lowering the First Response surcharge on wired and wireless phone lines to \$0.50 and \$0.75 respectively and eliminating the \$0.26 Geographic Information System and Technology Fund surcharge on all wireless lines. The article reserves the remaining \$0.50 monthly charge on wired and wireless phone lines for E-911 and directs those revenues into a restricted receipt account exempt from indirect cost recovery and used exclusively for E-911 operations. Those charges would also not be subject to the current 10.0 percent transfer to the Information Technology Investment Fund. The article also requires collections from the current monthly surcharges on prepaid phone lines to be deposited into the new restricted account.

**Section 10. Designated State Health Programs.** This section establishes a restricted receipt account in the general fund so that healthcare workforce development activities at state's public institutions of higher education can receive the federal match that is available to the state's Medicaid program through its Executive Office of Health and Human Services' Designated State Health Program. The match of \$23.5 million is included in the FY 2019 final and FY 2020 enacted budgets for the three institutions and is appropriated as federal funds.

**Section 11. Attorney General Settlements.** This section expands the expenses that can be paid from proceeds generated through multi-state initiative settlements to related administrative and litigation costs; use is currently limited to membership fees and dues. It allows the recovery of attorneys' fees and costs as part of the settlement proceeds. The article clarifies that any settlement proceeds must be appropriated by the Assembly.

**Section 13. Effective Date.** Sections 7 through 9 and 12 take effect October 1, 2019. The remaining sections are effective upon passage.

---

## Explanations of Budget Articles

---

### Article 3. Government Reform

**Sections 1, 3, and 4. Regulatory Changes.** These sections repeal the permit fee for parking lot and parking garage operators within the Warwick Airport Parking District, license fees for gasoline retailers, and the temporary licenses for motor carriers qualified to operate in two or more jurisdictions.

**Sections 2 and 4. Function Transfers.** These sections transfer enforcement powers for violating provisions for a variety of price and brand display requirements, counterfeit or fraudulent sales, as well as all other false advertisement violations as they relate to fuel and lubricants from the Department of Business Regulation to the Department of Labor and Training.

**Sections 5 through 8. Background Checks.** The article establishes new requirements for background checks for volunteers, employees and vendors. All employees, including those of vendors and subcontractors, with access to federal tax information would have to undergo state and national fingerprint criminal background checks. The personnel administrator would be empowered to facilitate the coordination of this requirement for state employees. The background check for employees of vendors will be included in contracts for all new employees and current employees must complete the background check within a “reasonable time” as approved by the respective agency directors or their designees.

These sections also require applicants who are seeking to volunteer at the Training School, or employment at a child day care program, a foster or adoptive home, a child’s behavioral health program, or in a child caring agency to receive background checks. These background checks will require fingerprint testing to occur every five years. The director of the Department of Human Services would be responsible for determining disqualifying criteria revealed in the background check for operating a facility that it licenses. The Department of Children, Youth and Families already conducts many of these practices, and this article codifies them and adds some additional requirements for background checks that come as a result of the federal laws through the Reauthorization of the Child Care and Development Block Grant and the Family First Prevention Services Act. The new background check requirements that are not currently part of the practice include household members of family child care homes and any employee, not just those who deal directly with the children, of any residential child caring agency.

**Section 9. Correctional Officer Application Fee.** This section authorizes the director of the Department of Corrections to establish an application fee for correctional officer applicants. The Department currently accepts applications through the state employment website; there is no charge for this. To expand the reach in recruiting interested candidates, the Department would offer an option to utilize an online application portal offered by a private vendor; any payments collected from the application system would be made to the vendor. The article also requires the Department to maintain its current free application process.

**Sections 10 through 11. Revenue and Taxation Authority.** These sections authorize the Division of Taxation to periodically publish a list of entities and their active licenses to facilitate liquor license confirmation. It also removes the requirement for the Department of Revenue to monitor the Coventry Fire District’s compliance with its governing statutes.

**Section 12. Injured on Duty.** This section includes several changes to the injured on duty law, for state employees only, to limit the amount of time this benefit is applicable. It allows an independent medical examiner to certify that a person has reached maximum medical improvement triggering the 60-day clock to apply for an accidental disability pension. Under current law, it must be the treating physician that makes the certification. The article also provides that injured on duty benefits would terminate upon final ruling of the State Retirement Board and would not continue during appeal. Current recipients of injured on duty

---

## Explanations of Budget Articles

---

payments will have 90 days starting July 1, 2019 to apply for accidental disability payments, otherwise benefits would be terminated, with some exceptions. Those current recipients who have been denied or approved for an ordinary or accidental disability benefit by a final ruling of the State Retirement Board would have their injured on duty payments terminated. The Budget assumes savings of \$1.7 million from general revenues in the Department of Administration for distribution to impacted agencies.

