
Section VI

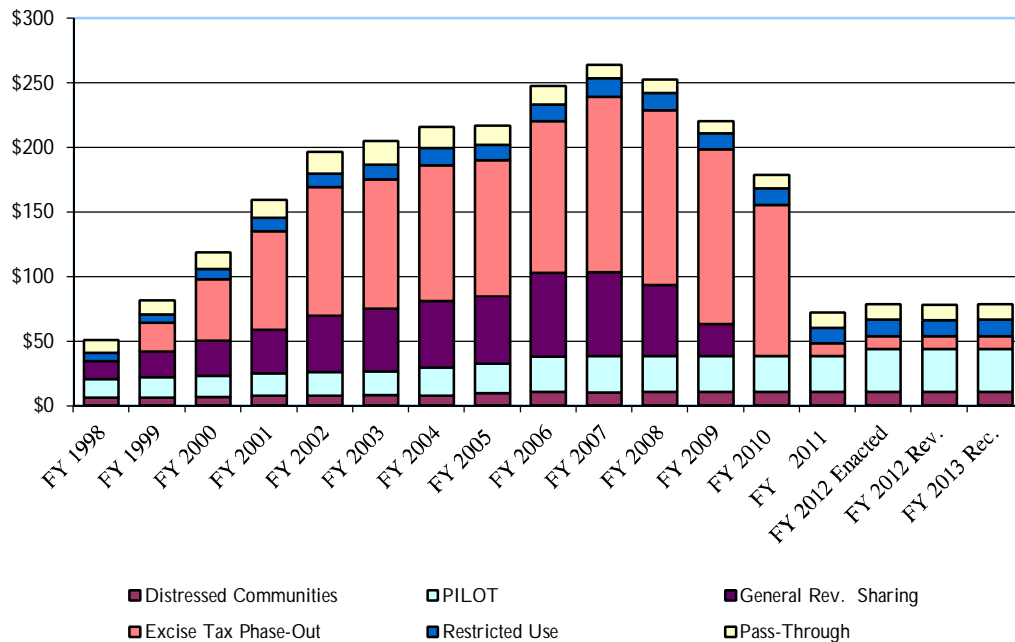
Special Reports

State Aid to Local Governments

Introduction

The Governor recommends state aid to cities and towns totaling \$66.3 million in both FY 2012 and FY 2013. Funding in FY 2012 and FY 2013 includes \$53.5 million for general aid programs, which is consistent with the enacted level. The recommendation includes \$12.8 million in FY 2012 and \$12.9 million in FY 2013 for restricted use programs. The FY 2012 recommendation includes \$234,000 for municipalities conducting actuarial valuations. Local communities will also receive \$11.8 million each year in public service corporation property taxes that the state collects and passes through to the communities.

The following graph shows historical funding data, in millions. The graph below also shows the allocation of funding for state aid programs from FY 1998 through FY 2013.



The major changes in the aid proposal are discussed on the following pages, followed by tables that show recommended distribution of general aid by community as well as each general aid program by community. There are also tables showing the distribution of library operating aid, which is considered restricted and 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.

- **General.** The Governor recommends \$53.5 million in both FY 2012 and FY 2013 for general state aid to local governments.

Fiscal Year	1990	2000	2005	2010	2011	2012 Enacted	2012 Gov. Rev.	Rev. Diff.	2013 Gov. Rec.	Rec. Diff.
General Aid - State Sources										
Distressed Communities*	\$ -	\$ 6.6	\$ 9.5	\$ 10.4	\$ 10.4	\$ 10.4	\$ 10.4	\$ -	\$ 10.4	\$ -
PILOT	0.3	16.1	22.7	27.6	27.6	33.1	33.1	-	33.1	-
General Rev. Sharing	27.8	27.6	52.4	-	-	-	-	-	-	-
Excise Tax Phase-Out	-	47.3	105.0	117.2	10.0	10.0	10.0	-	10.0	-
Subtotal	\$ 28.1	\$ 97.5	\$ 189.7	\$ 155.1	\$ 48.0	\$ 53.5	\$ 53.5	\$ -	\$ 53.5	\$ -
Restricted Use Aid - State Sources										
State Aid for Libraries	\$ 1.6	\$ 5.7	\$ 8.1	\$ 8.8	\$ 8.8	\$ 8.8	\$ 8.8	\$ -	\$ 8.8	\$ -
Library Const. Aid	1.3	1.6	2.5	2.6	2.5	2.8	2.8	-	2.5	(0.4)
Police & Fire Incentive	4.1	0.9	1.1	-	-	-	-	-	-	-
Prop. Reval. Reimb.	-	0.0	0.6	1.6	0.8	1.1	1.0	(0.1)	1.6	0.5
Actuarial Valuation	-	-	-	-	-	-	0.2	0.2	-	-
Subtotal	\$ 7.2	\$ 8.2	\$ 12.3	\$ 13.0	\$ 12.1	\$ 12.7	\$ 12.8	\$ 0.1	\$ 12.9	\$ 0.1
Total - State Sources	\$ 35.2	\$ 105.7	\$ 202.0	\$ 168.2	\$ 60.0	\$ 66.2	\$ 66.3	\$ 0.1	\$ 66.3	\$ 0.1
Other Aid - Pass-Through										
Public Service Corp.	\$ 9.9	\$ 12.8	\$ 14.6	\$ 10.2	\$ 11.8	\$ 11.8	\$ 11.8	\$ -	\$ 11.8	\$ -

- **Distressed Communities Relief Fund.** The Governor recommends \$10.4 million in FY 2013 to fund the Distressed Communities Relief Program at the enacted amount. Communities' aid distribution is based on updated qualifying tax levies. Updated data shows that Cranston now qualifies for distressed aid in FY 2013. Communities entering and exiting the program receive 50.0 percent of what would otherwise be full funding under the formula.

- **Payment in Lieu of Taxes Program.** The Governor recommends \$33.1 million to fund the Payment in Lieu of Taxes program at the enacted level. This program reimburses cities and towns for property taxes that would have been due on real property owned by nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Reimbursement is 27.0 percent of the forgone tax, subject to appropriation. Distributions to communities reflect updated data and a ratable reduction to the appropriation. The recommendation is \$8.6 million less than the current law allowance and represents a reimbursement of 21.4 percent of the value.

- **Motor Vehicle Excise Tax Phase-Out.** The Governor funds the Motor Vehicles Excise Tax program at the enacted amount of \$10.0 million. The 2010 Assembly enacted legislation mandating a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation allows municipalities to provide an additional exemption; however, that additional exemption will not be subject to reimbursement.

- **Library Resource Sharing Aid.** The Governor recommends \$8.8 million to fund library operating aid at the enacted level. The recommendation for FY 2013 is \$1.1 million or 10.5 percent less than allowed under current law, which requires 25.0 percent reimbursement of second prior year expenditures. Community distributions reflect updated data and a ratable reduction to the appropriation.

- **Library Construction Aid.** The Governor provides \$2.8 million to fully fund library construction aid requirements in FY 2012 and \$2.5 million in FY 2013. The state reimburses libraries up to half the total costs for eligible projects on an installment basis for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. The 2011 Assembly adopted legislation to set a three-year moratorium on the acceptance of applications for library construction aid projects.

- **Property Valuation Reimbursement.** The Governor provides full funding of \$1.0 million in FY 2012 and \$1.6 million in FY 2013 to reimburse communities conducting property valuation updates.
- **Public Service Corporation Tax.** The FY 2012 and FY 2013 budgets assume the state will collect \$11.8 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The 2009 Assembly adopted the Governor's recommendation to freeze the tax rate applied to the tangible personal property of public service corporations at the FY 2008 rate.

State Aid

State aid can be classified into *general* state aid and *restricted use* aid. *General* aid payments made to municipalities can be used for general budget use or as reimbursement for costs incurred. Examples include: general revenue sharing, payments in lieu of taxes, distressed communities relief, and vehicle excise tax phase-out payments. 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. These include library aid and police and fire incentive pay plan sharing. The largest source of restricted aid is education aid, which is not included here.

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, but is actually a local levy collected at the state level and returned to local governments for tax collection efficiency purposes. It is not part of the state budget or funds.

General State Aid

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

Rankings	Central				East	North	West			
	Burrillville	Falls	Coventry	Cranston	Providence	Providence	Pawtucket	Providence	Warwick	Woonsocket
FY 2010										
Levy/Full Value	22	17	5	3	-	6	13	1	2	8
Per Capita Income 2000	7	1	11	10	-	19	4	2	6	3
Personal Income/Full Value	6	2	9	7	-	4	3	12	5	1
Full Value Per Capita	7	1	10	9	-	6	3	4	5	2
Qualifying Rankings	3	3	1	2	-	3	3	3	4	3
FY 2011										
Levy/Full Value	20	24	5	4	8	11	14	1	3	7
Per Capita Income 2000	7	1	11	10	5	19	4	2	6	3
Personal Income/Full Value	6	2	7	9	11	4	3	12	5	1
Full Value Per Capita	8	1	9	10	6	7	3	4	5	2
Qualifying Rankings	3	3	1	1	3	2	3	3	4	3
FY 2012										
Levy/Full Value	22	25	5	8	11	7	15	1	3	6
Per Capita Income 2000	6	1	11	9	7	10	4	2	5	3
Personal Income/Full Value	9	1	8	15	10	4	3	11	5	2
Full Value Per Capita	7	1	9	11	8	6	3	4	5	2
Qualifying Rankings	2	3	2	1	2	3	3	3	4	4
FY 2013										
Levy/Full Value	22	23	12	3	15	2	6	1	5	4
Per Capita Income 2000	10	1	12	7	8	9	4	3	5	2
Personal Income/Full Value	8	1	11	10	14	4	3	7	5	2
Full Value Per Capita	7	1	11	8	9	5	3	4	6	2
Qualifying Rankings	2	3	0	3	1	3	4	4	4	4

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

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.

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.

A majority of the funds, \$9.6 million is distributed on a weighted allocation and \$0.8 million is shared equally among the communities. For FY 2012, eight communities receive funding from this program.

For FY 2012, North Providence qualified for distressed aid and Burrillville and East Providence were disqualified for distressed aid.

The Governor recommends \$10.4 million in FY 2013 to fund the Distressed Communities Relief Program at the enacted amount. Communities' aid distribution is based on updated qualifying tax levies. Updated data shows that Cranston now qualifies for distressed aid in FY 2013. The FY 2012 distribution changed from the enacted assumption based on the effect on the formula from the increased Payment in Lieu of Taxes aid included as part of the enacted budget.

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 nonprofit educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Reimbursement is based on 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation.

The Governor recommends level funding the program in FY 2012 and FY 2013 at the enacted amount. Distributions to communities reflect updated data and a ratable reduction to the appropriation. The recommendation for FY 2013 is \$8.6 million less than the current law allowance of 27.0 percent and represents a reimbursement of 21.4 percent of the value.

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. The law also provided that the percentage of second prior year tax collections dedicated to the program would increase on an annual basis through FY 2011 to a total of 4.7 percent.

The 2005 Assembly provided that 6.25 percent of the state share of video lottery net terminal income solely attributable to new machines at Lincoln and Newport be dedicated to the program, up to a maximum of \$10.0 million to non-distressed communities based on the proportion of the general revenue sharing distribution for that year. The 2006 Assembly converted that dedication to 0.10 percent of all net terminal income up to a maximum of \$10.0 million to non-distressed communities.

The 2006 Assembly fixed the FY 2007 appropriation at \$64.7 million to which the video lottery terminal revenues would be added for FY 2007 only and did not concur with the Governor's proposal to freeze the amount at 3.0 percent of the second prior year's general tax revenues, ending the phase-up to 4.7 percent. For FY 2008 the amount would be based upon 3.7 percent of the second prior year's general tax revenues.

The 2007 Assembly concurred with the Governor's proposal to freeze communities' FY 2008 aid payments at the FY 2007 level, and fix future amounts at 3.0 percent of tax revenues ending the phase-up. The 2008 Assembly provided \$55.1 million and changed the reference year data used for the distribution formula to be the same as used for FY 2008. This assured that each community received the same amount of aid in FY 2009 as it did in FY 2008.

The Governor's FY 2009 revised budget proposed suspending the state's appropriation for the General Revenue Sharing payments to communities in FY 2009. He then submitted an amendment to restore \$31.0 million with the availability of federal stimulus funds. The Assembly did not concur and provided \$25.0 million to fund the program in FY 2009, distributed proportionally on the same basis as the original enactment.

The 2009 Assembly concurred with the Governor's recommendation to subject the program permanently to appropriation; delete the requirement for a distribution of 3.0 percent of second prior year state tax revenues for FY 2010 and each year thereafter. No funding was provided in FY 2010. It has not been funded since.

The Governor does not reinstate this program in FY 2012 and FY 2013.

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. It began with a \$1,500 exemption for FY 2000 tax bills that increased by \$1,000 per year to the FY 2005 amount of \$4,500. Cities and towns are held harmless for the exemptions and are 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 were no longer allowed to levy motor vehicle excise taxes, and were fully reimbursed for the lost revenues.

The 2005 Assembly increased the exemption from \$4,500 to \$5,000 per vehicle for FY 2006 and dedicated certain future revenues from video lottery terminals to phase out the tax. The 2006 Assembly increased the exemptions to \$6,000 and converted that dedication to 1.22 percent of *all* net terminal income up to \$10.0 million per year.

The 2007 Assembly provided \$135.5 million to fund the car tax phase-out for FY 2008 with a \$6,000 exemption consistent with current law and updated data. The 2008 Assembly provided \$139.6 million to fund the car tax phase-out for FY 2009, and adopted the Governor's recommendation to permanently reduce the Motor Vehicle Excise Tax reimbursements to 98.0 percent of the calculated value beginning

with FY 2008. The 2009 Assembly provided \$135.3 million to fund the program and maintained the \$6,000 exemption.

The Governor included legislation in his FY 2010 revised budget to eliminate the third and the fourth quarter reimbursements to municipalities, and would allow municipalities to levy a supplemental tax to capture the loss of the reimbursement for FY 2010, subject to certification from the Department of Revenue, and an affirmative vote of at least four-fifths of the full membership of the municipal's governing body. Exemptions in FY 2011 and thereafter, would be subject to the annual appropriations act.

The Assembly had not taken action on the Governor's budget and the third quarter payment, which was due on February 1, was made. The Assembly provided a total of \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010.

For fiscal year 2011 and thereafter, the Assembly enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation. The legislation further allows municipalities to provide an additional exemption that would not be subject to reimbursement. The Assembly removed the statutory limitation on taxing the difference in the event that 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 the authority for fire districts to levy a motor vehicles excise tax and excluded them from reimbursements.

The Governor recommends \$10.0 million in FY 2012 and FY 2013 to level fund the program at the enacted amount.

Restricted Use State Aid

State Support for Public Libraries. State law requires that the state provide financial support to public libraries, which remained relatively stable for the period from FY 1991 through FY 1997. In FY 1998, the General Assembly appropriated an additional \$1.0 million to begin increasing funding to meet the requirement of 25.0 percent for the grants-in-aid program by FY 2000. The statute requires an amount equal to 25.0 percent of second prior fiscal year local expenditures for library services as grants-in-aid. The same requirement applies to institutional libraries, but that funding is not shown in these tables as local aid. Additionally, the state is required to fund 100 percent of the administrative and operating costs of the Rhode Island Library Network.

The 2003 Assembly amended the legislation to allow Providence Public Library endowment funding to be considered local effort with the annual amount that may be included for endowment funds 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 that to all libraries.

The 2008 Assembly concurred with the Governor's recommendation to provide \$8.8 million for FY 2009 library operating aid. The Assembly also enacted legislation to reduce the maintenance of effort requirement for municipalities to provide library services to at least 80.0 percent of the previous year for just FY 2009. 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 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.

The Governor recommends \$8.8 million in both FY 2012 and FY 2013 to level fund library operating aid at the enacted level. The recommendation for FY 2012 is \$1.1 million or 10.5 percent less than allowed under current law. Community distributions reflect updated data and a ratable reduction to the appropriation.

Library Construction Aid. The Rhode Island General Laws establish a library construction aid program, which is administered by the Office of Library and Information Services. The statute provides the authority to make grants-in-aid to a municipality or a free public library for the construction or capital improvements of any free public library designed to provide better services to the public.

The state grants-in-aid are limited to a maximum of 50.0 percent of the total eligible costs as determined by the Office of Library and Information Services. The grants are paid on an installment basis for a period up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project. During the repayment period, the state share can 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 not eligible for state funds include the cost of fundraising by the municipality or the free library or the costs of public relations. In a case where the library is a component of local government, payments are made to the municipality. Payments for free public libraries are made directly to the libraries.

Library construction aid is considered indirect aid for two reasons. Firstly, payments are not necessarily made to a local government; some are made directly to free public libraries. Thus, funding cannot entirely be considered traditional local aid. Secondly, 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.

The Governor provides full funding of \$2.8 million in FY 2012 and \$2.5 million in FY 2013 to fund library construction aid.

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

The amount of the incentive is based on a point system, which is related to the individual's level of educational attainment. The state payments go directly to the municipalities which, in turn, make payments to the participants in the program.

Prior to FY 2009, the state paid a stipend to police officers who have earned college credits in the field of police work. In response to Governor Carcieri's proposal to eliminate the programs, the 2009 Assembly maintained it in the general laws; however, provided no funding. Municipalities are still required to reimburse police officers for eligible expenses incurred in earning the credits, which were \$0.5 million in FY 2009 and \$0.7 million in FY 2010.

The Governor does not recommend reinstating funding for this program in FY 2012 and FY 2013.

Municipal Firefighters Incentive Pay. The Rhode Island General Laws establish 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.

Prior to FY 2009, the state paid a stipend to firefighters who have earned college credits in the field of fire science. In response to Governor Carcieri's proposal to eliminate the program, the 2009 Assembly maintained it in the general laws; however, provided no funding. Current law does not require that municipalities reimburse firefighters for eligible expenses; however, some municipalities do so voluntarily and those expenses were \$45,000 in FY 2009.

The Governor does not recommend reinstating funding for this program in FY 2012 and FY 2013.

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 costs for the first update at a rate not to exceed \$20 per parcel. Reimbursement for future updates declines based on a defined schedule in the General Laws.

The Governor recommends \$1.0 million in FY 2012, \$0.1 million less than enacted and \$1.6 million for FY 2013 to fully fund reimbursements.

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. The Governor includes legislation in Article 26 of 2012-H 7323, clarifying that the state will reimburse municipalities for half of the cost of the actuarial valuations that are due on April 1, 2012. Subsequent annual actuarial valuations will not be reimbursed by the state. The FY 2012 budget includes \$234,000 for the reimbursements.