### Article 4. Government Reorganization

**Sections 1 through 4. Department of Business Regulation.** These sections clarify specific statutory responsibilities and correct references to the director of the Department of Business Regulation as the paramount authority over the Contractors' Registration and Licensing Board now that it is within that Department. Requirements for signed affidavits are also removed. The article also reorganizes the Board and State Building Code Commission into a State Building Office within the Department.

**Sections 5 and 6. Veterans' Affairs.** These sections rename the Office of Veterans' Affairs the Office of Veterans Services and remove obsolete language.

**Sections 7 and 8. Motor Vehicle Inspection Commission.** These sections repeal the motor vehicle inspection commission and transfer the authority to adjudicate administrative hearings related to motor vehicle inspections to the director of the Department of Revenue. The Commission is defunct and the proposed changes align with current practice.

**Sections 9 and 10. Federal Grants Management.** These sections transfer functions of federal grants management from the Office of Management and Budget to Accounts and Control.

**Section 11. Employee Transfer.** Under current law, the Department of Administration is required to report on the transfer of non-union state employees. This article would require reporting on the transfer of all state employees.

**Sections 12, 17, and 24. Elderly Affairs.** These sections rename the Division of Elderly Affairs as the Office of Healthy Aging. The article retains the director position which will be appointed by and report directly to the Governor, with the advice and consent of the Senate, and removes the unclassified designation for the position.

**Section 13. Statewide Planning Council.** This section makes several changes to the composition of the Statewide Planning Council; however, the total membership of 27 is retained. It removes the State Budget Officer and adds the director of the Rhode Island Emergency Management Agency. It reduces the number of public members from six to four and increases the number of members from municipalities from one to three to ensure broader participation by communities as identified by a Recertification Review of the state's Metropolitan Planning Organization conducted in 2018. The article adds the Transportation Advisory Committee in statute, which advises the Statewide Planning Council in developing the Transportation Improvement Program. It also renames the Division of Planning to Statewide Planning.

**Sections 14 and 15, and 19 through 23. Day Care Licensing.** These sections transfer responsibility for licensing and monitoring child day care providers from the Department of Children, Youth and Families to the Department of Human Services and grandfather previously issued, unexpired licenses prior to January 1, 2020. It also clarifies that child caring agencies, foster and adoptive homes, and children's behavioral health programs are a part of the Department of Children, Youth and Families' licensing responsibilities.

---

## Explanations of Budget Articles

---

**Sections 16 and 18. Small Business Ombudsman.** Sections 16 and 18 transfer the small business ombudsman from the Office of Regulatory Reform in the Department of Administration to the Department of Business Regulation.

### Article 5. Taxes, Revenues and Fees

**Sections 1, 2, 4 and 6. Fees and Penalties.** Sections 1 and 2 increase license fees for mortgage loan originators from \$100 to \$400 and registration fees for debt collector businesses from \$100 to \$750. Section 6 decreases the applicable interest rates for the collections unit of the Department of Revenue to the greater of 13 percent or the same rate charged by the agency referring the debt for collection. It is currently set at 18 to 21 percent. Section 4 freezes beach fees at the rate effective June 30, 2011 through the conclusion of the 2021 beach season. The Budget assumes \$0.9 million from the changes in Sections 1 and 2.

**Section 3. Hospital License Fee.** This article extends the hospital licensing fee in FY 2020 at a rate of 6.0 percent on net patient services revenue for the hospital fiscal year ending on or after September 30, 2018, for all community hospitals except South County and Westerly, which will be assessed a 4.02 percent license fee. It includes the due date for filing returns and making the payment. Revenue from the two-tiered fee will be \$193.8 million, including \$187.0 million from community hospital payments and \$6.8 million from state payments for Eleanor Slater Hospital.

This section also includes a 5.0 percent license fee for FY 2021 using the same 2018 base year. Revenues collected will be \$161.5 million, including \$155.9 million from the community hospitals and \$5.7 million for Eleanor Slater Hospital.

**Section 5. Hotel Tax.** This section incorporates the share of revenues collected from hosting platforms into the standard hotel tax distribution. This shifts resources from Commerce's share to the regional tourism districts.

**Sections 7, 12, and 13. Revenue and Taxation Authority.** These sections add income from video lottery machines and casino gaming to existing law requiring withholding from lottery prizes, require use of prescribed forms for withholding by employee leasing companies, and add interest charges when an entity fails to remit withholding at prescribed times. Additionally, employers with more than \$200 per month in withholding must remit electronically or face fines. The article also includes model legislation that gives states a mechanism to deal with the results of the new federal audit regime for certain corporate partnerships.

**Section 8. Pass-Through Entity Tax Credit.** This section allows partners of a pass-through entity to pay the associated tax liability at the entity level at the highest personal income tax rate and establish a tax credit which the partners would claim on their own filings. This allows the entity to claim deductions for state and local taxes, beyond the \$10,000 cap placed on personal income during the 2017 tax reform.

**Sections 9 through 11. Sales and Use Taxes.** These sections subject digital streaming to the state's sales tax. Section 9 also exempts urns for cremations and feminine hygiene products from sales tax, eliminates language reducing the sales tax rates upon enactment of a federal law requiring remote sellers to collect and remit sales taxes, and makes technical corrections to industry references. The changes relating to specified digital products, urns, and feminine hygiene products are effective October 1, 2019; the Budget assumes \$2.6 million in additional revenues.

**Section 14. Historic Tax Credits.** This section extends the availability of historic preservation tax credits to December 31, 2022 for recipients of the state cultural arts and economy grant program.



---

## **Explanations of Budget Articles**

---

**Section 15. Litter Fees.** This section doubles the fees on beverage containers and hard-to-dispose materials established in 1989 and not altered since. Current law charges include \$0.04 per case of beverage containers sold by a wholesaler, \$0.05 per quart or \$0.053 per liter on motor oils, \$0.10 per gallon or \$0.0264 per liter on antifreeze, \$0.0025 per gallon or \$0.00066 per liter on organic solvents, \$0.50 per tire, and \$3.00 for each new vehicle. The Budget assumes \$3.1 million in additional general revenues.

### **Article 6. Public Debt Management Act**

The Public Corporation Debt Management Act requires that all new non-general obligation debt authorizations be approved by the Assembly, except in certain circumstances. Article 6 contains five authorizations totaling \$330.5 million. It includes \$80.5 million from revenue bonds for three projects at the University of Rhode Island. These include \$51.5 million for the renovation and expansion of Memorial Union, \$2.1 million for Fraternity Circle master plan implementation, and \$26.9 million for a new combined health and counseling center. Annual debt service would be \$5.9 million for all three projects supported by student fees, general revenues, tuition, and retail leases.

It authorizes the Rhode Island Turnpike and Bridge Authority to issue up to \$50.0 million from revenue bonds to finance renovations and repairs of bridges under its purview, which include the following bridges: Mount Hope, Jamestown Verrazzano, Newport Pell, and the Sakonnet River. Annual debt service would be \$3.6 million and would be supported by tolls, gasoline tax and other Authority revenues.

The resolution also authorizes issuance of \$200.0 million of new debt through the Grant Anticipation Revenue Vehicle (GARVEE) to fund construction costs for the Route 95 Northbound Providence Viaduct project. The term of the bonds must not exceed 15 years and projected annual debt service would be \$16.9 million and would be supported by future federal funds increases allotted to the state.

### **Article 7. Motor Vehicles**

Article 7 raises the \$1.50 technology surcharge applied to all Division of Motor Vehicles transactions to \$2.50, makes the fee permanent, and prohibits the fee from being applied to motor vehicle inspections. The revenues currently deposited in the Information Technology Investment Fund will continue through FY 2022 to close out that project. The increased revenues are available for immediate use by the Division to allow sufficient funds to pay for additional costs of the new computer system and the entire fee would be available to the Division after FY 2022. The Budget assumes this will generate \$1.6 million of new revenues for the division.

The article further delays the requirement to reissue license plates six months to June 1, 2020, establishes a reporting requirement for the Division of Motor Vehicles regarding its progress towards that deadline, and raises the fee for reissued plates from \$6 to \$8. It also deletes the current exemption for having a title applicable to vehicles over 20 years old, after the 2000 model year.