Pass-Through Revenues

Public Service Corporation Tax. The FY 2012 and FY 2013 budgets assume the state will collect \$11.8 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. The Assembly concurred with the Governor's proposal included in 2009-H 5019 Substitute A, as amended 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.

Under Section 44-13-13 of the Rhode Island General Laws, 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, but is subject to taxation by the state. Tangible personal property includes lines, cables, ducts, pipes, machines and machinery, and equipment.

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

Other Local Revenues

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

The Governor proposes legislation to increase the meals and beverage tax from 1.0 cent to 3.0 cents of gross receipts from retail sales of meals and beverages in or from eating and/or drinking establishments. His budget assumes \$39.5 million in revenues from this change, which would be deposited as general revenues. The Governor indicates this allows him to recommend full funding of the education aid formula and accelerated funding to certain underfunded districts.

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 buildings or structures with a minimum of three rooms that are 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 (generally less than 31 days). 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.

The Governor proposes legislation to subject rentals of vacation homes and rooms at bed and breakfast inns with at least one bedroom for rent to the state's occupancy tax of 5.0 percent, the local occupancy tax of 1.0 percent and the state sales tax of 7.0 percent. Rentals would include those that are rented for more than 15 days per year. His budget assumes revenues of \$1.9 million; an additional \$0.5 million would be passed through to host municipalities like other hotel tax revenue.

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, and Motor Vehicles Excise Tax

<i>Community</i>	<i>FY 2011</i>	<i>FY 2012 Enacted</i>	<i>FY 2012 Revised</i>	<i>Revised Difference</i>
Barrington	\$ 294,192	\$ 299,458	\$ 299,458	\$ -
Bristol	697,446	832,543	832,543	-
Burrillville	769,016	573,846	573,846	-
Central Falls	371,025	401,735	400,398	(1,337)
Charlestown	41,218	41,218	41,218	-
Coventry	225,597	225,597	225,597	-
Cranston	5,191,475	5,758,680	5,758,680	-
Cumberland	216,622	216,637	216,637	-
East Greenwich	131,077	132,203	132,203	-
East Providence	1,293,740	1,355,956	1,355,956	-
Exeter	82,437	82,437	82,437	-
Foster	69,750	69,808	69,808	-
Glocester	94,919	94,919	94,919	-
Hopkinton	65,621	65,621	65,621	-
Jamestown	36,685	36,685	36,685	-
Johnston	382,377	382,377	382,377	-
Lincoln	236,662	236,662	236,662	-
Little Compton	23,548	23,548	23,548	-
Middletown	89,262	89,262	89,262	-
Narragansett	95,791	95,791	95,791	-
Newport	971,841	1,071,593	1,071,593	-
New Shoreham	8,132	8,132	8,132	-
North Kingstown	234,003	230,181	230,181	-
North Providence	1,317,007	1,479,595	1,476,380	(3,215)
North Smithfield	173,847	173,847	173,847	-
Pawtucket	2,559,462	2,634,322	2,624,850	(9,472)
Portsmouth	109,483	109,483	109,483	-
Providence	25,827,727	29,871,643	29,896,872	25,229
Richmond	60,200	60,200	60,200	-
Scituate	127,207	127,207	127,207	-
Smithfield	711,000	815,173	815,173	-
South Kingstown	296,393	332,795	332,795	-
Tiverton	108,700	108,700	108,700	-
Warren	82,773	82,773	82,773	-
Warwick	2,114,127	2,397,800	2,397,800	-
Westerly	340,736	359,417	359,417	-
West Greenwich	49,532	49,532	49,532	-
West Warwick	1,149,433	1,124,125	1,118,339	(5,786)
Woonsocket	1,314,806	1,413,369	1,407,950	(5,419)
Total	\$ 47,964,867	\$ 53,464,867	\$ 53,464,867	\$ -

General Aid Total

Includes Distressed Communities, PILOT, and Motor Vehicles Excise Tax

<i>Community</i>	<i>FY 2012 Enacted</i>	<i>FY 2013 Gov. Rec.</i>	<i>FY 2013 Rec. to Enacted</i>	<i>FY 2012 Rec. to FY 2012 Rev.</i>
Barrington	\$ 299,458	\$ 284,044	\$ (15,414)	\$ (15,414)
Bristol	832,543	790,205	(42,338)	(42,338)
Burrillville	573,846	323,682	(250,164)	(250,164)
Central Falls	401,735	397,028	(4,707)	(3,370)
Charlestown	41,218	41,218	-	-
Coventry	225,597	225,597	-	-
Cranston	5,758,680	6,708,514	949,834	949,834
Cumberland	216,637	216,609	(28)	(28)
East Greenwich	132,203	288,083	155,880	155,880
East Providence	1,355,956	608,283	(747,673)	(747,673)
Exeter	82,437	82,437	-	-
Foster	69,808	69,768	(40)	(40)
Glocester	94,919	94,919	-	-
Hopkinton	65,621	65,621	-	-
Jamestown	36,685	36,685	-	-
Johnston	382,377	382,377	-	-
Lincoln	236,662	236,662	-	-
Little Compton	23,548	23,548	-	-
Middletown	89,262	89,262	-	-
Narragansett	95,791	95,791	-	-
Newport	1,071,593	1,044,183	(27,410)	(27,410)
New Shoreham	8,132	8,132	-	-
North Kingstown	230,181	230,059	(122)	(122)
North Providence	1,479,595	1,904,635	425,040	428,255
North Smithfield	173,847	173,847	-	-
Pawtucket	2,634,322	2,480,286	(154,036)	(144,564)
Portsmouth	109,483	109,483	-	-
Providence	29,871,643	29,882,983	11,340	(13,889)
Richmond	60,200	60,200	-	-
Scituate	127,207	127,207	-	-
Smithfield	815,173	779,098	(36,075)	(36,075)
South Kingstown	332,795	323,435	(9,360)	(9,360)
Tiverton	108,700	108,700	-	-
Warren	82,773	82,773	-	-
Warwick	2,397,800	2,307,128	(90,672)	(90,672)
Westerly	359,417	349,102	(10,314)	(10,314)
West Greenwich	49,532	49,532	-	-
West Warwick	1,124,125	1,041,849	(82,276)	(76,490)
Woonsocket	1,413,369	1,341,903	(71,466)	(66,047)
Total	\$ 53,464,867	\$ 53,464,867	\$ -	\$ -

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2011</i>	<i>FY 2012 Enacted</i>	<i>FY 2012 Revised</i>	<i>Revised Difference</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	487,734	243,867	243,867	-
Central Falls	267,537	293,509	292,172	(1,337)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	757,468	757,468	757,468	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	510,516	624,043	620,828	(3,215)
North Smithfield	-	-	-	-
Pawtucket	1,517,274	1,534,272	1,524,800	(9,472)
Portsmouth	-	-	-	-
Providence	5,111,934	5,143,906	5,169,135	25,229
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	925,500	900,192	894,406	(5,786)
Woonsocket	806,495	887,201	881,782	(5,419)
Total	\$ 10,384,458	\$ 10,384,458	\$ 10,384,458	\$ -

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2012 Enacted</i>	<i>FY 2013 Gov. Rec.</i>	<i>FY 2013 Rec. to Enacted</i>	<i>FY 2013 Rec. to FY 2012 Rev.</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	243,867	-	(243,867)	(243,867)
Central Falls	293,509	289,707	(3,802)	(2,465)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	-	1,201,480	1,201,480	1,201,480
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	757,468	-	(757,468)	(757,468)
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	624,043	1,025,738	401,695	404,910
North Smithfield	-	-	-	-
Pawtucket	1,534,272	1,416,751	(117,521)	(108,049)
Portsmouth	-	-	-	-
Providence	5,143,906	4,804,334	(339,572)	(364,801)
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	900,192	817,916	(82,276)	(76,490)
Woonsocket	887,201	828,531	(58,670)	(53,251)
Total	\$ 10,384,458	\$ 10,384,458	\$ -	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2011</i>	<i>FY 2012 Enacted</i>	<i>FY 2012 Revised</i>	<i>Revised Difference</i>
Barrington	\$ 48,984	\$ 54,250	\$ 54,250	\$ -
Bristol	580,241	715,338	715,338	-
Burrillville	66,573	115,270	115,270	-
Central Falls	19,158	23,896	23,896	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	4,239,850	4,807,055	4,807,055	-
Cumberland	109	124	124	-
East Greenwich	7,599	8,725	8,725	-
East Providence	91,188	153,404	153,404	-
Exeter	-	-	-	-
Foster	417	475	475	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	833,229	932,981	932,981	-
New Shoreham	-	-	-	-
North Kingstown	5,803	1,981	1,981	-
North Providence	456,364	505,425	505,425	-
North Smithfield	-	-	-	-
Pawtucket	377,406	435,268	435,268	-
Portsmouth	-	-	-	-
Providence	19,097,871	23,109,815	23,109,815	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	429,064	533,237	533,237	-
South Kingstown	124,230	160,632	160,632	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	957,595	1,241,268	1,241,268	-
Westerly	110,040	128,720	128,720	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	134,688	152,545	152,545	-
Total	\$ 27,580,409	\$ 33,080,409	\$ 33,080,409	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2012 Enacted</i>	<i>FY 2013 Gov. Rec.</i>	<i>FY 2013 Rec. to Enacted</i>	<i>FY 2013 Rec. to FY 2012 Rev.</i>
Barrington	\$ 54,250	\$ 38,836	\$ (15,414)	\$ (15,414)
Bristol	715,338	673,000	(42,338)	(42,338)
Burrillville	115,270	108,973	(6,297)	(6,297)
Central Falls	23,896	22,991	(905)	(905)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	4,807,055	4,555,409	(251,646)	(251,646)
Cumberland	124	96	(28)	(28)
East Greenwich	8,725	164,605	155,880	155,880
East Providence	153,404	163,199	9,795	9,795
Exeter	-	-	-	-
Foster	475	435	(40)	(40)
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	932,981	905,571	(27,410)	(27,410)
New Shoreham	-	-	-	-
North Kingstown	1,981	1,859	(122)	(122)
North Providence	505,425	528,770	23,345	23,345
North Smithfield	-	-	-	-
Pawtucket	435,268	398,753	(36,515)	(36,515)
Portsmouth	-	-	-	-
Providence	23,109,815	23,460,727	350,912	350,912
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	533,237	497,162	(36,075)	(36,075)
South Kingstown	160,632	151,272	(9,360)	(9,360)
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,241,268	1,150,596	(90,672)	(90,672)
Westerly	128,720	118,406	(10,314)	(10,314)
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	152,545	139,749	(12,796)	(12,796)
Total	\$ 33,080,409	\$ 33,080,409	\$ -	\$ -

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2011</i>	<i>FY 2012 Enacted</i>	<i>FY 2012 Revised</i>	<i>Revised Difference</i>
Barrington	\$ 245,208	\$ 245,208	\$ 245,208	\$ -
Bristol	117,205	117,205	117,205	-
Burrillville	214,709	214,709	214,709	-
Central Falls	84,330	84,330	84,330	-
Charlestown	41,218	41,218	41,218	-
Coventry	225,597	225,597	225,597	-
Cranston	951,625	951,625	951,625	-
Cumberland	216,513	216,513	216,513	-
East Greenwich	123,478	123,478	123,478	-
East Providence	445,084	445,084	445,084	-
Exeter	82,437	82,437	82,437	-
Foster	69,333	69,333	69,333	-
Glocester	94,919	94,919	94,919	-
Hopkinton	65,621	65,621	65,621	-
Jamestown	36,685	36,685	36,685	-
Johnston	382,377	382,377	382,377	-
Lincoln	236,662	236,662	236,662	-
Little Compton	23,548	23,548	23,548	-
Middletown	89,262	89,262	89,262	-
Narragansett	95,791	95,791	95,791	-
Newport	138,612	138,612	138,612	-
New Shoreham	8,132	8,132	8,132	-
North Kingstown	228,200	228,200	228,200	-
North Providence	350,127	350,127	350,127	-
North Smithfield	173,847	173,847	173,847	-
Pawtucket	664,782	664,782	664,782	-
Portsmouth	109,483	109,483	109,483	-
Providence	1,617,922	1,617,922	1,617,922	-
Richmond	60,200	60,200	60,200	-
Scituate	127,207	127,207	127,207	-
Smithfield	281,936	281,936	281,936	-
South Kingstown	172,163	172,163	172,163	-
Tiverton	108,700	108,700	108,700	-
Warren	82,773	82,773	82,773	-
Warwick	1,156,532	1,156,532	1,156,532	-
Westerly	230,696	230,696	230,696	-
West Greenwich	49,532	49,532	49,532	-
West Warwick	223,933	223,933	223,933	-
Woonsocket	373,623	373,623	373,623	-
Total	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2012 Enacted</i>	<i>FY 2013 Gov. Rec.</i>	<i>FY 2013 Rec. to Enacted</i>	<i>FY 2013 Rec. to FY 2012 Rev.</i>
Barrington	\$ 245,208	\$ 245,208	\$ -	\$ -
Bristol	117,205	117,205	-	-
Burrillville	214,709	214,709	-	-
Central Falls	84,330	84,330	-	-
Charlestown	41,218	41,218	-	-
Coventry	225,597	225,597	-	-
Cranston	951,625	951,625	-	-
Cumberland	216,513	216,513	-	-
East Greenwich	123,478	123,478	-	-
East Providence	445,084	445,084	-	-
Exeter	82,437	82,437	-	-
Foster	69,333	69,333	-	-
Glocester	94,919	94,919	-	-
Hopkinton	65,621	65,621	-	-
Jamestown	36,685	36,685	-	-
Johnston	382,377	382,377	-	-
Lincoln	236,662	236,662	-	-
Little Compton	23,548	23,548	-	-
Middletown	89,262	89,262	-	-
Narragansett	95,791	95,791	-	-
Newport	138,612	138,612	-	-
New Shoreham	8,132	8,132	-	-
North Kingstown	228,200	228,200	-	-
North Providence	350,127	350,127	-	-
North Smithfield	173,847	173,847	-	-
Pawtucket	664,782	664,782	-	-
Portsmouth	109,483	109,483	-	-
Providence	1,617,922	1,617,922	-	-
Richmond	60,200	60,200	-	-
Scituate	127,207	127,207	-	-
Smithfield	281,936	281,936	-	-
South Kingstown	172,163	172,163	-	-
Tiverton	108,700	108,700	-	-
Warren	82,773	82,773	-	-
Warwick	1,156,532	1,156,532	-	-
Westerly	230,696	230,696	-	-
West Greenwich	49,532	49,532	-	-
West Warwick	223,933	223,933	-	-
Woonsocket	373,623	373,623	-	-
Total	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -

Library Aid

<i>City or Town</i>	<i>Final</i>	<i>FY 2012 Enacted**</i>	<i>FY 2012 Revised</i>	<i>Revised Difference</i>
Barrington	\$ 323,140	\$ 332,622	\$ 332,622	\$ -
Bristol	106,449	119,255	119,255	-
Burrillville	124,196	124,048	124,048	-
Central Falls	76,712	62,301	62,301	-
Charlestown	46,444	47,345	47,345	-
Coventry	198,364	203,149	203,149	-
Cranston	564,855	530,519	530,519	-
Cumberland	242,455	266,209	266,209	-
East Greenwich	107,800	111,399	111,399	-
East Providence	454,240	395,804	395,804	-
Exeter	32,685	40,392	40,392	-
Foster	34,283	31,425	31,425	-
Glocester	68,546	70,178	70,178	-
Hopkinton	28,903	29,512	29,512	-
Jamestown	76,368	77,618	77,618	-
Johnston	96,481	110,371	110,371	-
Lincoln	179,391	186,608	186,608	-
Little Compton	26,702	28,295	28,295	-
Middletown	123,398	126,526	126,526	-
Narragansett	113,169	123,812	123,812	-
Newport	364,548	377,002	377,002	-
New Shoreham	94,072	73,576	73,576	-
North Kingstown	246,625	257,813	257,813	-
North Providence	154,613	163,008	163,008	-
North Smithfield	61,584	63,053	63,053	-
Pawtucket	398,156	365,315	365,315	-
Portsmouth	99,917	102,565	102,565	-
Providence*	2,276,903	2,337,393	2,337,393	-
Richmond	21,874	22,762	22,762	-
Scituate	92,532	94,735	94,735	-
Smithfield	254,642	267,131	267,131	-
South Kingstown	205,999	203,044	203,044	-
Tiverton	90,485	76,399	76,399	-
Warren	51,162	52,283	52,283	-
Warwick	657,409	638,711	638,711	-
Westerly	287,122	269,310	269,310	-
West Greenwich	24,649	26,493	26,493	-
West Warwick	171,415	173,748	173,748	-
Woonsocket	195,110	191,671	191,671	-
Total	\$ 8,773,398	\$ 8,773,398	\$ 8,773,398	\$ -

*Includes the Statewide Reference Library Resource Grant.

**Recommended distribution reflects last year's data; updated data changes enacted distribution.

Library Aid

<i>City or Town</i>	<i>FY 2012 Enacted**</i>	<i>FY 2013 Gov. Rec.</i>	<i>FY 2013 Rec. to Enacted</i>	<i>FY 2013 Rec. to FY 2012 Rev.</i>
Barrington	\$ 332,622	334,107	1,485	1,485
Bristol	119,255	118,895	(360)	(360)
Burrillville	124,048	125,987	1,939	1,939
Central Falls	62,301	47,079	(15,222)	(15,222)
Charlestown	47,345	47,128	(217)	(217)
Coventry	203,149	207,369	4,220	4,220
Cranston	530,519	524,404	(6,115)	(6,115)
Cumberland	266,209	264,240	(1,969)	(1,969)
East Greenwich	111,399	114,121	2,722	2,722
East Providence	395,804	416,425	20,621	20,621
Exeter	40,392	40,082	(310)	(310)
Foster	31,425	29,625	(1,800)	(1,800)
Glocester	70,178	69,879	(299)	(299)
Hopkinton	29,512	29,999	487	487
Jamestown	77,618	79,139	1,521	1,521
Johnston	110,371	111,963	1,592	1,592
Lincoln	186,608	189,340	2,732	2,732
Little Compton	28,295	28,078	(217)	(217)
Middletown	126,526	128,935	2,409	2,409
Narragansett	123,812	121,555	(2,257)	(2,257)
Newport	377,002	374,002	(3,000)	(3,000)
New Shoreham	73,576	73,011	(565)	(565)
North Kingstown	257,813	257,842	29	29
North Providence	163,008	164,384	1,376	1,376
North Smithfield	63,053	62,569	(484)	(484)
Pawtucket	365,315	369,002	3,687	3,687
Portsmouth	102,565	102,367	(198)	(198)
Providence*	2,337,393	2,292,590	(44,803)	(44,803)
Richmond	22,762	24,829	2,067	2,067
Scituate	94,735	94,008	(727)	(727)
Smithfield	267,131	265,315	(1,816)	(1,816)
South Kingstown	203,044	196,594	(6,450)	(6,450)
Tiverton	76,399	91,928	15,529	15,529
Warren	52,283	51,832	(451)	(451)
Warwick	638,711	662,952	24,241	24,241
Westerly	269,310	270,491	1,181	1,181
West Greenwich	26,493	26,290	(203)	(203)
West Warwick	173,748	171,858	(1,890)	(1,890)
Woonsocket	191,671	193,184	1,513	1,513
Total	\$ 8,773,398	\$ 8,773,398	\$ -	\$ -

*Includes the Statewide Reference Library Resource Grant.

**Recommended distribution reflects last year's data; updated data changes enacted distribution.

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2011</i>	<i>FY 2012 Enacted</i>	<i>FY 2012 Revised</i>	<i>Revised Difference</i>
Barrington	\$ 183,789	\$ 183,789	\$ 183,789	\$ -
Bristol	250,908	250,908	250,908	-
Burrillville	186,455	186,455	186,455	-
Central Falls	210,526	210,526	210,526	-
Charlestown	90,899	90,899	90,899	-
Coventry	392,965	392,965	392,965	-
Cranston	901,294	901,294	901,294	-
Cumberland	386,610	386,610	386,610	-
East Greenwich	150,021	150,021	150,021	-
East Providence	546,338	546,338	546,338	-
Exeter	70,967	70,967	70,967	-
Foster	51,057	51,057	51,057	-
Glocester	118,694	118,694	118,694	-
Hopkinton	90,134	90,134	90,134	-
Jamestown	61,563	61,563	61,563	-
Johnston	321,852	321,852	321,852	-
Lincoln	248,017	248,017	248,017	-
Little Compton	39,662	39,662	39,662	-
Middletown	180,392	180,392	180,392	-
Narragansett	185,510	185,510	185,510	-
Newport	263,968	263,968	263,968	-
New Shoreham	11,642	11,642	11,642	-
North Kingstown	299,817	299,817	299,817	-
North Providence	368,297	368,297	368,297	-
North Smithfield	129,864	129,864	129,864	-
Pawtucket	809,361	809,361	809,361	-
Portsmouth	190,009	190,009	190,009	-
Providence	1,933,712	1,933,712	1,933,712	-
Richmond	86,006	86,006	86,006	-
Scituate	122,080	122,080	122,080	-
Smithfield	238,524	238,524	238,524	-
South Kingstown	328,399	328,399	328,399	-
Tiverton	167,658	167,658	167,658	-
Warren	122,575	122,575	122,575	-
Warwick	953,420	953,420	953,420	-
Westerly	264,339	264,339	264,339	-
West Greenwich	71,900	71,900	71,900	-
West Warwick	329,895	329,895	329,895	-
Woonsocket	487,868	487,868	487,868	-
Total	\$ 11,846,987	\$ 11,846,987	\$ 11,846,987	\$ -

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2012 Enacted</i>	<i>FY 2013 Gov. Rec.</i>	<i>FY 2013 Rec. to Enacted</i>	<i>FY 2012 Rev. to FY 2013 Rec.</i>
Barrington	\$ 183,789	\$ 183,789	\$ -	\$ -
Bristol	250,908	250,908	-	-
Burrillville	186,455	186,455	-	-
Central Falls	210,526	210,526	-	-
Charlestown	90,899	90,899	-	-
Coventry	392,965	392,965	-	-
Cranston	901,294	901,294	-	-
Cumberland	386,610	386,610	-	-
East Greenwich	150,021	150,021	-	-
East Providence	546,338	546,338	-	-
Exeter	70,967	70,967	-	-
Foster	51,057	51,057	-	-
Glocester	118,694	118,694	-	-
Hopkinton	90,134	90,134	-	-
Jamestown	61,563	61,563	-	-
Johnston	321,852	321,852	-	-
Lincoln	248,017	248,017	-	-
Little Compton	39,662	39,662	-	-
Middletown	180,392	180,392	-	-
Narragansett	185,510	185,510	-	-
Newport	263,968	263,968	-	-
New Shoreham	11,642	11,642	-	-
North Kingstown	299,817	299,817	-	-
North Providence	368,297	368,297	-	-
North Smithfield	129,864	129,864	-	-
Pawtucket	809,361	809,361	-	-
Portsmouth	190,009	190,009	-	-
Providence	1,933,712	1,933,712	-	-
Richmond	86,006	86,006	-	-
Scituate	122,080	122,080	-	-
Smithfield	238,524	238,524	-	-
South Kingstown	328,399	328,399	-	-
Tiverton	167,658	167,658	-	-
Warren	122,575	122,575	-	-
Warwick	953,420	953,420	-	-
Westerly	264,339	264,339	-	-
West Greenwich	71,900	71,900	-	-
West Warwick	329,895	329,895	-	-
Woonsocket	487,868	487,868	-	-
Total	\$ 11,846,987	\$ 11,846,987	\$ -	\$ -

Meals and Beverage

<i>City or Town</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY 2011</i>
Barrington	\$ 120,946	\$ 119,179	\$ 135,553	\$ 135,625
Bristol	326,980	318,548	303,168	327,042
Burrillville	166,000	166,966	172,887	174,052
Central Falls	88,041	82,663	88,173	92,902
Charlestown	104,650	98,886	97,087	102,788
Coventry	329,394	332,829	333,263	331,317
Cranston	1,326,355	1,317,327	1,321,908	1,342,820
Cumberland	335,042	346,547	350,310	357,915
East Greenwich	407,431	389,810	428,133	447,265
East Providence	696,324	710,794	729,001	740,237
Exeter	69,053	63,081	71,128	72,117
Foster	17,951	17,846	17,376	15,627
Glocester	55,278	57,561	54,010	57,017
Hopkinton	44,218	39,880	43,754	43,541
Jamestown	39,650	65,241	80,395	79,350
Johnston	414,290	406,973	429,028	455,592
Lincoln	661,664	585,041	609,715	623,233
Little Compton	27,347	27,577	39,576	36,462
Middletown	540,447	566,748	561,285	565,079
Narragansett	414,678	473,967	460,758	460,945
Newport	1,627,568	1,552,832	1,526,834	1,627,651
New Shoreham	247,449	208,610	225,939	225,192
North Kingstown	414,128	430,806	419,321	424,631
North Providence	372,595	365,348	344,523	338,650
North Smithfield	141,091	155,376	160,440	156,161
Pawtucket	627,568	640,642	633,198	643,598
Portsmouth	149,324	159,493	166,628	168,433
Providence	3,962,837	3,912,275	3,961,890	4,047,090
Richmond	105,128	101,458	102,635	110,470
Scituate	55,494	55,036	52,460	53,285
Smithfield	495,297	480,155	513,546	524,556
South Kingstown	514,694	516,680	536,657	561,221
Tiverton	157,507	146,356	151,924	156,098
Warren	231,596	205,217	202,368	208,132
Warwick	2,165,813	2,199,207	2,151,135	2,130,242
Westerly	378,006	589,951	593,704	625,338
West Greenwich	75,038	79,531	95,914	101,165
West Warwick	354,150	330,731	322,737	324,975
Woonsocket	488,266	491,063	494,686	495,850
Total	\$ 18,749,285	\$ 18,808,231	\$ 18,983,046	\$ 19,383,665

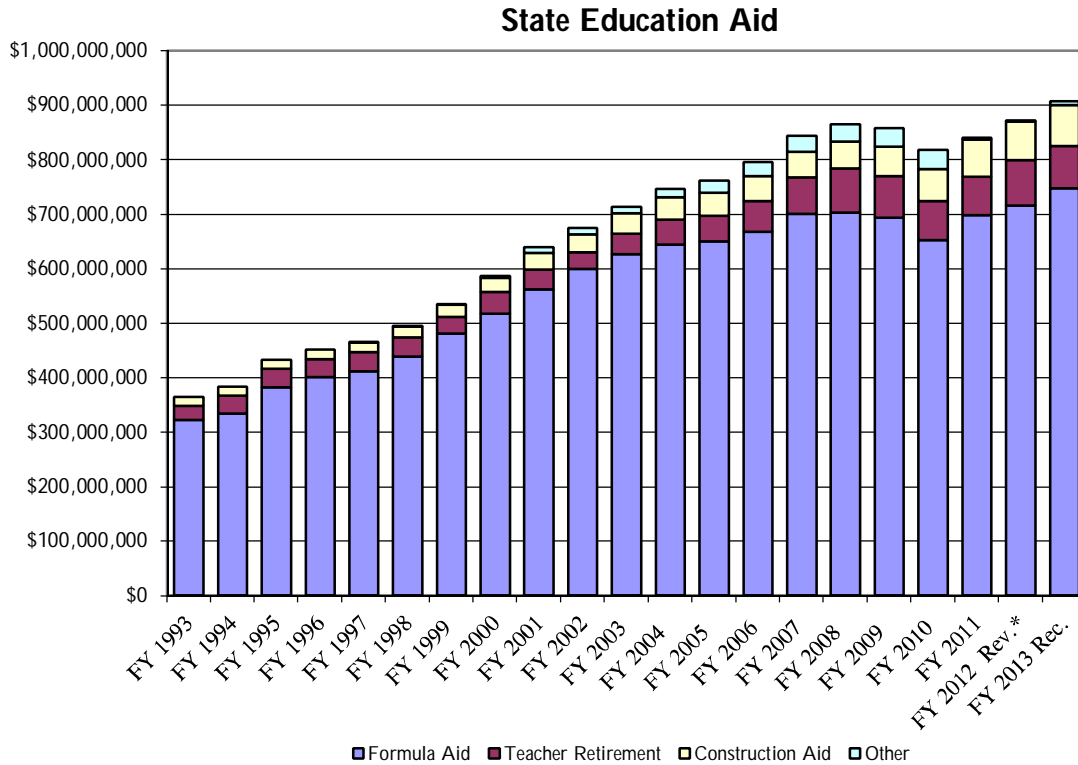
Local Hotel Tax

<i>City or Town</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY 2011</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	17,449	14,152	12,395	14,742
Burrillville	-	-	-	-
Central Falls	-	-	-	-
Charlestown	8,925	9,611	6,622	9,477
Coventry	34,194	29,751	29,063	33,396
Cranston	10,792	8,952	7,708	3,301
Cumberland	-	-	-	-
East Greenwich	170	162	133	189
East Providence	14,604	12,292	12,544	13,695
Exeter	-	-	-	-
Foster	241	214	136	74
Glocester	1,042	802	700	825
Hopkinton	-	-	6	-
Jamestown	3,077	3,696	3,635	3,818
Johnston	4,515	2,640	3,471	2,885
Lincoln	38,735	34,223	33,457	36,521
Little Compton	1,324	108	4,512	5,589
Middletown	247,240	228,601	233,101	232,431
Narragansett	32,556	30,975	30,542	37,474
Newport	-	-	-	-
New Shoreham	105,134	96,644	92,485	99,549
North Kingstown	8,257	6,661	5,751	9,739
North Providence	-	-	-	-
North Smithfield	1,108	2,665	844	956
Pawtucket	24,649	22,645	20,151	19,148
Portsmouth	3,577	3,963	2,769	2,967
Providence	722,109	677,432	644,561	707,255
Richmond	2,465	1,472	1,439	1,517
Scituate	1,721	1,744	1,621	1,622
Smithfield	27,621	37,773	39,029	52,094
South Kingstown	35,037	48,297	45,334	50,496
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	407,500	364,010	352,362	353,993
Westerly	78,544	68,603	71,162	116,835
West Greenwich	10,155	25,996	31,174	35,515
West Warwick	51,147	42,626	40,852	42,026
Woonsocket	22,467	17,317	16,805	17,533
Total	\$ 1,916,354	\$ 1,794,024	\$ 1,744,364	\$ 1,905,664

Education Aid

Summary

The Governor recommends \$907.0 million from general revenues for FY 2013 total aid for local school districts. Including federal education jobs funds distributed to districts, the Governor's recommendation totals \$907.5 million, which is \$35.9 million more than enacted. This funding for FY 2013 includes \$747.2 million in direct distributions to local school districts, \$7.5 million in categorical funding, \$78.2 million for the state's contribution to teacher retirement, and \$74.6 million for school construction costs.



* Davies begins appearing with education aid

The 2010 Assembly adopted a new 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 new state share ratio that considers the district's ability to generate revenues and its poverty concentration. There is no minimum share in the formula.

The funding plan also allows for additional support from the state to districts 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. Group home aid will continue to be paid pursuant to current law, in addition to aid paid through the new funding formula.

There will be redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula will be phased in over a ten-year period. The legislation also includes a two-year phased increase in the state's minimum share of housing aid costs to provide that no local receives less than a 40.0 percent state reimbursement by FY 2013 for construction projects completed after June 30, 2011. The previous minimum had been 30.0 percent. The Governor recommends legislation to roll back the state's minimum housing aid reimbursement to 35.0 percent.

Education Aid by Component

The Governor recommends \$907.5 million for FY 2013 education aid from all sources of funds for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This 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 \$35.9 million more than enacted for FY 2012.

The following table compares the FY 2013 recommended funding for the major components of education aid to the FY 2012 enacted budget. It is followed by an explanation of each of the items in the table.

Education Aid	Total FY 2012 Enacted	FY 2013 Governor	Education Jobs Fund Offset	Total FY 2013 Recommended	Total Change to Enacted
Operating Aid					
Local Districts	\$ 595,784,668	\$ 627,261,412	\$ 406,895	\$ 627,668,307	\$ 31,883,639
Central Falls	41,131,439	39,413,323	29,100	39,442,423	(1,689,016)
Met School	12,236,284	11,601,699	8,772	11,610,471	(625,813)
Davies Career & Technical*	14,090,211	13,400,497	9,957	13,410,454	(679,757)
Charter Schools	43,204,584	46,862,663	17,869	46,880,532	3,675,948
Group Homes Funding	8,601,000	8,181,000	-	8,181,000	(420,000)
Subtotal	\$ 715,048,186	\$ 746,720,594	\$ 472,593	\$ 747,193,187	\$ 32,145,001
Categorical Funding					
High Cost Special Education	\$ -	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
High Cost Career and Technical	-	3,000,000	-	3,000,000	3,000,000
Early Childhood	-	1,450,000	-	1,450,000	1,450,000
Transportation	1,087,840	2,175,680	-	2,175,680	1,087,840
Regionalization Bonus	851,241	413,170	-	413,170	(438,071)
Subtotal	\$ 1,939,081	\$ 7,538,850	\$ -	\$ 7,538,850	\$ 5,599,769
Set-Aside Funds					
Textbook Loans	\$ 240,000	\$ -	\$ -	\$ -	\$ (240,000)
School Breakfast	270,000	-	-	-	(270,000)
Subtotal	\$ 510,000	\$ -	\$ -	\$ -	\$ (510,000)
Total	\$ 717,497,267	\$ 754,259,444	\$ 472,593	\$ 754,732,037	\$ 37,234,770
Other Aid					
Teacher Retirement	\$ 81,635,719	\$ 78,219,694	\$ -	\$ 78,219,694	\$ (3,416,025)
Construction Aid	72,507,180	74,568,906	-	74,568,906	2,061,726
Statewide Total	\$ 871,640,166	\$ 907,048,044	\$ 472,593	\$ 907,520,637	\$ 35,880,471

*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.

The funding formula calculation for FY 2013 uses June 30, 2011 student enrollment data adjusted for FY 2013 projected charter school enrollments, a per pupil core instruction amount of \$8,679 and state share ratio variables updated with June 30, 2011 data. It assumes that districts that will receive more state funding will have the additional funding phased in over seven years, adjusted for the infusion of \$11.0 million to accelerate this, and districts that are going to receive less state funding will have that loss phased in over ten years. The Department of Elementary and Secondary Education will provide updated March 2012 student enrollment data at the beginning of April. Districts will be billed quarterly for students attending charter and state schools.

Operating Aid

Local Districts. The Governor recommends \$627.7 million for formula aid to locally operated school districts. This is \$31.9 million more than enacted. This reflects the second year of the funding formula and \$0.4 million from federal education jobs funds that districts will receive in FY 2012 and use in FY 2013 in lieu of general revenues.

Central Falls Operations. The Governor recommends \$39.4 million for formula aid for the Central Falls School District. This is \$1.7 million or 4.1 percent less than FY 2012 enacted aid and includes use of \$29,100 from federal education jobs funds that Central Falls will receive in FY 2012 and use in FY 2013 in lieu of general revenues. Central Falls had been fully state supported. Beginning with FY 2012, Central Falls is funded pursuant to the funding formula.

The new legislation requires the city to contribute to its education budget. It includes a transition fund to stabilize the Central Falls School District until the city can begin paying its local share. Because the transition funds are paid upon verification that the city has paid its share of the local contribution and the Governor assumes that Central Falls will be unable to contribute any funds towards education for FY 2013, he does not include any funds for the state's transition payment nor does he assume a local contribution will be made.

He also recommends legislation that clarifies the method for calculating the amount to put into the fund and requires that the fund be supported through a reallocation of current resources to the school district and that the state does not have to provide new funding.

Metropolitan Career and Technical School. The Governor recommends \$11.6 million for formula aid for the Metropolitan Career and Technical School. This is \$0.6 million or 5.1 percent less than the FY 2012 enacted level and includes use of \$8,772 from federal education jobs funds that the Met School will receive in FY 2012 and use in FY 2013 in lieu of general revenues. Prior to FY 2012, the Met School was fully state supported.

The Met School is now funded pursuant to the new education funding formula. It 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 must pay that to the School. The estimated local contribution is \$4.8 million once the formula is fully phased in. Tables at the end of this report include estimated enrollment by sending district for FY 2013.

Davies Career and Technical School. The Governor recommends \$13.4 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$0.7 million or 4.8 percent less than the FY 2012 enacted level and includes use of \$9,957 from federal education jobs funds that Davies will receive in FY 2012 and use in FY 2013 in lieu of general revenues. Prior to FY

2012, Davies was fully state supported. Davies is now funded pursuant to the new education funding formula. It 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 must pay that to the School.

The local share for FY 2013 is estimated at \$1.6 million and is shown in the school's budget as restricted receipt expenditures. Davies' operating budget will continue to be submitted as part of the Department's budget and Davies' employees are still state employees. Tables at the end of this report include estimated enrollment by sending district for FY 2013.