### **Article 8. Transportation**

Article 8 makes two changes to the Highway Maintenance Account. It requires that 95.0 percent of the funds be deposited in the account; the remaining 5.0 percent will be retained as general revenues to partially offset the cost of collections. It also provides the Rhode Island Public Transit Authority with an additional \$5.0 million from the Department of Transportation's current share of the funds in perpetuity.

---

## Explanations of Budget Articles

---

Article 8 amends current permit fees for excess weight loads. It increases the single use trip permit fee from \$20 to \$40 and the annual fee from \$300 to \$400 for loads under 130,000 pounds. It establishes a new fee of \$300 for loads exceeding 130,000 pounds. The Budget assumes \$0.5 million in general revenues.

### Article 9. Education

**Section 1. Education Aid.** Section 1 requires that if the state's share of education formula aid for any local education agency is determined to be incorrect after the budget for that fiscal year is enacted, local education agencies, the Senate President and the Speaker of the House must be notified within 15 days of the determination. Districts whose funding was underpaid would be paid in the following fiscal year; districts that have been overpaid would have an amount withheld in the following fiscal year prorated to the month in which notification occurred.

**Sections 2 through 12. University of Rhode Island Board of Trustees.** These sections create a 17 member Board of Trustees for the University of Rhode Island. The Governor would make initial appointment of all 17 members with the advice and consent of the Senate to serve terms between one and three years. After the initial terms expire, the Governor retains nine appointments, with the advice and consent of the Senate. The remaining eight members would be appointed by the Board. The article would transfer authority for a variety of functions from the Council on Postsecondary Education to the new Board and remove the University from the authority of the Commissioner of Postsecondary Education. It would preserve all of the General Assembly's current authority over the University. These sections would take effect on February 1, 2020.

**Section 13. Need Based Scholarships.** Section 13 requires that state-funded, need-based scholarships, or the Last Dollar Scholarship, include the lesser of 20 percent or \$1.5 million in awards for students attending private, non-profit higher education institutions to be consistent with the Governor's recommendation; it had been the lesser of 20 percent or \$2.0 million. The article also adds language to permit funding from tuition savings fees be used to support the dual enrollment program consistent with budgeted funding since the inception of the program.

**Section 14. RIHEBC Support.** Section 14 adds language to ensure that restricted receipts received by the Department of Elementary and Secondary Education from the Rhode Island Health and Educational Building Corporation to support program expenses be limited to the amount in the appropriations act.

**Section 15. RIHEBC Administrative Fees.** Section 15 clarifies that Rhode Island Health and Educational Building Corporation administrative fees charged to cities, towns, and local education agencies for the issuance of school construction bonds shall be based on the original principal amount of the issuance.

### Article 10. Revised Budget

**Section 1. Appropriations.** This section of Article 10 contains the revised appropriations for FY 2019.

**Section 2. Line Item Appropriations.** This section establishes that each line in Section 1 of Article 10 constitutes an appropriation.

**Section 3. Transfer of Functions.** This section authorizes the Governor to transfer appropriations and full-time equivalent position authorizations associated with transfers of functions between agencies. It also clarifies that this authority does not supersede current law requirements for functions of government

---

## Explanations of Budget Articles

---

designated by law to be performed within a particular department or agency. In those cases, no transfer of duties or functions and no re-allocation, in whole or part, of appropriations and full-time equivalent positions to any other department or agency shall be authorized.

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

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

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

**Section 7. Temporary Disability Insurance Funds.** This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2019.

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

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

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

**Section 11. Full-Time Equivalent Positions.** This section limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2019. It also provides that state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 15,221.7 full-time equivalent positions, 12.0 positions more than originally enacted for FY 2019.

**Sections 12 through 17. Environmental Management Unexpended Bond Funds Transfer.** These sections require the transfer of unexpended bond funds totaling \$1.4 million from six different accounts within the Department of Environmental Management to state general revenues by June 30, 2019.

**Section 18. Effective Date.** This section provides that the act shall take effect upon passage.

### Article 11. Healthcare Market Stability

The article removes the exemption status of short-term limited duration policies and defines them as health insurance coverage, which would now be regulated in the same manner as prescribed in law for small (2-

---

## Explanations of Budget Articles

---

50 individual) and large (51+) group markets. The article also decouples the state's premium assessment upon those insurers offering products on the Rhode Island Health Benefit Exchange from the rate charged for federally facilitated marketplaces and establishes the current 3.5 percent fee in statute, effective January 1, 2020. Current law authorizes an assessment, which cannot be more than the revenues that would be raised through the federally facilitated marketplace. The federal rate is scheduled to decrease from 3.5 percent to 3.0 percent.