Charter Schools. The Governor recommends \$46.9 million for formula aid to charter schools. This is \$3.7 million or 8.5 percent more than the FY 2012 enacted level. The FY 2013 budget also includes use of \$17,869 from federal education jobs funds that charter schools will receive for use in FY 2012 in lieu of general revenues. Beginning in FY 2012, charter schools are funded pursuant to the education funding formula. Charter schools are funded like other districts. The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district which must pay that to the school.

Charter schools are public schools authorized by the state through the Board of Regents 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 shall be reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and included in the total. There are currently 16 charter schools in Rhode Island. The Governor's budget assumes no new schools will open during the 2012-2013 school year. Tables at the end of this report include estimated enrollment by sending district for FY 2013.

Group Homes. Consistent with current law, the budget adjusts group home aid to reflect actual beds, and includes \$8.2 million, which is \$420,000 less than the final FY 2012 allocation and enacted budget. The 2007 Assembly enacted legislation to ensure that the payment of communities' group home aid more closely reflects the actual number of group home beds open at the time of the budget. The legislation mandates that increases in beds prior to December 31 of each year shall be paid as part of the supplemental budget for that year and included in the budget year recommendation. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2012 would not be reflected until FY 2013 unlike increases which are funded as part of the supplemental budget. The 2008 Assembly increased the per bed amount from \$15,000 to \$22,000 for the group home beds associated with Bradley Hospital's residential CRAFT program.

Prior to FY 2002, an official community of residence, which is generally based on the parents' residence, was determined for each child living in a group home. The district of official residence was responsible to pay the district in which the child is placed for the cost of the child's education. This system produced disputes among communities concerning financial responsibility. These disputes often resulted in legal fees for all parties involved, and districts hosting group homes were largely unsuccessful in seeking reimbursements.

The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out of district group homes. In FY 2013, the 18 communities hosting group homes, which have a total of 537 beds, will receive \$15,000 per bed, with the exception of the CRAFT beds. This is the per

pupil rate that was provided in the FY 2002 budget in an attempt to reflect the mix of regular and special education students residing in these homes; it has never increased.

Categorical Funding

The education funding formula allows for additional funding from the state to districts 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. For each categorical fund, the Department of Elementary and Secondary Education will prorate 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.

High Cost Special Education. The new funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district's combined per pupil core instruction amount and student success factor amount. The Governor recommends \$500,000 for FY 2013.

High Cost Career and Technical Programs. The new funding formula allows for additional funding 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 Governor recommends \$3.0 million for FY 2013.

These funds are not shown in the distribution tables as there is not yet a methodology for distributing them. The Department of Elementary and Secondary Education is currently developing a methodology.

Early Childhood Education. The new funding formula allows for additional funding from the state to increase access to voluntary, free, high-quality pre-kindergarten programs. The Department of Elementary and Secondary Education will recommend the criteria for the purpose of allocating funding provided by the Assembly. The Governor recommends \$1.5 million for FY 2013. These funds are currently distributed through a request for proposal process and have been going directly to childcare programs. The Governor's revised budget includes a \$150,000 grant from the Rhode Island Foundation to support this work for FY 2012. These funds are not shown in the distribution tables.

Transportation. The new funding formula allows for additional funding from the state to mitigate the excess costs associated with transporting students to out-of-district non-public schools and within regional school districts. The state will assume the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system and will share in the costs associated with transporting students within regional school districts. The state and regional school district will share equally the student transportation costs net any federal sources of revenue for these expenditures. The Governor recommends \$2.2 million for FY 2013.

Limited Regionalization Bonus. The state will provide a limited two-year bonus for regionalized districts. The bonus in the first year shall be 2.0 percent of the state's share of the foundation education aid for the regionalized districts in that fiscal year. The second year bonus shall be 1.0 percent of the state's share of the foundation education aid for the regionalized districts in that fiscal year. This bonus applies to districts that are currently regionalized as well as any districts that regionalize in the future.

The Governor recommends \$0.4 million consistent with current law requirements for the second year of the bonus.

Set-Aside Funds

Textbook Loan Program. The Governor recommends eliminating the requirement that the state reimburse certain costs allowed under 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 12th grade. FY 2011 expenditures were \$241,490. The FY 2012 entitlement is \$265,698. The enacted budget includes \$240,000.

School Breakfast. The Governor recommends eliminating the \$270,000 in the enacted budget to reimburse administrative costs associated with the state's school breakfast program. State law mandates that all public schools provide a breakfast program and provides that costs, other than transportation, associated with this program in excess of available federal money that funds the meals, shall be borne exclusively by the state. He also recommends legislation that removes the requirement for a state appropriation.

Current law requires the General 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 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.

Other Aid

Teacher Retirement. The Governor recommends \$78.2 million to fund the state's 40.0 percent share of the employer contribution for teacher retirement, a decrease of \$5.8 million or 7.0 percent to the FY 2012 revised budget. Prior to changes enacted in a special legislative session during the fall of 2011, teachers had contributed 9.5 percent of their salaries; that rate is set in the General Laws. Beginning July 1, 2012, teachers will contribute 8.75 percent.

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. The state pays 40.0 percent of the employer's share. For districts that choose not to participate in social security, there is an additional 4.0 percent contribution; 2.0 percent paid by both the employee and the district. The state does not pay a share of this 2.0 percent.

School Housing (Construction) Aid. The Governor recommends \$74.6 million for construction aid to local districts. This is \$4.8 million more than the FY 2012 entitlement. 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 40.0 percent for FY 2013. The funding formula legislation also includes a two-year phased increase in the state's minimum housing aid share to provide that no local receives less than a 40.0 percent state reimbursement by FY 2013 for projects completed after June 30, 2011. The previous minimum had been 30.0 percent.

The Governor proposes legislation to roll back the state's minimum housing aid participation to 35.0 percent and the budget assumes savings of \$440,000 from maintaining the minimum share at 35.0 percent.

The Governor also proposes legislation to set the state reimbursement for charter school construction projects at the three year weighted average share ratio of the sending district. Unless sponsored by a school district, charter schools are currently eligible for a 30.0 percent reimbursement. There is no impact on the FY 2013 or FY 2014 budgets and the five-year forecast does not include an estimate of the impact of this change for FY 2015 or beyond.

Calculation and Distribution Tables

The eleven tables on the following pages include the calculation and distribution of the Governor's FY 2013 recommended education aid to districts, charter and state schools. Tables 1A and 1B show the total recommended funding and Tables 2 through 9 illustrate different components of the funding formula. Table 10 has education aid to districts for FY 2007 through FY 2011 for comparison purposes.

Table 1A: Total Recommended Education Aid for Districts for FY 2013

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2013

Table 2: Calculation of New Funding Formula for FY 2013

Table 3: Group Home Aid

Table 4: Calculation of State Share Ratio

Table 5: Transition Plan for Districts

Table 6: FY 2013 Estimated Charter & State School Enrollment by Sending District

Table 7: Transition Plan for Charter and State Schools

Table 8: Transitioned Formula Funding to Charter and State Schools by Sending District

Table 9: Recommended Categorical Aid

Table 10: Education Aid for FY 2007 - FY 2011

Tables 1A: Total Recommended Education Aid for Districts for FY 2013

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

B. Column **B** is the amount of group home aid districts will receive in FY 2013. Changes from FY 2012 are shown in Table 3. Group home aid will be paid pursuant to current law in addition to aid paid through the funding formula.

C. The formula allows for additional funding 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 Governor's recommendation is shown in Column **C**. Specific programs are shown in Table 9.

D. The Governor recommends using federal education jobs funds that districts will receive for use in FY 2012 in lieu of general revenues. Column **D** shows the amount of the general revenue reduction.

E. The Governor adds a total of \$11.0 million from general revenues to accelerate the phase in of funding to underfunded districts. Column **E** shows the amount of additional funding allocated to school districts.

F. Column **F** includes the Governor's FY 2013 general revenue recommendation. This is the total funding minus the jobs funds allocation.

G. Column **G** shows the amount from federal education jobs funds that districts will receive for use in FY 2012. The Governor assumes that districts will carry forward their FY 2012 allocation for use in FY 2013.

H. Column **H** shows the Governor's total FY 2013 recommended aid from general revenues and federal education jobs funds.

I. Column **I** is the FY 2012 enacted aid from all sources including group home aid, categorical aid and federal funds.

J. Column **J** is the difference between the Governor's FY 2013 recommendation from all sources of funds shown in Column **H** and the FY 2012 enacted budget in Column **I**.

Table 1A: Total Recommended Education Aid for Districts for FY 2013

<i>District</i>	<i>A</i> <i>FY 2013</i> <i>Recommended</i> <i>Formula Aid</i> <i>(Table 2)</i>	<i>B</i> <i>Group Home</i> <i>Aid</i> <i>(Table 3)</i>	<i>C</i> <i>All</i> <i>Categoricals</i> <i>(Table 9)</i>	<i>D</i> <i>Education</i> <i>Jobs Fund</i>	<i>E</i> <i>Accelerate</i> <i>Underfunded</i> <i>Districts</i>
Barrington	\$ 3,027,259	\$ -	\$ 25,321	\$ (1,189)	\$ 318,137
Burrillville	12,644,747	330,000	5,720	(8,846)	28,585
Charlestown	1,671,866	-	16,719	(982)	421
Coventry	19,256,578	120,000	24,146	(12,255)	337,970
Cranston	37,281,783	-	231,223	(22,609)	1,551,567
Cumberland	13,423,193	-	45,241	(8,020)	372,947
East Greenwich	1,791,453	-	21,262	(889)	138,209
East Providence	25,696,249	636,000	72,105	(16,612)	459,577
Foster	1,201,772	-	4,545	(876)	-
Glocester	2,783,489	-	6,713	(1,995)	-
Hopkinton	5,551,863	-	55,519	(3,540)	-
Jamestown	358,523	-	5,324	(259)	-
Johnston	10,494,937	120,000	152,849	(6,502)	266,872
Lincoln	7,700,671	135,000	18,317	(4,269)	400,549
Little Compton	331,939	-	-	(194)	8,659
Middletown	8,813,264	480,000	6,149	(6,475)	-
Narragansett	1,611,921	-	1,799	(956)	59,053
Newport	10,238,965	360,000	3,225	(7,321)	8,501
New Shoreham	68,961	-	2,658	(37)	3,405
North Kingstown	10,766,262	-	2,893	(7,192)	43,781
North Providence	13,302,114	240,000	106,194	(8,196)	402,997
North Smithfield	4,832,409	120,000	16,350	(2,939)	158,844
Pawtucket	66,424,639	855,000	5,179	(42,526)	1,282,870
Portsmouth	4,801,673	585,000	1,695	(4,037)	-
Providence	190,757,503	2,640,000	228,566	(128,298)	3,679,073
Richmond	5,418,202	-	54,182	(3,538)	-
Scituate	3,427,723	-	13,358	(1,968)	132,821
Smithfield	4,719,969	240,000	29,329	(3,309)	557
South Kingstown	8,109,970	375,000	34,468	(6,218)	-
Tiverton	5,570,586	-	5,904	(3,569)	115,382
Warwick	33,965,391	360,000	41,736	(22,658)	253,273
Westerly	6,359,624	-	11,821	(3,861)	180,661
West Warwick	19,581,772	-	37,204	(12,773)	215,419
Woonsocket	46,021,504	165,000	28,908	(30,063)	564,347
Bristol-Warren	17,114,454	210,000	507,115	(12,802)	-
Chariho	306,562	-	557,247	(1,050)	-
Exeter-West Greenwich	6,135,412	210,000	409,864	(4,538)	-
Foster-Glocester	5,118,629	-	259,386	(3,534)	-
Central Falls	39,442,423	-	38,616	(29,100)	-
Total	\$ 656,126,253	\$ 8,181,000	\$ 3,088,850	\$ (435,995)	\$ 10,984,477
<i>Adjusted Chariho</i>	12,948,492	-	683,667	(9,110)	421

Table 1A: Total Recommended Education Aid for Districts for FY 2013

<i>District</i>	<i>F</i> <i>FY 2013</i> <i>Recommended</i> <i>General</i> <i>Revenues</i>	<i>G</i> <i>Education</i> <i>Jobs Funds</i> <i>Offset</i>	<i>H</i> <i>Total FY 2013</i> <i>Recommended</i>	<i>I</i> <i>FY 2012</i> <i>Enacted</i>	<i>J</i> <i>Total</i> <i>FY 2013</i> <i>Change to</i> <i>Enacted</i>
Barrington	\$ 3,369,528	\$ 1,189	\$ 3,370,717	\$ 2,374,854	\$ 995,863
Burrillville	13,000,206	8,846	13,009,052	13,008,772	280
Charlestown	1,688,024	982	1,689,006	1,704,449	(15,443)
Coventry	19,726,439	12,255	19,738,694	18,670,838	1,067,856
Cranston	39,041,964	22,609	39,064,573	34,148,058	4,916,514
Cumberland	13,833,361	8,020	13,841,381	12,663,079	1,178,302
East Greenwich	1,950,035	889	1,950,924	1,507,198	443,725
East Providence	26,847,319	16,612	26,863,931	25,375,608	1,488,323
Foster	1,205,441	876	1,206,317	1,242,314	(35,997)
Glocester	2,788,207	1,995	2,790,202	2,862,833	(72,631)
Hopkinton	5,603,842	3,540	5,607,382	5,726,195	(118,813)
Jamestown	363,588	259	363,847	369,267	(5,420)
Johnston	11,028,156	6,502	11,034,658	10,131,916	902,742
Lincoln	8,250,268	4,269	8,254,537	6,999,556	1,254,981
Little Compton	340,404	194	340,598	313,858	26,740
Middletown	9,292,938	6,475	9,299,413	9,407,808	(108,395)
Narragansett	1,671,817	956	1,672,773	1,488,608	184,164
Newport	10,603,370	7,321	10,610,691	10,701,213	(90,522)
New Shoreham	74,987	37	75,024	61,851	13,174
North Kingstown	10,805,744	7,192	10,812,936	10,674,839	138,096
North Providence	14,043,109	8,196	14,051,305	12,751,556	1,299,749
North Smithfield	5,124,664	2,939	5,127,603	4,630,725	496,879
Pawtucket	68,525,162	42,526	68,567,688	64,600,780	3,966,907
Portsmouth	5,384,331	4,037	5,388,368	5,762,149	(373,781)
Providence	197,176,844	128,298	197,305,142	185,804,948	11,500,195
Richmond	5,468,846	3,538	5,472,384	5,648,866	(176,482)
Scituate	3,571,934	1,968	3,573,902	3,155,942	417,960
Smithfield	4,986,546	3,309	4,989,855	4,966,920	22,935
South Kingstown	8,513,220	6,218	8,519,438	8,832,470	(313,032)
Tiverton	5,688,303	3,569	5,691,872	5,329,648	362,223
Warwick	34,597,742	22,658	34,620,400	33,796,578	823,822
Westerly	6,548,245	3,861	6,552,106	5,982,372	569,734
West Warwick	19,821,622	12,773	19,834,395	19,143,704	690,691
Woonsocket	46,749,696	30,063	46,779,759	45,012,523	1,767,235
Bristol-Warren	17,818,767	12,802	17,831,569	18,625,047	(793,478)
Chariho	862,759	1,050	863,809	642,082	221,726
Exeter-West Greenwich	6,750,738	4,538	6,755,276	6,818,348	(63,072)
Foster-Glocester	5,374,481	3,534	5,378,015	5,372,978	5,037
Central Falls	39,451,939	29,100	39,481,039	41,145,437	(1,664,398)
Total	\$ 677,944,585	\$ 435,995	\$ 678,380,580	\$ 647,456,187	\$30,924,393
<i>Adjusted Chariho</i>	13,623,470	9,110	13,632,580	13,721,591	(89,011)

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2013

A. Column **A** is the amount that charter and state schools would receive in the second year of the formula's implementation pursuant to the ten-year phase in of the formula adjusted for schools adding grades. It assumes schools that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years.

B. The Governor recommends using federal education jobs funds that districts will receive for use in FY 2012 in lieu of general revenues. Column **B** shows the amount of the general revenue reduction.

C. The Governor adds a total of \$11.0 million from general revenues to accelerate the phase in of funding to underfunded districts. Column **E** shows the amount of additional funding allocated to charter and state schools.

D. Column **D** includes the Governor's FY 2013 general revenue recommendation. This is the total funding minus the jobs funds allocation.

E. Column **E** shows the amount from federal education jobs funds that districts will receive for use in FY 2012. The Governor assumes that charter and state schools will carry forward their FY 2012 allocation for use in FY 2013.

F. Column **F** shows the Governor's FY 2013 recommended formula aid from general revenues and federal education jobs funds.

G. Column **G** is the starting point for calculating FY 2013 base formula aid. It is the amount that charter and state schools would receive in the second year of the formula's implementation before adjustments are made for schools adding grades.

H. Column **H** is the difference between the total FY 2013 recommended funding in Column **F** and the FY 2013 base amounts in Column **G**.

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2013

<i>School</i>	<i>A</i> <i>FY 2013</i> <i>Recommended</i> <i>Formula Aid</i>	<i>B</i> <i>Education Jobs</i> <i>Funds</i>	<i>C</i> <i>Accelerate</i> <i>Underfunded</i> <i>Charters</i>	<i>D</i> <i>Recommended</i> <i>General</i> <i>Revenues</i>
Beacon	\$ 1,696,172	\$ (1,270)	\$ -	\$ 1,694,902
Blackstone	1,562,851	(1,055)	4,961	1,566,757
Compass	580,806	(434)	-	580,372
Greene School	826,152	(394)	-	825,758
Highlander	2,732,582	(1,853)	7,561	2,738,290
International	2,876,159	(1,981)	-	2,874,178
Kingston Hill	688,316	(520)	-	687,796
Learning Community	5,926,327	(3,402)	-	5,922,925
New England Laborers	1,616,987	-	-	1,616,987
Nurses Institute	1,771,215	-	-	1,771,215
Paul Cuffee	7,448,136	(4,130)	-	7,444,006
Mayoral Academies Blackstone Valley	6,140,294	(1,378)	-	6,138,916
Segue Institute	2,568,311	(1,176)	2,999	2,570,134
Textron	2,317,949	-	-	2,317,949
Times2 Academy	7,039,888	-	-	7,039,888
Trinity	1,072,866	(276)	-	1,072,590
<i>Charter Schools Subtotal</i>	46,865,011	(17,869)	15,521	\$ 46,862,663
Davies Career and Tech	13,410,454	(9,957)	-	13,400,497
Met School	11,610,471	(8,772)	-	11,601,699
Total	\$ 71,885,936	\$ (36,598)	\$ 15,521	\$ 71,864,859

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2013

<i>School</i>	<i>E</i> <i>Education Jobs</i> <i>Funds Offset</i>	<i>F</i> <i>Total FY 2013</i> <i>Recommended</i>	<i>G</i> <i>FY 2012 For</i> <i>Base</i> <i>Calculation</i>	<i>H</i> <i>Change to</i> <i>FY 2012 Base</i> <i>Calculation</i>
Beacon	\$ 1,270	\$ 1,696,172	\$ 1,722,314	\$ (26,142)
Blackstone	1,055	1,567,812	1,552,491	15,321
Compass	434	580,806	608,800	(27,994)
Greene School	394	826,152	667,150	159,002
Highlander	1,853	2,740,143	2,716,793	23,350
International	1,981	2,876,159	2,896,237	(20,078)
Kingston Hill	520	688,316	727,276	(38,960)
Learning Community	3,402	5,926,327	5,954,782	(28,455)
New England Laborers	-	1,616,987	1,648,397	(31,410)
Nurses Institute	-	1,771,215	1,130,376	640,839
Paul Cuffee	4,130	7,448,136	6,805,659	642,477
Mayoral Academies Blackstone Valley	1,378	6,140,294	4,050,453	2,089,841
Segue Institute	1,176	2,571,310	2,562,049	9,261
Textron	-	2,317,949	2,323,795	(5,846)
Times2 Academy	-	7,039,888	7,111,479	(71,591)
Trinity	276	1,072,866	726,533	346,333
<i>Charter Schools Subtotal</i>	\$ 17,869	\$ 46,880,532	\$ 43,204,584	\$ 3,675,948
Davies Career and Tech	9,957	13,410,454	14,090,211	(679,757)
Met School	8,772	11,610,471	12,236,284	(625,813)
Total	\$ 36,598	\$ 71,901,457	\$ 69,531,079	\$ 2,370,378

Table 2: Calculation of Funding Formula for FY 2013

A. The FY 2011 student counts are shown in Column **A** based on the resident average daily membership as of June 30. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

B. Column **B** includes the number of students in pre-kindergarten through 12th grade that receive USDA reimbursable lunch as reported to the Department of Elementary and Secondary Education by the districts.

C. Column **C** includes the percent of students that are eligible for free and reduced price lunch - Column **B** divided by Column **A**.

D. Column **D** is the core instruction funding which is the FY 2011 student count in Column **A** times the core instruction per pupil amount of \$8,679. 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 times the number of students in pre-K through 12th grade that receive free and reduced price lunch 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 whose calculation is described in Table 4.

H. Column **H** includes the state foundation aid under the new funding formula based on FY 2011 data. It is the total foundation amount in Column **F** times the state share ratio in Column **G**.

I. Column **I** is the FY 2012 base calculation shown in Table 5.

J. Column **J** is second year transition amount. It is the amount that will be added or subtracted from the FY 2012 base aid amount. It assumes districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years. The calculation is shown in Table 5.

K. Column **K** is the amount that districts would receive in the second 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 first year of funding under the new formula and the total state foundation aid shown in Column **H**.

Table 2: Calculation of New Funding Formula for FY 2013

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>
<i>District</i>	<i>FY 2011 PK-12 RADM</i>	<i>FY 2011 FRPL RADM</i>	<i>%FRPL</i>	<i>Core Instruction Funding</i>	<i>Student Success Factor Funding</i>	<i>Total Foundation</i>
Barrington	3,401	159	4.7%	\$ 29,517,279	\$ 551,984	\$ 30,069,263
Burrillville	2,476	853	34.5%	21,489,204	2,961,275	24,450,479
Charlestown	956	250	26.2%	8,297,124	867,900	9,165,024
Coventry	5,043	1,345	26.7%	43,768,197	4,669,302	48,437,499
Cranston	10,109	3,842	38.0%	87,736,011	13,337,887	101,073,898
Cumberland	4,610	948	20.6%	40,010,190	3,291,077	43,301,267
East Greenwich	2,330	153	6.6%	20,222,070	531,155	20,753,225
East Providence	5,484	2,467	45.0%	47,595,636	8,564,437	56,160,073
Foster	256	47	18.4%	2,221,824	163,165	2,384,989
Glocester	537	118	22.0%	4,660,623	409,649	5,070,272
Hopkinton	1,224	278	22.7%	10,623,096	965,105	11,588,201
Jamestown	687	50	7.3%	5,962,473	173,580	6,136,053
Johnston	3,018	1,173	38.9%	26,193,222	4,072,187	30,265,409
Lincoln	3,282	887	27.0%	28,484,478	3,079,309	31,563,787
Little Compton	422	55	13.0%	3,662,538	190,938	3,853,476
Middletown	2,426	698	28.8%	21,055,254	2,423,177	23,478,431
Narragansett	1,477	262	17.7%	12,818,883	909,559	13,728,442
Newport	2,021	1,233	61.0%	17,540,259	4,280,483	21,820,742
New Shoreham	125	15	12.0%	1,084,875	52,074	1,136,949
North Kingstown	4,096	826	20.2%	35,549,184	2,867,542	38,416,726
North Providence	3,274	1,126	34.4%	28,415,046	3,909,022	32,324,068
North Smithfield	1,777	272	15.3%	15,422,583	944,275	16,366,858
Pawtucket	8,659	6,735	77.8%	75,151,461	23,381,226	98,532,687
Portsmouth	2,595	343	13.2%	22,522,005	1,190,759	23,712,764
Providence	22,592	19,672	87.1%	196,075,968	68,293,315	264,369,283
Richmond	1,160	213	18.4%	10,067,640	739,451	10,807,091
Scituate	1,606	253	15.8%	13,938,474	878,315	14,816,789
Smithfield	2,391	320	13.4%	20,751,489	1,110,912	21,862,401
South Kingstown	3,495	618	17.7%	30,333,105	2,145,449	32,478,554
Tiverton	1,851	472	25.5%	16,064,829	1,638,595	17,703,424
Warwick	9,829	3,047	31.0%	85,305,891	10,577,965	95,883,856
Westerly	3,147	1,029	32.7%	27,312,813	3,572,276	30,885,089
West Warwick	3,473	1,658	47.7%	30,142,167	5,755,913	35,898,080
Woonsocket	5,737	4,052	70.6%	49,791,423	14,066,923	63,858,346
Bristol-Warren	3,463	1,181	34.1%	30,055,377	4,099,960	34,155,337
Chariho	-	-	0.0%	-	-	-
Exeter-West Greenwich	1,783	237	13.3%	15,474,657	822,769	16,297,426
Foster-Glocester	1,306	204	15.6%	11,334,774	708,206	12,042,980
Central Falls	2,505	2,159	86.2%	21,740,895	7,495,184	29,236,079
Total	134,623	59,250		\$ 1,168,393,017	\$ 205,692,300	\$ 1,374,085,317
<i>Adjusted Chariho</i>	<i>3,340</i>	<i>741</i>		<i>28,987,860</i>	<i>2,572,456</i>	<i>31,560,316</i>

Table 2: Calculation of New Funding Formula for FY 2013

	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>	<i>K</i>	<i>L</i>
<i>District</i>	<i>State Share Ratio (Table 4)</i>	<i>FY 2013 Base Funding</i>	<i>FY 2012 Enacted Formula Aid</i>	<i>Adjusted Year Two Difference (Table 5)</i>	<i>FY 2013 Recommended Formula Aid</i>	<i>Difference from Base Funding</i>
Barrington	21.1%	\$ 6,351,451	\$ 2,362,934	\$ 664,325	\$ 3,027,259	\$ (3,324,192)
Burrillville	53.0%	12,952,397	12,585,056	59,691	12,644,747	(307,650)
Charlestown	18.3%	1,678,489	1,670,986	880	1,671,866	(6,623)
Coventry	47.2%	22,874,631	18,550,838	705,740	19,256,578	(3,618,053)
Cranston	53.0%	53,604,864	34,041,838	3,239,945	37,281,783	(16,323,081)
Cumberland	40.8%	17,683,572	12,644,415	778,778	13,423,193	(4,260,378)
East Greenwich	15.6%	3,234,475	1,502,848	288,605	1,791,453	(1,443,023)
East Providence	54.3%	30,483,334	24,736,571	959,678	25,696,249	(4,787,085)
Foster	37.1%	885,986	1,241,245	(39,473)	1,201,772	315,786
Glocester	42.9%	2,173,796	2,860,166	(76,677)	2,783,489	609,693
Hopkinton	43.7%	5,060,244	5,613,789	(61,926)	5,551,863	491,619
Jamestown	4.5%	273,347	369,267	(10,744)	358,523	85,176
Johnston	44.0%	13,303,446	9,937,661	557,276	10,494,937	(2,808,509)
Lincoln	37.9%	11,972,956	6,864,255	836,416	7,700,671	(4,272,285)
Little Compton	11.0%	422,347	313,858	18,081	331,939	(90,407)
Middletown	33.7%	7,906,847	8,927,808	(114,544)	8,813,264	906,416
Narragansett	16.3%	2,232,719	1,488,608	123,313	1,611,921	(620,798)
Newport	47.4%	10,353,258	10,221,213	17,752	10,238,965	(114,293)
New Shoreham	9.2%	104,513	61,851	7,110	68,961	(35,551)
North Kingstown	29.2%	11,233,526	10,674,839	91,423	10,766,262	(467,265)
North Providence	54.1%	17,502,236	12,460,586	841,528	13,302,114	(4,200,122)
North Smithfield	39.7%	6,499,158	4,500,714	331,695	4,832,409	(1,666,748)
Pawtucket	82.3%	81,091,773	63,745,780	2,678,859	66,424,639	(14,667,134)
Portsmouth	11.1%	2,639,796	5,072,149	(270,476)	4,801,673	2,161,877
Providence	87.5%	231,377,652	183,074,948	7,682,555	190,757,503	(40,620,149)
Richmond	41.3%	4,463,584	5,537,977	(119,775)	5,418,202	954,618
Scituate	32.5%	4,820,138	3,150,369	277,354	3,427,723	(1,392,416)
Smithfield	21.6%	4,730,293	4,718,805	1,164	4,719,969	(10,325)
South Kingstown	16.8%	5,470,781	8,441,331	(331,361)	8,109,970	2,639,190
Tiverton	38.3%	6,781,925	5,329,648	240,938	5,570,586	(1,211,339)
Warwick	38.2%	36,603,152	33,436,513	528,878	33,965,391	(2,637,761)
Westerly	26.7%	8,255,163	5,982,372	377,252	6,359,624	(1,895,539)
West Warwick	60.8%	21,836,215	19,131,939	449,833	19,581,772	(2,254,443)
Woonsocket	81.4%	51,974,515	44,843,051	1,178,453	46,021,504	(5,953,012)
Bristol-Warren	32.2%	11,003,321	17,880,233	(765,779)	17,114,454	6,111,133
Chariho	0.0%	-	344,882	(38,320)	306,562	306,562
Exeter-West Greenwich	29.4%	4,792,455	6,306,153	(170,741)	6,135,412	1,342,957
Foster-Glocester	40.0%	4,817,252	5,157,169	(38,540)	5,118,629	301,377
Central Falls	93.1%	27,223,327	41,131,440	(1,689,017)	39,442,423	12,219,096
Total		\$ 746,668,935	\$ 636,916,105	\$ 19,210,148	\$ 656,126,253	\$ (90,542,682)
<i>Adjusted Chariho</i>		<i>11,202,316</i>	<i>13,167,634</i>	<i>(219,142)</i>	<i>12,948,492</i>	<i>1,746,176</i>

Table 3: Group Home Aid

<i>District</i>	<i>FY 2012 Aid</i>	<i>FY 2012 Revised Aid</i>	<i>Change to Enacted</i>	<i>FY 2013 Aid</i>	<i>Change to Enacted</i>	<i>Change to Revised</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	420,000	420,000	-	330,000	(90,000)	(90,000)
Charlestown	-	-	-	-	-	-
Coventry	120,000	120,000	-	120,000	-	-
Cranston	-	-	-	-	-	-
Cumberland	-	-	-	-	-	-
East Greenwich	-	-	-	-	-	-
East Providence	636,000	636,000	-	636,000	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	120,000	120,000	-	120,000	-	-
Lincoln	135,000	135,000	-	135,000	-	-
Little Compton	-	-	-	-	-	-
Middletown	480,000	480,000	-	480,000	-	-
Narragansett	-	-	-	-	-	-
Newport	480,000	480,000	-	360,000	(120,000)	(120,000)
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-
North Providence	255,000	255,000	-	240,000	(15,000)	(15,000)
North Smithfield	120,000	120,000	-	120,000	-	-
Pawtucket	855,000	855,000	-	855,000	-	-
Portsmouth	690,000	690,000	-	585,000	(105,000)	(105,000)
Providence	2,730,000	2,730,000	-	2,640,000	(90,000)	(90,000)
Richmond	-	-	-	-	-	-
Scituate	-	-	-	-	-	-
Smithfield	240,000	240,000	-	240,000	-	-
South Kingstown	375,000	375,000	-	375,000	-	-
Tiverton	-	-	-	-	-	-
Warwick	360,000	360,000	-	360,000	-	-
Westerly	-	-	-	-	-	-
West Warwick	-	-	-	-	-	-
Woonsocket	165,000	165,000	-	165,000	-	-
Bristol-Warren	210,000	210,000	-	210,000	-	-
Exeter-West Greenwich	210,000	210,000	-	210,000	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	-	-	-	-	-	-
Total	\$8,601,000	\$8,601,000	\$ -	\$ 8,181,000	\$ (420,000)	\$ (420,000)

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, 2008 is used for FY 2013 calculations. Property value is certified annually by the Department of Revenue, Division of Municipal Finance, based on local sales data and appraisals.

B. The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2008 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 2011 student counts are shown in Column **C** based on the resident average daily membership as of June 30, 2011. 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 eligible for USDA reimbursable school meals in pre-Kindergarten through 6th grade as of June 30, 2011.

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 eligible for USDA reimbursable school meals in grades pre-Kindergarten through 6th in Column **E** squared, divided by two.

$$h \quad (\quad) = \frac{\text{+ \% 6}}{2}$$

G. Column **G** shows what the share ratio was for FY 2012. It uses property valuations as of December 31, 2007 and student counts as of June 30, 2010.

H. Column **H** shows the difference between the share ratio for FY 2013 and that for FY 2012.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>A</i> <i>Assessed Value</i> <i>12/31/08</i>	<i>B</i> <i>Adjusted EWAV</i> <i>12/31/08</i>	<i>C</i> <i>June 2011</i> <i>Student Count*</i>	<i>D</i> <i>Adjusted</i> <i>EWAV</i>
Barrington	\$ 3,207,288,458	\$ 4,996,527,821	3,411	29.5%
Burrillville	1,732,799,428	1,777,974,639	2,494	65.7%
Charlestown	2,786,055,969	3,077,225,778	1,053	0.0%
Coventry	4,041,624,268	4,196,466,262	5,093	60.4%
Cranston	7,781,713,937	7,927,256,420	10,316	63.0%
Cumberland	4,224,809,759	4,640,261,461	4,791	53.4%
East Greenwich	2,584,752,643	3,862,957,516	2,348	20.9%
East Providence	5,260,480,334	4,614,434,063	5,486	59.5%
Foster	243,566,869	279,161,294	266	49.5%
Glocester	476,218,093	502,354,919	555	56.5%
Hopkinton	1,106,060,656	1,107,157,282	1,228	56.6%
Jamestown	2,197,603,976	2,740,490,493	697	0.0%
Johnston	3,604,546,531	3,400,091,416	3,082	46.9%
Lincoln	3,396,640,344	3,826,882,406	3,410	46.0%
Little Compton	2,033,773,528	2,983,453,448	414	0.0%
Middletown	2,885,138,511	3,302,183,324	2,444	35.0%
Narragansett	4,717,913,079	5,378,526,244	1,500	0.0%
Newport	5,900,923,194	6,351,713,492	2,038	0.0%
New Shoreham	2,126,428,746	2,312,906,555	125	0.0%
North Kingstown	4,636,146,736	5,676,661,775	4,155	34.3%
North Providence	3,245,178,174	2,449,538,024	3,425	65.6%
North Smithfield	1,658,754,421	1,719,858,614	1,792	53.8%
Pawtucket	4,539,047,733	3,013,403,622	9,701	85.1%
Portsmouth	3,889,676,223	4,978,614,903	2,606	8.1%
Providence	14,805,916,718	7,505,015,602	25,060	85.6%
Richmond	992,186,118	1,069,497,162	1,159	55.6%
Scituate	1,023,594,617	1,969,910,530	1,631	41.9%
Smithfield	3,102,632,756	3,610,988,632	2,404	27.7%
South Kingstown	5,388,691,624	6,408,042,136	3,606	14.5%
Tiverton	2,309,151,173	2,097,388,754	1,884	46.5%
Warwick	12,431,232,062	11,513,435,670	9,834	43.7%
Westerly	6,673,748,298	6,706,033,604	3,185	0.0%
West Warwick	2,841,374,779	2,278,583,454	3,461	68.3%
Woonsocket	2,186,110,145	1,516,559,002	5,790	87.4%
Bristol/Warren	4,841,979,173	4,981,670,125	3,483	31.2%
Exeter/West Greenwich	1,855,118,374	2,300,654,781	1,823	39.3%
Foster/Glocester	1,135,230,920	1,230,816,642	1,293	54.2%
Central Falls	802,751,486	362,161,990	3,380	94.8%
Total	\$ 138,666,859,853	\$ 138,666,859,855	140,423	

**Includes charter and state school students*

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY 2011 % of</i> <i>PK-6 FRPL</i>	<i>F</i> <i>FY 2013 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY 2012 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to</i> <i>Share Ratio</i>
Barrington	4.7%	21.1%	20.4%	0.6%
Burrillville	36.0%	53.0%	52.5%	0.5%
Charlestown	25.9%	18.3%	15.4%	2.9%
Coventry	28.5%	47.2%	47.5%	-0.3%
Cranston	40.7%	53.0%	49.6%	3.3%
Cumberland	22.0%	40.8%	42.1%	-1.2%
East Greenwich	7.0%	15.6%	12.9%	2.7%
East Providence	48.5%	54.3%	55.6%	-1.3%
Foster	17.6%	37.1%	34.5%	2.6%
Glocester	22.0%	42.9%	43.6%	-0.7%
Hopkinton	24.7%	43.7%	44.4%	-0.7%
Jamestown	6.3%	4.5%	3.7%	0.8%
Johnston	40.8%	44.0%	43.7%	0.3%
Lincoln	27.6%	37.9%	36.3%	1.6%
Little Compton	15.5%	11.0%	12.7%	-1.7%
Middletown	32.3%	33.7%	33.9%	-0.2%
Narragansett	23.0%	16.3%	14.4%	1.9%
Newport	67.1%	47.4%	44.6%	2.8%
New Shoreham	13.0%	9.2%	8.9%	0.3%
North Kingstown	23.1%	29.2%	29.9%	-0.6%
North Providence	39.5%	54.1%	52.2%	1.9%
North Smithfield	16.1%	39.7%	39.5%	0.3%
Pawtucket	79.4%	82.3%	80.7%	1.6%
Portsmouth	13.5%	11.1%	13.9%	-2.7%
Providence	89.4%	87.5%	86.8%	0.7%
Richmond	17.9%	41.3%	42.6%	-1.3%
Scituate	19.0%	32.5%	32.3%	0.2%
Smithfield	13.0%	21.6%	24.4%	-2.8%
South Kingstown	18.9%	16.8%	16.4%	0.3%
Tiverton	27.8%	38.3%	33.5%	4.8%
Warwick	31.7%	38.2%	38.6%	-0.4%
Westerly	37.8%	26.7%	25.6%	1.1%
West Warwick	52.3%	60.8%	60.8%	0.1%
Woonsocket	74.9%	81.4%	81.3%	0.0%
Bristol/Warren	33.2%	32.2%	33.1%	-0.9%
Exeter/West Greenwich	13.6%	29.4%	29.7%	-0.3%
Foster/Glocester	16.2%	40.0%	40.2%	-0.1%
Central Falls	91.4%	93.1%	92.6%	0.6%
Total				

**Includes charter and state school students*

Table 5: Transition Plan for Districts

The new 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 has developed a methodology to implement this transition based on how a district fares compared to funding distributions under the current system. 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 first year of the formula's implementation, FY 2012.