The article establishes a Reinsurance Program, to provide stability in the individual insurance market. It imposes a Shared Responsibility Payment penalty for individuals who do not have health insurance coverage, with certain exemptions and would be effective on January 1, 2020. For federal tax year 2017, the penalty per household was \$695 per adult and \$347.50 per child under 18, or 2.5 percent of the household's income, whichever is greater; however, the penalty was capped at the national average premium for bronze level plans. This article mirrors the federal penalty, with the exception of capping the penalty at the statewide average premium for bronze level plans offered on the state's health benefits exchange. The penalty would be collected by the tax administrator and deposited into a restricted account and would be used to provide reinsurance, or payments to health insurance carriers, as a means of ensuring that premiums do not increase drastically, and for administrative costs. Remaining funds from the penalty can be used for preventative health care programs in consultation with the Executive Office of Health and Human Services. No funds from this penalty are expected to be available for use until FY 2021. The legislation prohibits the use of general revenues for reinsurance payments.

### Article 12. Economic Development

**Sections 1 through 3. Rebuild Rhode Island.** These sections require creation of separate and streamlined application processes for specified projects and facilitate the inclusion of participants of the 2013 Historic Tax Credit program. Certain historical structures and projects with a manufacturer are exempted from the minimum square footage and minimum project costs. The article raises the program cap from \$150.0 million to \$210.0 million, with sales and use tax exemptions now subject to both the individual project cap and aggregate program cap. It also establishes a project-specific cap of \$25.0 million for the project proposed for parcels 42 and P4 of the I-195 Redevelopment district, and excludes that project from the aggregate \$210.0 million program cap. The sunset provision for the program is extended by six months to December 31, 2020.

**Sections 4 and 5. Opportunity Zone Tax Modifications.** New federal tax law allows for preferential treatment of gains on Opportunity Fund investments after 10 years. Article 12 allows investors to access the exemption from state taxes on new gains through year seven if they exit the program, even though the investors get no federal tax benefit from an early exit.

**Section 6. Motion Picture Tax Credit.** This section raises the annual cap on the tax credits available to productions by \$5.0 million to \$20.0 million and extends the sunset provision by three years to July 1, 2027.

**Section 7. Qualified Jobs.** This section limits new credits authorized to an employer to 75.0 percent of the withholdings, not to exceed \$7,500 for each new job created. Since its establishment, the program has permitted 100 percent of withholding up to \$7,500 to be taken as a credit.

**Sections 8 and 9. Economic Development Districts.** These sections allow the General Assembly to establish new development districts overseen by seven-member commissions appointed by the Governor with advice and consent of the Senate. The commissions would be charged with planning and regulating development of contiguous tracts of developable or state-owned land of 20 acres or more with certain

---

## Explanations of Budget Articles

---

exclusions. Such commissions would supersede all municipal zoning and planning authority, but may coordinate permit approvals with state or municipal officials. Section 9 also designates the I-195 Redevelopment District Commission a development district under this section and removes the requirement for projects on its land to be subject to Providence's comprehensive plan and zoning ordinances.

**Section 10. Small Business Loan Fund.** This section establishes investor groups known as small business development funds and a credit against insurance taxes, which is non-refundable or saleable. The funds would have to present a 10-year plan to find investments that will create a certain number of jobs and cover the cost of the credits. Half would come from insurance companies with a tax liability in Rhode Island in exchange for the promise of future tax credits if goals are met. The other half would come from private investors who have no expectation of a state tax credit. The credit is allowed for a period of up to six years, but issued no sooner than year four of the investment, equal to a specified percentage of the equity investment in an eligible business to create or retain jobs. The program will be administered by the Commerce Corporation which would be responsible for approving each fund created and certifying compliance. Eligible businesses have less than 250 employees, and net income of less than \$15.0 million in the prior year, with 60.0 percent of its employees, or at least 60.0 percent of its payroll expenses located within the state. No eligible business may receive more than \$4.0 million from any investment group or combination of groups, and the article provides for the recapture of credits for non-performance.