B. Column **B** is the FY 2013 total base funding calculation.

C. Column **C** is the difference between FY 2013 base funding shown in Column **B** and the amount of formula aid received in FY 2012 and shown in Column **A**.

D. Column **D** shows the transition calculation. Districts that will receive more state funding will have the additional funding phased in over seven years and districts that are going to receive less state funding will have that loss phased in over ten years.

E. Column **E** includes student enrollment adjustments for changes in the number of students attending charter schools. Because some districts are more affected by charter schools, significant swings in data can skew transition amounts. To establish stability in the transition amount, differences due to these changes are transitioned separately.

F. Column **F** shows the transition calculation for the charter school adjustments shown in Column **E**. Adjustments for enrollment losses from students enrolling in charter schools is phased in over ten years.

G. Column **G** is the second year transition amount. This is used in the calculation of the funding formula for FY 2013 in Table 2.

Table 5: Transition Plan for Districts

<i>District</i>	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
	<i>FY 2012 Enacted Base Formula Funding</i>	<i>FY 2013 Base Calculation</i>	<i>Difference</i>	<i>Transition = 2/7th or 2/10th</i>
Barrington	\$ 2,362,934	\$ 6,351,451	\$ 3,988,517	\$ 664,753
Burrillville	12,585,056	12,952,397	367,341	61,224
Charlestown	1,670,986	1,678,489	7,503	1,250
Coventry	18,550,838	22,874,631	4,323,793	720,632
Cranston	34,041,838	53,604,864	19,563,026	3,260,504
Cumberland	12,644,415	17,683,572	5,039,157	839,859
East Greenwich	1,502,848	3,234,475	1,731,627	288,605
East Providence	24,736,571	30,483,334	5,746,763	957,794
Foster	1,241,245	885,986	(355,259)	(39,473)
Glocester	2,860,166	2,173,796	(686,370)	(76,263)
Hopkinton	5,613,789	5,060,244	(553,545)	(61,505)
Jamestown	369,267	273,347	(95,920)	(10,658)
Johnston	9,937,661	13,303,446	3,365,785	560,964
Lincoln	6,864,255	11,972,956	5,108,701	851,450
Little Compton	313,858	422,347	108,489	18,081
Middletown	8,927,808	7,906,847	(1,020,961)	(113,440)
Narragansett	1,488,608	2,232,719	744,111	124,019
Newport	10,221,213	10,353,258	132,045	22,007
New Shoreham	61,851	104,513	42,662	7,110
North Kingstown	10,674,839	11,233,526	558,687	93,115
North Providence	12,460,586	17,502,236	5,041,650	840,275
North Smithfield	4,500,714	6,499,158	1,998,444	333,074
Pawtucket	63,745,780	81,091,773	17,345,993	2,890,999
Portsmouth	5,072,149	2,639,796	(2,432,353)	(270,261)
Providence	183,074,948	231,377,652	48,302,704	8,050,451
Richmond	5,537,977	4,463,584	(1,074,393)	(119,377)
Scituate	3,150,369	4,820,138	1,669,769	278,295
Smithfield	4,718,805	4,730,293	11,488	1,915
South Kingstown	8,441,331	5,470,781	(2,970,550)	(330,061)
Tiverton	5,329,648	6,781,925	1,452,277	242,046
Warwick	33,436,513	36,603,152	3,166,639	527,773
Westerly	5,982,372	8,255,163	2,272,791	378,799
West Warwick	19,131,939	21,836,215	2,704,276	450,713
Woonsocket	44,843,051	51,974,515	7,131,464	1,188,577
Bristol-Warren	17,880,233	11,003,321	(6,876,912)	(764,101)
Chariho	344,882	-	(344,882)	(38,320)
Exeter-West Greenwich	6,306,153	4,792,455	(1,513,698)	(168,189)
Foster-Glocester	5,157,169	4,817,252	(339,917)	(37,769)
Central Falls	41,131,440	27,223,327	(13,908,113)	(1,545,346)
Total	\$ 636,916,105	\$ 746,668,935	\$ 109,752,830	\$ 20,079,520
<i>Adjusted Chariho</i>	<i>13,167,634</i>	<i>11,202,316</i>	<i>(1,965,318)</i>	<i>(217,952)</i>

Table 5: Transition Plan for Districts

<i>District</i>	<i>E</i> <i>Adjustments</i> <i>for Charters</i>	<i>F</i> <i>Transition =</i> <i>2/7th or 2/10th</i>	<i>G</i> <i>Adjusted</i> <i>Year Two</i> <i>Difference</i>
Barrington	\$ (2,567)	\$ (428)	\$ 664,325
Burrillville	(9,195)	(1,533)	59,691
Charlestown	(2,225)	(371)	880
Coventry	(89,351)	(14,892)	705,740
Cranston	(123,359)	(20,560)	3,239,945
Cumberland	(366,488)	(61,081)	778,778
East Greenwich	-	-	288,605
East Providence	11,306	1,884	959,678
Foster	-	-	(39,473)
Glocester	(3,721)	(413)	(76,677)
Hopkinton	(3,790)	(421)	(61,926)
Jamestown	(773)	(86)	(10,744)
Johnston	(22,127)	(3,688)	557,276
Lincoln	(90,205)	(15,034)	836,416
Little Compton	-	-	18,081
Middletown	(9,938)	(1,104)	(114,544)
Narragansett	(4,235)	(706)	123,313
Newport	(25,531)	(4,255)	17,752
New Shoreham	-	-	7,110
North Kingstown	(10,151)	(1,692)	91,423
North Providence	7,519	1,253	841,528
North Smithfield	(8,271)	(1,379)	331,695
Pawtucket	(1,272,840)	(212,140)	2,678,859
Portsmouth	(1,932)	(215)	(270,476)
Providence	(2,207,373)	(367,895)	7,682,555
Richmond	(3,585)	(398)	(119,775)
Scituate	(5,647)	(941)	277,354
Smithfield	(4,507)	(751)	1,164
South Kingstown	(11,695)	(1,299)	(331,361)
Tiverton	(6,650)	(1,108)	240,938
Warwick	6,626	1,104	528,878
Westerly	(9,279)	(1,547)	377,252
West Warwick	(5,279)	(880)	449,833
Woonsocket	(60,749)	(10,125)	1,178,453
Bristol-Warren	(15,098)	(1,678)	(765,779)
Chariho	-	-	(38,320)
Exeter-West Greenwich	(22,969)	(2,552)	(170,741)
Foster-Glocester	(6,943)	(771)	(38,540)
Central Falls	(1,293,039)	(143,671)	(1,689,017)
Total	\$ (5,674,062)	\$ (869,372)	\$ 19,210,148
<i>Adjusted Chariho</i>	<i>(9,600)</i>	<i>(1,190)</i>	<i>(219,142)</i>

Table 6: FY 2013 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Beacon Charter School</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>RI Mayoral Academies Blackstone Valley</i>	<i>Greene School</i>
Barrington	-	-	-	-	-
Burrillville	12	-	-	-	-
Charlestown	-	-	54	-	4
Coventry	4	-	-	-	57
Cranston	3	-	-	-	4
Cumberland	36	-	-	238	-
East Greenwich	3	-	1	-	1
East Providence	4	-	-	-	1
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	3
Jamestown	-	-	5	-	3
Johnston	7	-	-	-	3
Lincoln	8	-	-	72	-
Little Compton	-	-	-	-	-
Middletown	1	-	-	-	-
Narragansett	-	-	10	-	3
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	27	-	3
North Providence	10	-	-	-	-
North Smithfield	14	-	-	-	-
Pawtucket	18	89	-	246	-
Portsmouth	-	-	-	-	-
Providence	9	-	2	1	17
Richmond	-	-	7	-	3
Scituate	2	-	-	-	3
Smithfield	2	-	-	-	-
South Kingstown	-	-	33	-	7
Tiverton	-	-	-	-	-
Warwick	2	-	4	-	4
Westerly	1	-	21	-	11
West Warwick	1	-	1	-	1
Woonsocket	84	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	5	-	33
Foster-Glocester	1	-	-	-	7
Central Falls	3	76	-	232	-
Total	225	165	170	789	168

Table 6: FY 2013 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Highlander</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>	<i>New England Laborers</i>
Barrington	2	-	-	-	-
Burrillville	-	-	-	-	-
Charlestown	-	-	39	-	-
Coventry	1	-	1	-	-
Cranston	31	12	-	-	182
Cumberland	-	6	-	-	1
East Greenwich	-	-	-	-	-
East Providence	5	16	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	6	6	-	-	10
Lincoln	2	9	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	5	12	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	33	-	-
North Providence	6	7	-	-	1
North Smithfield	2	-	-	-	-
Pawtucket	27	125	-	130	4
Portsmouth	-	-	-	-	-
Providence	220	95	2	102	16
Richmond	-	-	-	-	-
Scituate	2	-	-	-	16
Smithfield	-	-	-	-	-
South Kingstown	-	-	77	-	-
Tiverton	-	-	-	-	-
Warwick	4	2	2	-	8
Westerly	-	-	3	-	-
West Warwick	2	1	3	-	1
Woonsocket	-	-	-	-	-
Bristol-Warren	1	-	-	-	-
Exeter-West Greenwich	-	-	8	-	2
Foster-Glocester	-	-	-	-	4
Central Falls	3	40	-	308	-
Total	314	324	180	540	245

Table 6: FY 2013 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>Segue Institute</i>	<i>Textron</i>	<i>Times2</i>
Barrington	-	-	-	-	-
Burrillville	1	-	-	-	-
Charlestown	2	-	-	-	-
Coventry	1	-	-	-	-
Cranston	10	-	-	-	-
Cumberland	4	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	2	-	-	-	-
Foster	-	-	-	-	-
Glocester	1	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	2	-	-	-	-
Lincoln	4	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	4	-	-	-	-
North Smithfield	2	-	-	-	-
Pawtucket	55	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	82	706	-	225	647
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	4	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	2	-	-	-	-
Bristol-Warren	2	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	26	-	240	-	-
Total	204	706	240	225	647

Table 6: FY 2013 Estimated Charter & State School Enrollment by Sending District

<i>Sending District</i>	<i>Trinity</i>	<i>Davies Career & Tech Center</i>	<i>Metropolitan Career & Tech Center</i>	<i>Total</i>	<i>Charter/State School % of Total Enrollment</i>
Barrington	-	-	3	5	0.1%
Burrillville	-	1	5	19	0.8%
Charlestown	-	-	6	105	10.0%
Coventry	-	-	3	67	1.3%
Cranston	-	1	20	263	2.5%
Cumberland	-	-	7	292	6.1%
East Greenwich	-	-	-	5	0.2%
East Providence	-	1	25	54	1.0%
Foster	-	-	-	-	0.0%
Glocester	-	-	-	1	0.2%
Hopkinton	-	-	-	3	0.2%
Jamestown	-	-	6	14	2.0%
Johnston	-	-	35	69	2.2%
Lincoln	-	49	7	151	4.4%
Little Compton	-	-	2	2	0.5%
Middletown	-	-	20	21	0.9%
Narragansett	-	-	6	36	2.4%
Newport	-	-	27	27	1.3%
New Shoreham	-	-	-	-	0.0%
North Kingstown	-	-	4	67	1.6%
North Providence	-	67	11	106	3.1%
North Smithfield	-	1	-	19	1.1%
Pawtucket	-	522	37	1,253	12.9%
Portsmouth	-	-	11	11	0.4%
Providence	102	82	461	2,769	11.0%
Richmond	-	-	1	11	0.9%
Scituate	-	-	2	25	1.5%
Smithfield	-	12	10	24	1.0%
South Kingstown	-	-	16	133	3.7%
Tiverton	-	-	10	10	0.5%
Warwick	-	-	17	47	0.5%
Westerly	-	-	1	37	1.2%
West Warwick	-	-	7	17	0.5%
Woonsocket	-	-	31	117	2.0%
Bristol-Warren	-	-	18	21	0.6%
Exeter-West Greenwich	-	-	4	52	2.9%
Foster-Glocester	-	-	1	13	1.0%
Central Falls	-	180	18	1,126	33.3%

Table 7: Transition Plan for Charter and State Schools

The new 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 has developed a methodology to implement this transition based on how a district or school compared to funding distributions under the current system. It requires establishing the total gain or loss to each district.

A. Column **A** is FY 2012 enacted formula aid. It includes general revenues and federal fiscal stabilization funds.

B. Column **B** is the base formula aid calculation for FY 2013. It uses June 2012 enrollment data adjusted for October 2012 charter school enrollment and projected charter school enrollment for FY 2013.

C. Column **C** is the difference between FY 2013 base funding and FY 2012 enacted aid.

D. Column **D** shows the transition calculation. Charter and state schools that will receive more state funding will have the additional funding phased in over seven years and those that are going to receive less state funding will have that loss phased in over ten years.

E. Column **E** includes student enrollment adjustments. Because some charter schools are adding grades and are more affected by growing enrollments, significant swings in data can skew transition amounts. To establish stability in the transition amount, differences due to these changes are included in the transition calculation.

F. Column **F** shows the transition calculation for student enrollment adjustments shown in Column **E**. These adjustments will also be phased in over either seven or ten years.

G. Column **G** is the second year transition amount. This is used in the calculation of the new funding formula for FY 2013.

H. Column **H** is the FY 2013 recommended formula aid. It is shown in Table 1B.

I. Column **I** is the difference between the second year of funding under the new formula and the total state foundation aid shown in Column **B**.

Table 7: Transition Plan for Charter and State Schools

	A	B	C	D	E
<i>School</i>	<i>FY 2012 Enacted Formula Aid</i>	<i>FY 2013 Base Formula Funding</i>	<i>Difference</i>	<i>Transition = 2/7th or 2/10th</i>	<i>Adjustments to Difference</i>
Beacon	\$ 1,722,314	\$ 1,487,032	\$ (235,282)	\$ (26,142)	\$ -
Blackstone	1,552,491	1,538,107	(14,384)	(1,598)	107,623
Compass	608,800	337,304	(271,496)	(30,166)	19,551
Greene School	667,150	489,660	(177,490)	(19,721)	178,723
Highlander	2,716,793	2,631,502	(85,291)	(9,477)	227,392
International	2,896,237	2,715,535	(180,702)	(20,078)	-
Kingston Hill	727,276	376,638	(350,638)	(38,960)	-
Learning Community	5,954,782	5,698,684	(256,098)	(28,455)	-
New England Laborers	1,648,397	1,319,111	(329,286)	(36,587)	46,599
Nurses Institute	1,130,376	1,190,732	60,356	10,059	630,780
Paul Cuffee	6,805,659	6,216,497	(589,162)	(65,462)	707,939
Mayoral Academies Blackstone	4,050,453	3,886,017	(164,436)	(18,271)	2,108,112
Segue Institute	2,562,049	2,401,821	(160,228)	(17,803)	216,584
Textron	2,323,795	2,271,179	(52,616)	(5,846)	-
Times2 Academy	7,111,479	6,467,162	(644,317)	(71,591)	-
Trinity	726,533	698,824	(27,709)	(3,079)	349,412
Charter Schools Subtotal	\$ 43,204,584	\$ 39,725,805	\$ (3,478,779)	\$ (383,178)	\$ 4,592,715
Davies Career and Tech	14,090,211	7,972,399	(6,117,812)	(679,757)	-
Met School	12,236,284	5,522,624	(6,713,660)	(745,962)	1,081,347
Total	\$ 69,531,079	\$ 53,220,828	\$ (16,310,251)	\$ (1,808,897)	\$ 5,674,062

Table 7: Transition Plan for Charter and State Schools

<i>School</i>	<i>F</i> <i>Transition =</i> <i>2/7th or</i> <i>2/10th*</i>	<i>G</i> <i>Adjusted Year</i> <i>Two</i> <i>Difference</i>	<i>H</i> <i>FY 2013</i> <i>Recommended</i> <i>Formula Aid</i>	<i>I</i> <i>FY 2013</i> <i>Difference</i> <i>from Base</i> <i>Funding</i>
Beacon	\$ -	\$ (26,142)	\$ 1,696,172	\$ 209,140
Blackstone	11,958	10,360	1,562,851	24,744
Compass	2,172	(27,994)	580,806	243,502
Greene School	178,723	159,002	826,152	336,492
Highlander	25,266	15,789	2,732,582	101,080
International	-	(20,078)	2,876,159	160,624
Kingston Hill	-	(38,960)	688,316	311,678
Learning Community	-	(28,455)	5,926,327	227,643
New England Laborers	5,178	(31,410)	1,616,987	297,876
Nurses Institute	630,780	640,839	1,771,215	580,483
Paul Cuffee	707,939	642,477	7,448,136	1,231,639
Mayoral Academies Blackstone	2,108,112	2,089,841	6,140,294	2,254,277
Segue Institute	24,065	6,262	2,568,311	166,490
Textron	-	(5,846)	2,317,949	46,770
Times2 Academy	-	(71,591)	7,039,888	572,726
Trinity	349,412	346,333	1,072,866	374,042
<i>Charter Schools Subtotal</i>	\$ 4,043,605	\$ 3,660,427	\$ 46,865,011	\$ 7,139,206
Davies Career and Tech	-	(679,757)	13,410,454	5,438,055
Met School	120,150	(625,813)	11,610,471	6,087,847
Total	\$ 4,163,754	\$ 2,354,857	\$ 71,885,936	\$ 18,665,108

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

Table 8: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Beacon Charter School</i>	<i>Blackstone Academy</i>	<i>Compass</i>	<i>RI Mayoral Academies Blackstone Valley</i>	<i>Greene School</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	71,616	-	-	-	-
Charlestown	-	-	743,148	-	55,048
Coventry	32,216	-	-	-	459,078
Cranston	25,062	-	-	-	33,416
Cumberland	271,692	-	-	1,796,186	-
East Greenwich	38,718	-	12,906	-	12,906
East Providence	30,628	-	-	-	7,657
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	41,286
Jamestown	-	-	79,915	-	47,949
Johnston	83,783	-	-	-	35,907
Lincoln	95,640	-	-	860,760	-
Little Compton	-	-	-	-	-
Middletown	8,599	-	-	-	-
Narragansett	-	-	160,180	-	48,054
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	284,256	-	31,584
North Providence	92,420	-	-	-	-
North Smithfield	129,248	-	-	-	-
Pawtucket	51,660	255,430	-	706,020	-
Portsmouth	-	-	-	-	-
Providence	48,078	-	10,684	5,342	90,814
Richmond	-	-	96,334	-	41,286
Scituate	20,184	-	-	-	30,276
Smithfield	22,188	-	-	-	-
South Kingstown	-	-	436,623	-	92,617
Tiverton	-	-	-	-	-
Warwick	24,474	-	48,948	-	48,948
Westerly	14,784	-	310,464	-	162,624
West Warwick	8,176	-	8,176	-	8,176
Woonsocket	174,048	-	-	-	-
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	57,600	-	380,160
Foster-Glocester	8,850	-	-	-	61,950
Central Falls	10,158	257,336	-	785,552	-
Total	\$ 1,262,222	\$ 512,766	\$ 2,249,234	\$ 4,153,860	\$ 1,689,736

Table 8: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Highlander</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>	<i>New England Laborers</i>
Barrington	\$ 23,670	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-
Charlestown	-	-	536,718	-	-
Coventry	8,054	-	8,054	-	-
Cranston	258,974	100,248	-	-	1,520,428
Cumberland	-	45,282	-	-	7,547
East Greenwich	-	-	-	-	-
East Providence	38,285	122,512	-	-	-
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	71,814	71,814	-	-	119,690
Lincoln	23,910	107,595	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	80,090	192,216	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	347,424	-	-
North Providence	55,452	64,694	-	-	9,242
North Smithfield	18,464	-	-	-	-
Pawtucket	77,490	358,750	-	373,100	11,480
Portsmouth	-	-	-	-	-
Providence	1,175,240	507,490	10,684	544,884	85,472
Richmond	-	-	-	-	-
Scituate	20,184	-	-	-	161,472
Smithfield	-	-	-	-	-
South Kingstown	-	-	1,018,787	-	-
Tiverton	-	-	-	-	-
Warwick	48,948	24,474	24,474	-	97,896
Westerly	-	-	44,352	-	-
West Warwick	16,352	8,176	24,528	-	8,176
Woonsocket	-	-	-	-	-
Bristol-Warren	8,767	-	-	-	-
Exeter-West Greenwich	-	-	92,160	-	23,040
Foster-Glocester	-	-	-	-	35,400
Central Falls	10,158	135,440	-	1,042,888	-
Total	\$ 1,855,762	\$ 1,626,565	\$ 2,299,397	\$ 1,960,872	\$ 2,079,843

Table 8: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>Segue Institute</i>	<i>Textron</i>	<i>Times2</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	5,968	-	-	-	-
Charlestown	27,524	-	-	-	-
Coventry	8,054	-	-	-	-
Cranston	83,540	-	-	-	-
Cumberland	30,188	-	-	-	-
East Greenwich	-	-	-	-	-
East Providence	15,314	-	-	-	-
Foster	-	-	-	-	-
Glocester	11,628	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	23,938	-	-	-	-
Lincoln	47,820	-	-	-	-
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	36,968	-	-	-	-
North Smithfield	18,464	-	-	-	-
Pawtucket	157,850	-	-	-	-
Portsmouth	-	-	-	-	-
Providence	438,044	3,771,452	-	1,201,950	3,456,274
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	48,948	-	-	-	-
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	-
Woonsocket	4,144	-	-	-	-
Bristol-Warren	17,534	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	88,036	-	812,640	-	-
Total	\$ 1,063,962	\$ 3,771,452	\$ 812,640	\$ 1,201,950	\$ 3,456,274

Table 8: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Trinity</i>	<i>Davies Career and Technical Center</i>	<i>Metropolitan Career and Technical Center</i>	<i>Total</i>
Barrington	\$ -	\$ -	\$ 35,505	\$ 59,175
Burrillville	-	5,968	29,840	113,392
Charlestown	-	-	82,572	1,445,010
Coventry	-	-	24,162	539,618
Cranston	-	8,354	167,080	2,197,102
Cumberland	-	-	52,829	2,203,724
East Greenwich	-	-	-	64,530
East Providence	-	7,657	191,425	413,478
Foster	-	-	-	-
Glocester	-	-	-	11,628
Hopkinton	-	-	-	41,286
Jamestown	-	-	95,898	223,762
Johnston	-	-	418,915	825,861
Lincoln	-	585,795	83,685	1,805,205
Little Compton	-	-	28,828	28,828
Middletown	-	-	171,980	180,579
Narragansett	-	-	96,108	576,648
Newport	-	-	304,830	304,830
New Shoreham	-	-	-	-
North Kingstown	-	-	42,112	705,376
North Providence	-	619,214	101,662	979,652
North Smithfield	-	9,232	-	175,408
Pawtucket	-	1,498,140	106,190	3,596,110
Portsmouth	-	-	116,446	116,446
Providence	544,884	438,044	2,462,662	14,791,998
Richmond	-	-	13,762	151,382
Scituate	-	-	20,184	252,300
Smithfield	-	133,128	110,940	266,256
South Kingstown	-	-	211,696	1,759,723
Tiverton	-	-	106,610	106,610
Warwick	-	-	208,029	575,139
Westerly	-	-	14,784	547,008
West Warwick	-	-	57,232	138,992
Woonsocket	-	-	64,232	242,424
Bristol-Warren	-	-	157,806	184,107
Exeter-West Greenwich	-	-	46,080	599,040
Foster-Glocester	-	-	8,850	115,050
Central Falls	-	609,480	60,948	3,812,636
Total	\$ 544,884	\$ 3,915,012	\$ 5,693,882	\$ 40,150,313

Table 9: Recommended Categorical Aid

<i>Sending District</i>	<i>High Cost Special Education</i>	<i>High Cost Career & Tech</i>	<i>Transportation</i>	<i>Regionalization Bonus</i>	<i>Total</i>
Barrington	\$ 8,284	\$ -	\$ 17,037	\$ -	\$ 25,321
Burrillville	446	-	5,274	-	5,720
Charlestown	-	-	-	16,719	16,719
Coventry	11,613	-	12,533	-	24,146
Cranston	32,650	-	198,573	-	231,223
Cumberland	6,054	-	39,187	-	45,241
East Greenwich	11,523	-	9,739	-	21,262
East Providence	66,183	-	5,922	-	72,105
Foster	1,526	-	3,019	-	4,545
Glocester	2,903	-	3,810	-	6,713
Hopkinton	-	-	-	55,519	55,519
Jamestown	5,324	-	-	-	5,324
Johnston	15,277	-	137,572	-	152,849
Lincoln	18,317	-	-	-	18,317
Little Compton	-	-	-	-	-
Middletown	6,149	-	-	-	6,149
Narragansett	1,799	-	-	-	1,799
Newport	3,225	-	-	-	3,225
New Shoreham	2,658	-	-	-	2,658
North Kingstown	2,893	-	-	-	2,893
North Providence	31,484	-	74,710	-	106,194
North Smithfield	802	-	15,548	-	16,350
Pawtucket	5,179	-	-	-	5,179
Portsmouth	1,695	-	-	-	1,695
Providence	116,140	-	112,426	-	228,566
Richmond	-	-	-	54,182	54,182
Scituate	1,800	-	11,558	-	13,358
Smithfield	13,119	-	16,210	-	29,329
South Kingstown	5,871	-	28,597	-	34,468
Tiverton	5,904	-	-	-	5,904
Warwick	41,736	-	-	-	41,736
Westerly	11,821	-	-	-	11,821
West Warwick	13,296	-	23,908	-	37,204
Woonsocket	21,192	-	7,716	-	28,908
Bristol-Warren	8,189	-	327,782	171,144	507,115
Chariho	2,898	-	551,283	3,066	557,247
Exeter-West Greenwich	15,278	-	333,232	61,354	409,864
Foster-Glocester	1,284	-	206,916	51,186	259,386
Central Falls	5,488	-	33,128	-	38,616
Subtotal	\$ 500,000	\$ -	\$ 2,175,680	\$ 413,170	\$ 2,588,850
Charters & State Schools	-	-	-	-	-
Total	\$ 500,000	\$ -	\$ 2,175,680	\$ 413,170	\$ 2,588,850

Table 10: Education Aid for FY 2007 – FY 2011

<i>District</i>	<i>FY 2007</i>	<i>FY 2008</i>	<i>FY 2009</i>	<i>FY 2010</i>	<i>FY 2011</i>
Barrington	\$ 2,599,526	\$ 2,599,526	\$ 1,907,570	\$ 1,800,191	\$ 1,777,692
Burrillville	13,779,743	13,854,743	13,789,047	13,169,342	13,049,312
Charlestown	2,002,838	2,002,838	1,824,817	1,725,632	1,708,264
Coventry	20,075,081	20,075,081	19,167,853	18,278,654	18,106,570
Cranston	35,580,911	35,580,911	34,241,412	32,032,775	31,729,746
Cumberland	13,257,009	13,257,009	12,749,195	11,966,879	11,853,639
East Greenwich	1,949,761	1,949,761	1,457,699	1,450,763	1,327,711
East Providence	26,762,254	26,888,254	26,404,603	24,881,232	24,531,957
Foster	1,416,463	1,416,463	1,372,428	1,305,135	1,293,021
Glocester	3,213,847	3,213,847	3,150,714	2,973,405	2,946,000
Hopkinton	6,241,352	6,241,352	5,758,687	5,749,276	5,695,888
Jamestown	531,908	531,908	445,251	391,353	386,846
Johnston	10,915,364	10,915,364	10,412,388	9,701,822	9,609,655
Lincoln	7,403,268	7,403,268	6,762,647	6,384,476	6,320,677
Little Compton	368,810	368,810	324,893	291,845	288,570
Middletown	10,497,116	10,497,116	10,102,194	9,653,308	9,562,746
Narragansett	1,897,159	1,897,159	1,601,846	1,440,139	1,423,684
Newport	11,796,080	11,871,080	11,718,446	10,912,686	10,812,053
New Shoreham	106,345	106,345	40,148	57,149	56,081
North Kingstown	11,986,005	11,986,005	11,342,544	10,735,891	10,633,129
North Providence	13,232,872	13,382,872	12,949,606	12,222,938	12,107,544
North Smithfield	4,834,237	4,834,237	4,542,906	4,384,693	4,342,683
Pawtucket	66,858,559	67,023,559	67,589,810	63,316,158	62,743,324
Portsmouth	6,250,042	6,700,042	6,235,178	6,026,090	5,968,097
Providence	193,974,756	194,109,756	198,173,499	181,619,378	179,813,040
Richmond	6,188,615	6,188,615	5,711,973	5,722,291	5,669,397
Scituate	3,407,183	3,407,183	3,136,637	2,942,545	2,913,522
Smithfield	5,668,568	5,743,568	5,265,557	5,023,550	4,899,277
South Kingstown	10,428,698	10,548,698	9,759,935	9,289,273	9,198,692
Tiverton	5,932,058	5,932,058	5,620,900	5,326,062	5,275,223
Warwick	37,626,000	37,626,000	35,667,487	33,816,257	33,493,714
Westerly	6,843,077	6,843,077	6,132,170	5,780,009	5,721,304
West Warwick	20,440,547	20,440,547	20,065,546	19,030,395	18,855,252
Woonsocket	47,616,613	47,661,613	47,937,431	44,881,514	44,356,033
Bristol-Warren	20,498,190	20,498,190	19,987,011	19,071,142	18,896,443
Exeter-West Greenwich	7,661,019	7,661,019	7,159,892	6,894,092	6,708,949
Chariho	398,334	398,334	892,154	387,074	383,667
Foster-Glocester	5,729,861	5,729,861	5,522,536	5,268,913	5,219,945
Central Falls	43,313,036	44,358,224	44,524,530	43,255,325	42,865,644
Met School Operations	10,406,956	11,487,734	11,830,303	12,508,767	13,025,640
Total	\$ 699,690,061	\$ 703,232,027	\$ 693,279,442	\$ 651,668,420	\$ 645,570,630

Revenues Changes

The Governor recommends \$6.0 million and \$236.7 million more general revenues than estimated at the November 2011 Revenue Estimating Conference for FY 2012 and FY 2013, respectively. The Revenue Estimating Conference increased the enacted FY 2012 estimates by \$19.4 million to \$3,195.4 million and includes \$3,129.0 million for FY 2013. The table below shows the changes, followed by paragraphs explaining them.

Recommended General Revenues Changes	FY 2012	FY 2013
Taxes		
Tax Amnesty	\$ -	\$ 8,067,882
Eliminate Tax Preparation Assistance	-	1,343,783
Rental of Vacation Homes & Bed and Breakfast Inns	-	1,682,651
Meals and Beverages Tax Increase	-	39,522,786
Reinstate Project Status	-	(1,004,423)
Clothing and Footwear over \$175 per Item	-	11,495,259
Taxicabs and Other Road Transportation Services	-	3,286,187
Moving, Storage, Warehousing and Freight Services	-	10,809,724
Pet Care Services	-	1,259,006
Car Washes	-	1,265,561
\$100 Fee for Re-Inspection of School Buses	-	58,650
Cigarette Excise Tax Increase	-	1,634,237
Redefine Little Cigars	-	2,097,490
Cigar Tax	-	547,218
Tobacco Enforcement Task Force	-	2,921,267
Total Taxes	\$ -	\$ 84,987,278
Departmental Revenues		
DEM: Beverage Containers	\$ -	\$ 186,075
DEM: Discontinue Municipal Wastewater Treatment Testing	-	(65,987)
DEM: Eliminate Well Drilling Program	-	(9,792)
DHS: Hospital Licensing Fee	-	143,763,554
DOH: License and Renewal Fees	-	1,512,462
DOR: Tax Amnesty	-	2,827,042
ELSEC: Indirect Cost Recovery Telecommunications	-	-
Education Access Fund	-	84,693
Hotel Tax: Tax Amnesty	-	47,348
Hotel Tax: State Share of Vacation Homes & Bed and Breakfast Inns	-	252,398
Other Miscellaneous Revenue		
Bond Premium Proceeds	6,000,000	-
Narragansett Bay Commission Debt Service Payment	-	3,073,000
Total General Revenue Changes	\$ 6,000,000	\$ 236,658,071

Taxes. The Governor's budget includes \$85.0 million more in tax revenues for FY 2013. Of this amount, \$39.5 million is due to the 2.0 cents tax increase on meals and beverage and \$16.2 million is to reflect certain service items he proposes to subject to the sales and use tax.

Sales and Use Tax

- ***Tax Amnesty.*** The Budget assumes \$10.9 million in one-time revenues from a 75 day tax amnesty, effective September 1 through November 15, 2012 for all taxes owed for periods on or before December 31, 2011. Filers will not be subject to penalties or prosecution and will pay 12.0 percent interest from the date the taxes were owed until payment. Filers may enter into a tax payment plan with the tax administrator, or pay one-half of the amount owed immediately, 25.0 percent the following month, and 25.0 percent the month after that. The Governor also includes expenditures of \$0.3 million for operating expenses relating to the Tax Amnesty, making the net revenue impact \$10.6 million. Similar tax amnesty programs were offered in FY 1987, FY 1996 and FY 2007.
- ***Eliminate Tax Preparation Assistance.*** The Governor proposes to stop providing tax preparation services to the taxpayers and reclassify the staff that did so as revenue agents. He assumes the redirected efforts will produce revenues of \$1.3 million. Taxpayers have received free tax preparation services from the Division of Taxation for the past 20 years. In 2011, approximately 6,000 taxpayers obtained this service from the Division. The estimate is based on six months, allowing six months of training for two revenue agents.
- ***Rental of Vacation Homes and Bed and Breakfast Inns.*** The Governor proposes legislation to subject rentals of vacation homes and rooms at bed and breakfast inns with at least one bedroom for rent to the state's occupancy tax of 5.0 percent, the local occupancy tax of 1.0 percent and the state sales tax of 7.0 percent. Applicable rentals are those that are rented for more than 15 days per year. The Budget assumes revenues of \$1.9 million, including \$1.7 million from the sales tax and \$0.3 million from the state's share of the hotel tax. An additional \$0.5 million would be passed through to host municipalities like other hotel tax revenue and \$0.6 million will be distributed to regional tourism bureaus.
- ***Meals and Beverage Tax Increase.*** The Budget includes \$39.5 million in revenues from the Governor's proposal to increase the Meals and Beverage Tax from 1.0 percent to 3.0 percent of gross receipts from retail sales of meals and beverages in or from eating and/or drinking establishments. Municipalities will continue to receive their quarterly payment from the first 1.0 cent from the Division of Taxation. Including the 7.0 percent sales tax, the total tax would be 10.0 percent. The estimate is based on five-year average growth of the current 1.0 percent on meals and beverage.
- ***Reinstate Project Status.*** The Budget includes a general revenue loss of \$1.0 million from the reinstatement of the Economic Development Corporation's ability to grant project status designation to businesses that create 100 or more net new jobs. This would exclude retail and banking projects and the program would sunset on July 1, 2022.
- ***Clothing and Footwear over \$175 per Item.*** The Budget includes \$13.3 million from repealing the sales tax exemption on clothing and footwear that costs more than \$175 per item, effective July 1, 2012. It also assumes loss of \$1.8 million of voluntary payments from remote sellers in anticipation that the proposal for a tiered tax on this item would put the state out of compliance with the Streamlined Sales and Use Tax Agreement. The net impact is \$11.5 million in new revenue. This exemption would mirror Massachusetts, which has a sales and use tax rate of 6.25 percent. Connecticut had a \$50 exemption amount; however, this was repealed in July 2011.
- ***Taxicabs and Other Road Transportation Services.*** The Budget includes \$3.3 million in revenues by subjecting taxicab, limousine, charter bus and shuttle services to the sales and use tax, effective July 1, 2012.