**Sections 11 through 22. Program Sunset Extensions.** This section extends the sunset provisions for the state's economic development initiatives from June 30, 2020 to December 31, 2020. The programs included are the Rhode Island Tax Increment Financing, Tax Stabilization Incentive, First Wave Closing Fund, I-195 Redevelopment Fund, Small Business Assistance Program, Stay Invested in RI Wavemaker Fellowship, Main Street Streetscape Improvement Fund, Innovation Initiative, Industry Cluster Grants, Air Service Development Fund, Rhode Island New Qualified Jobs, and the High School, College, and Employer Partnerships program, also known as P-Tech.

### Article 13. Human Services

**Section 1. Caseload Estimating Conference Monthly Reporting.** This section adds information to be included by the Executive Office of Health and Human Services and the Department of Human Services as part of the monthly medical and cash assistance caseload reports. The additional information includes the number of Medicaid recipients with access to employer sponsored insurance, the number of employer plans that did not meet the cost effectiveness criteria for RIte Share, enrollment in the premium assistance program, the number of individuals receiving the enhanced Supplemental Security Income payment and enrolled in Rhody Health Options for long term care services and supports.

**Section 2. Rhode Island Works.** This section amends the restrictions that currently apply to Rhode Island Works participants eligible to receive a lifetime benefit of 48 months. It eliminates the requirement that the benefit be spread over 10 years, 24 months in two five-year periods, while keeping the maximum limit of 48 months. A participant may be eligible to stay on assistance for four years without interruption. Consistent with current federal guidelines, participants may continue to receive assistance beyond the 48 month limitation if granted hardship extensions. The Budget assumes an impact of \$189,000 from federal funds to the cash assistance caseload from this change.

**Sections 2 and 4. Child Care.** These sections change rates paid for subsidized child care through the state's child care assistance program to family-based child care providers from a flat rate to a tiered system of reimbursement, consistent with the collective bargaining agreement. Payments made for infants and toddlers would be based on the rating achieved by the provider, according to the state's quality rating

---

## Explanations of Budget Articles

---

system. The Budget includes \$150,000 from general revenues to implement this change. It also increases the state's liquid asset limitation for child care assistance eligibility from \$10,000 to \$1.0 million to comply with a 2014 federal statutory change. In order to be eligible for subsidized child care, a family must cooperate with establishing paternity for all children in the family. These sections limit those provisions to children who are eligible to receive child care.

**Sections 3, 8 and 9. Supplemental Security Income Payments/Assisted Living.** Section 3 expands the availability of the higher state Supplemental Security Income payment for certain residents of assisted living facilities to participants in alternate, successor or substitute programs, or delivery options as determined by the Executive Office of Health and Human Services. That payment, in addition to the federal payment, is used to pay the room and board costs only for an individual currently enrolled in a Medicaid managed care plan with the plan paying for the direct medical services provided at the assisted living facility. Sections 8 and 9 update applicable medical assistance program language to reflect this change. Section 8 also clarifies that the 2018 legislation authorizing an increase to hospice direct care workers does not apply to room and board paid to nursing facilities.

**Section 5. Hospital and Nursing Home Payments.** This section increases the hospital rate for FY 2020, and the Budget adds \$40.4 million, including \$14.3 million from general revenues to account for the change. It also limits the October 1, 2019 nursing home rate increase to one percent for savings of \$7.5 million, including \$3.5 million from general revenues.

**Section 6. Hospital Uncompensated Care and Supplemental Payments.** This section extends the uncompensated care payments to the community hospitals for FY 2021, with the state making a payment that does not exceed \$142.4 million. It also includes an FY 2020 payment of that same amount and eliminates the requirements that the payments be recalculated based on actual hospital experience and redistributed amongst the hospitals. Additionally, the section eliminates the inpatient upper payment limit reimbursement for community hospitals for FY 2020 for savings of \$9.4 million, including \$3.6 million from general revenues.

**Section 7. RItE Share.** This section requires a plan be submitted by October 1, 2019 by the Executive Office of Health and Human Services to identify Medicaid eligible individuals who have access to employer sponsored health insurance. After the plan has been submitted, the following information shall be included in the monthly medical assistance report: the number of individuals with access to third party insurance, the number of plans that meet the cost effectiveness criteria, and the enrollment in RItE Share.

**Sections 10 and 11. Participants' Rights.** These sections update the rights of a person with developmental disabilities to reflect federal changes required in the provision of home and community based services.

**Section 12. Medicaid Reporting.** This section adds administrative expenses and expenses by population and services to the Medicaid annual report.

**Section 13. Medicaid Waiver.** This section retains the current process requiring Assembly approval for Medicaid waiver changes in response to federal process changes that negated that requirement.

**Section 14. Patient Centered Medical Home.** This section updates the payment reforms to be considered as part of the patient centered medical home collaborative to include alternatives to fee-for-service reimbursements to include partial and full capitated payments.

---

## Explanations of Budget Articles

---

**Section 15. Accreditation.** This section updates the date by which the Department of Children, Youth and Families is required to initiate the process for seeking accreditation by the Council on Accreditation from July, 1 2011 to September 1, 2019 and updates the required date to submit an accreditation plan to the Governor, the Speaker of the House, the Senate President, the Chairperson on the House Committee on Health, Education and Welfare, the Chairperson of the Senate Committee on Health and Human Services, the Chairpersons of the Finance Committees of the House and Senate, and to the Chairperson of the Judiciary Committees of the House and Senate from July 1, 2012 to October 1, 2020. The Budget provides \$500,000 to facilitate this work.

**Section 16. Medicaid Resolution.** This section includes the resolution language for Assembly approval to make program changes included in the FY 2020 budget. It limits the October 1, 2019 nursing home adjustment to one percent and increases hospital rates. The section also includes a wage increase for direct support professionals working for community based agencies providing services to developmentally disabled adults. The Budget adds \$9.5 million, including \$4.5 million from general revenues, to fund this increase, effective October 1.

The article eliminates the performance incentive available to the managed care plans for meeting certain benchmarks and includes savings from reducing the incidence of C-section births for savings of \$5.4 million, including \$0.9 million from general revenues adjusting for the loss of revenue. It also allows the Executive Office of Health and Human Services to seek federal opportunities that do not adversely impact beneficiaries or increase program expenses beyond the FY 2020 appropriation.

**Section 17. Opioid Stewardship.** This section of the article creates an annual \$5.0 million fee assessed to manufacturers, distributors, and wholesalers of opioids registered in the state. Companies would be assessed based on their in-state market share of all distributed or manufactured opioids, subject to some exceptions. These funds would be deposited as restricted receipts to support programs that provide opioid treatment, recovery, prevention, and education services. Full payment for the 2018 calendar year is due December 31, 2019 with subsequent payments occurring annually thereafter.

### Article 14. State Leases

This article includes joint resolutions to seek General Assembly approval for four long-term lease agreements for the Departments of Transportation, Corrections, and Human Services, and the Board of Elections. The FY 2020 Budget includes \$1.5 million to fund the cost. Legislative approval is required for lease agreements for terms of five years or longer, and exceeding \$500,000 in value.

### Article 15. Marijuana

**Sections 1 through 4. Hemp.** The article amends current cultivation laws to permit production of hemp-derived cannabidiol consumable products and provides distributor and retailer licenses for existing growers and handlers at no charge; for new applicants, the fee is \$500. Establishing a state regulatory regime is necessary for local industries to be compliant with changes to federal law. It subjects consumable products to current food and safety regulations and provides authority to enforce provisions of these sections including the retail packaging and placement. It also exempts hemp from the Controlled Substances Act.

**Sections 5 through 7. Medical Marijuana.** The article increases the number of compassion centers from three to nine, and raises the application fee from \$250 to \$50,000 and the licensing fee from \$250,000 to \$500,000. Current compassion center owners and their associates are prohibited from an ownership stake in the new centers. It further permits certified school nurse teachers to administer non-inhalant products,

---

## **Explanations of Budget Articles**

---

shifts the regulation of caregivers from the Department of Health to the Department of Business Regulation, and limits reimbursements to caretakers to documented expenses. These sections codify the existing regulatory authority of the Department of Business Regulation, and require that any new regulations promulgated are subject to the approval of the General Assembly. The Budget assumes \$3.0 million in new revenues.

### **Article 16. Central Falls Retirees**

This article allows beneficiaries of the retirees impacted by the Central Falls bankruptcy to receive 67.0 percent of the retiree's unreduced base pension benefit. Previously, beneficiaries received 67.5 percent of the reduced payment, pursuant to a prior settlement agreement. The FY 2020 cost is less than \$4,000 and the expected 10-year cost is \$0.2 million.

### **Article 17. Effective Date**

Article 17 provides that the act shall take effect on July 1, 2019, except where a provision within an article specifies a retroactive or prospective effective date.