- ***Moving, Storage, Warehousing and Freight Services.*** The Budget includes \$10.8 million by subjecting moving, storage, warehousing and freight services to the sales and use tax, effective July 1, 2012.
- ***Pet Care Services.*** The Budget includes \$1.3 million in revenues by subjecting pet care services to the sales and use tax, effective July 1, 2012. This excludes veterinary services and laboratory testing. The services that would be subjected to the sales and use tax would include boarding, grooming, sitting and training.
- ***Car Washes.*** The Budget includes \$1.3 million in new revenues by subjecting car washes to the sales and use tax, effective July 1, 2012.
- ***School Bus Re-inspection.*** The Budget assumes \$58,650 from the imposition of a new \$100 fee for the re-inspection of a school bus, in the event the initial inspection is failed. Currently, there is not a fee for the initial inspection. The Division of Motor Vehicles inspects 1,700 school buses annually. For the first half of calendar year 2011, 46.0 percent of the inspections resulted in failure.
- ***Cigarette Excise Tax Increase.*** The Budget includes \$1.6 million in revenues from the Governor's proposal to increase the cigarette tax by \$0.04 per pack to \$3.50 per 20-pack, effective July 1, 2012. At \$3.50 per 20-pack, Rhode Island cigarette excise tax would remain the second highest.
- ***Redefine Little Cigars.*** The Governor proposes legislation to change the definition of little cigars to ensure they remain subject to the cigarette sales tax. Currently, many little cigars exceed the weight threshold in statute, which allows them to be taxed like other cigars, which is 80.0 percent of their wholesale cost up to a maximum of \$0.50 per cigar. The Budget assumes new revenues of \$2.1 million from this change.
- ***Cigar Tax.*** The Budget includes \$0.5 million in revenues from the Governor's proposal to increase the maximum tax on cigars from \$0.50 to \$1.00 for each cigar. Cigars would continue to be taxed at 80 percent of cost; thus this affects only cigars with a wholesale cost of more than \$0.625 per cigar.
- ***Tobacco Enforcement Task Force.*** The Budget assumes \$2.9 million in revenue from enhanced tobacco collections from adding 4.0 new tax investigator positions, for a net impact of \$2.6 million. The Division of Taxation currently has one full-time position dedicated to cigarette tax enforcement. In FY 2008 and FY 2009, he conducted 500 road inspections; in FY 2010, 200 road inspections were done.
- ***Motion Picture Tax Credit.*** The Governor proposes legislation to extend the motion picture tax credit to documentary production meeting specific guidelines. The legislation decreases the minimum production budget, including pre and post production, from \$300,000 to \$100,000. It transfers the final review and approval of the tax credits from the Film and Television Office to the Division of Taxation. The legislation also sunsets the issuance of new credits on or after July 1, 2019. There is no change in the \$15 million cap on the program and thus no fiscal impact.

Departmental Revenues. The Governor recommends additional revenues of \$151.7 million in departmental receipts in FY 2013. Of this amount, \$143.8 million relates to the extension of the hospital licensing fee.

- ***DEM: Beverage Containers.*** The Governor proposes legislation to extend the \$0.04 per case litter control fee to all beverage containers and assumes revenues of \$0.2 million. The current definition

excludes sports drinks, fruit beverages and ready to drink tea and coffee. The tax is currently collected by the beverage wholesaler and it currently exempts recyclable beverage containers.

- **DEM: Discontinue Municipal Wastewater Treatment Testing.** The Governor proposes legislation to eliminate the pollution monitoring system and fee system established by the Department of Environmental Management for point source dischargers who discharge sewage into the surface waters of the state. This proposal includes a revenue loss of \$65,987. According to the Department, the user fees have averaged \$63,460 over the last three fiscal years.
- **DEM: Eliminate Well Drilling Program.** The Governor proposes to eliminate the well drilling licensing program administered by the Department of Environmental Management, effective July 1, 2012, and includes a revenue loss of \$9,792. The Department's most recent listing from February 2011, shows that there are 46 licensed well drillers in the state. The licensed well drillers pay an initial registration fee of \$200 and an annual renewal fee of \$100 each year thereafter. Also, there is a \$10 fee for late payment of the registration renewal fee and a \$2 fee for replacing the certificate of registration.
- **DHS: Hospital Licensing Fee.** The Governor recommends Section 1 of Article 24 to extend the licensing fee for FY 2013 at the current rate of 5.430 percent of net patient services revenue. The Budget includes \$143.8 million in revenue, which includes \$138.0 million from the community hospitals and \$5.8 million from Eleanor Slater Hospital. The licensing fee appears annually in the Appropriations Act and is not included in consensus revenue estimates.
- **DOH: License and Renewal Fees.** The FY 2013 Budget includes \$1.5 million of additional general revenues by changing dozens of fees collected by the Department of Health. The increases affect fees for licenses and license renewals; these require either statutory or regulatory changes. Changes would affect fields such as physical therapy, dentistry and nursing.
- **DOR: Tax Amnesty.** The proposed tax amnesty as previously noted will generate \$2.8 million in new revenues from interest payments owed on taxes collected.
- **ELSEC: Indirect Cost Recovery Telecommunications Education Access Fund.** The Governor recommends legislation to reduce the assessment for the Telecommunications Education Access Fund from \$0.26 to \$0.15 per line effective July 1, 2012 and expand it to include wireless lines. This is expected to generate an additional \$0.7 million in restricted receipts in FY 2013 to substitute for the current state support and \$0.1 million in indirect cost recovery charges deposited as general revenues. It should be noted that, although the wireless customers are not currently charged for this expense, they do pay a different \$0.26 charge that goes to general revenues. It had initially been imposed to support geo-coding the state for 911 calls. This is the third year in a row for this proposal.
- **Hotel Tax: Tax Amnesty.** The tax amnesty, previously noted, includes \$47,348 in new revenue from the state's share of the delinquent hotel taxes.
- **Hotel Tax: Vacation Homes and Bed and Breakfast Inns.** As previously noted, the budget assumes extending the hotel tax to more facilities, and the state's share of that would be \$0.3 million.

Other Miscellaneous Revenue

- **Bond Premiums Proceeds.** The Governor proposes to transfer \$12.6 million of bond premiums proceeds paid by buyers of state debt in exchange for higher yield from the Rhode Island Capital Plan

Fund. Of this amount, \$6.0 million would be transferred to the General Fund with the remaining \$6.6 million transferred to the Technology Investment Fund. His FY 2012 revised budget assumes use of the funds in FY 2012; however, the legislation to do this is included in the FY 2013 Appropriations Act.

- ***Narragansett Bay Commission Debt Service Payment.*** The Budget includes the transfer of \$3.1 million from the Narragansett Bay Commission to state general revenues by June 30, 2013. The transfer is to compensate the state for its debt service costs in FY 2013 on general obligation bonds issued on the Commission's behalf.

Other Sources. The Budget also includes a deposit for revenue sources not deposited as general revenues.

- ***Historic Tax Credit Processing Fees to Historic Preservation Tax Credit Trust Fund.*** The Governor proposes legislation to transfer the Historic Tax Credit processing fee restricted receipt account from the General Fund to the Historic Preservation Credit Trust Fund, pursuant to Governmental Accounting Standard Board Statement No. 54 pertaining to special revenues. On June 30, 2011, the fund balance was \$1.6 million.

The 2008 Assembly lowered the effective credit to 22.0 percent through a combination of credits and processing fees, with an upfront processing fee of at least 2.25 percent by May 15, 2008 and the balance by March 5, 2009. The fees are now used to refund or reimburse developers for projects that are abandoned or overpaid.

- ***Telecommunications Education Access Fund.*** The Governor recommends legislation to reduce the assessment for the Telecommunications Education Access Fund from \$0.26 to \$0.15 per line effective July 1, 2012 and expand it to include wireless lines. This is expected to generate an additional \$0.7 million in restricted receipts in FY 2013 to substitute for the current state support and \$0.1 million in indirect cost recovery charges deposited as general revenues. It should be noted that, although the wireless customers are not currently charged for this expense, they do pay a different \$0.26 charge that goes to general revenues. It had initially been imposed to support geo-coding the state for 911 calls. This is the third year in a row for this proposal.

- ***Motor Vehicle Fees.*** The 2011 Assembly enacted legislation establishing a transportation trust fund that would be funded through incremental increases of license and registration fees as part of a plan to reduce the state's reliance on borrowing for transportation. The incremental increases would begin in FY 2014 and reach their peak in FY 2016, when they will generate approximately \$20 million annually. The Governor proposed to accelerate the fee increases, such that they are fully implemented on January 1, 2013 and allow the Department of Transportation to use the proceeds for operating costs. The budget assumes this generates \$13.6 million in FY 2013 and the full annual value in FY 2014.

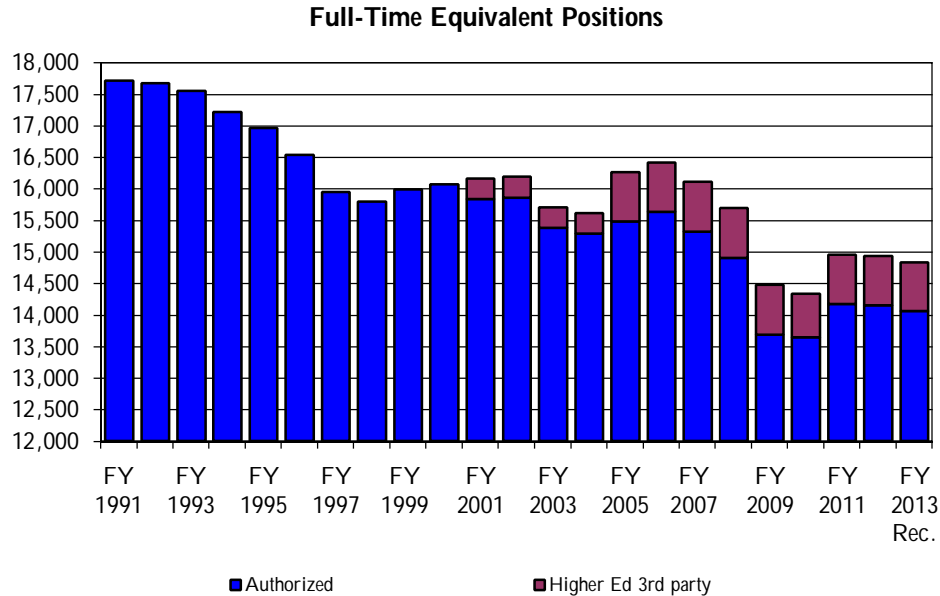
Local Pass-Through

- ***Local Share of Hotel Tax.*** The Governor proposes legislation to subject rentals of vacation homes and rooms at bed and breakfast inns with at least one bedroom for rent to the state's occupancy tax of 5.0 percent, the local occupancy tax of 1.0 percent and the state sales tax of 7.0 percent. Rentals would include those that are rented for more than 15 days per year. The Budget assumes revenues of \$1.9 million; an additional \$0.5 million would be passed through to host municipalities like other hotel tax revenue.

State Government Personnel and Staffing

Summary

The Governor recommends \$1,784.4 million for personnel expenditures and 14,837.7 full-time equivalent positions, including 776.2 higher education positions dedicated for research or supported by other third-party funds. The recommendation is \$73.1 million and 104.5 positions less than the FY 2012 enacted budget. The expenditures include both salaries and benefits, as well as contracted services.

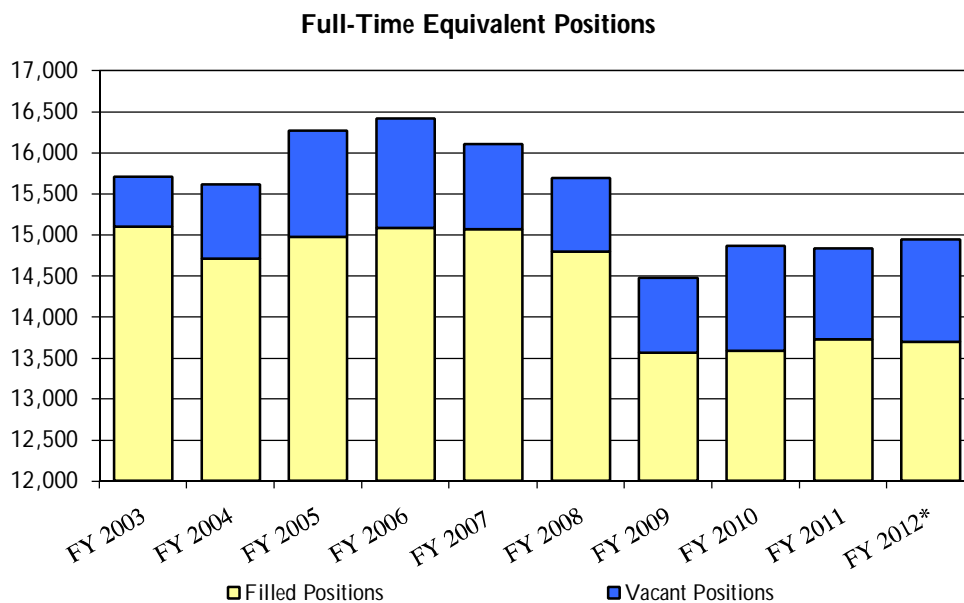


The General Assembly sets personnel limits for each agency and department defined as the maximum allowable number of full-time equivalent positions filled during any pay period. These limits are referred to as authorized levels. The authorized levels do not include temporary or seasonal employees or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

The chart on the next page shows the staffing levels from FY 2003 through FY 2012. 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 due to a major surge of retirements. Other significant issues during that are period are noted below.

- Total filled positions peaked at 15,099.0 in FY 2003. Filled positions dropped by 393.0 to 14,706.0 in FY 2004 due to a hiring freeze.
- The increase in authorized positions during FY 2005 is the result of an additional 461.2 higher education positions that are dedicated for research or supported by other third party funds. There are consistent vacancies within this group of positions.

- Total authorized positions peaked in FY 2006 from an additional 151.9 authorized positions primarily from a new class of correctional officers at the Department of Corrections and new nursing programs at each of the colleges. However, filled positions remained consistent with prior years.
- During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days, and establishing limited service positions. The Assembly did not concur with the proposal; however, it did adopt a reduction of vacant general revenue funded positions, eliminating 419.4 vacant positions.



* Average through pay period ending December 31, 2011

- In addition to eliminating positions through the privatization of food and housekeeping services during FY 2008, the Governor proposed laying off state employees. The Assembly did not concur with the lay-offs; instead it met the proposed savings through the elimination of vacant positions, for a total reduction of 523.4 positions.
- In FY 2009, the Governor again included an initiative to privatize several state government functions to eliminate 243.0 positions. The Assembly did not concur with the proposal and restored the positions.
- The decline in both authorized and filled positions in FY 2009 results from changes to retiree health benefits included in Article 4 of 2009-H 5019, Substitute A, as amended. This change caused a significant amount of state employees to retire. As of December 6, 2007 there were 14,917.8 filled positions compared to December 8, 2008 when there were 13,302.1 filled positions.
- The slight increase in FY 2010 is due to the need to fill vacant positions and the addition of positions funded through the American Recovery and Reinvestment Act; however, many positions remained vacant because of the need to achieve a 6.25 percent across the board reduction.

The FY 2012 enacted budget includes authorization for 14,942.2 positions. The Governor's FY 2012 revised recommendation removes 8.2 positions. As of January 18, 2012 there was an average of

13,705.1 positions filled, leaving 1,065.5 non-research vacancies. In FY 2011, the state averaged 13,725.2 filled positions reflecting an average of 1,028.0 non-research vacancies.

Personnel Costs

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

The Governor's personnel recommendation includes \$1,530.5 million for salaries and benefits and \$253.9 million for contracted services. These expenditures represent an increase of \$73.1 million, or 4.3 percent, from the FY 2012 enacted budget. Salaries and benefits increase by \$54.7 million, or 3.7 percent and contracted services increase by \$18.4 million, or 7.8 percent. General revenue expenses for salaries and benefits increase by 4.3 percent and contracted services decrease by 0.1 percent. The data are shown in the following table and do not include personnel costs funded from internal service funds.

FY 2013 Governor	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 528,404,321	\$169,374,451	\$ 35,675,622	\$288,680,602	\$ 1,022,134,996
Benefits	281,410,315	96,667,582	19,936,989	110,385,921	508,400,807
Total Salaries and Benefits	\$ 809,814,636	\$266,042,033	\$ 55,612,611	\$399,066,523	\$ 1,530,535,803
Contracted Services	45,340,141	156,970,037	30,302,663	21,295,520	253,908,361
Total Personnel	\$ 855,154,777	\$423,012,070	\$ 85,915,274	\$420,362,043	\$ 1,784,444,164

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.

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

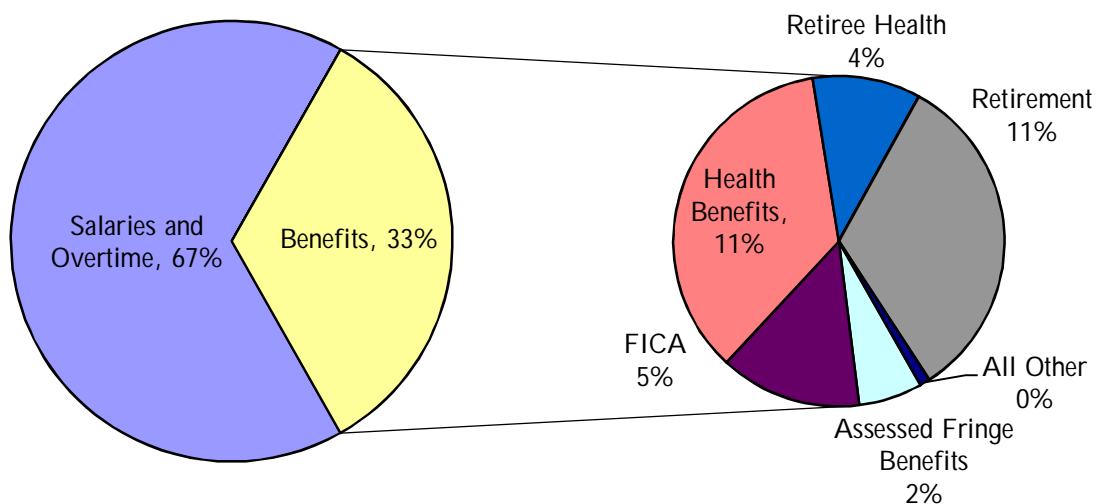
Employee status refers to an employee's protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996 will have statutory status when he or she reaches 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganization or layoffs. If a state employee is also a veteran, statutory

status will be acquired after 15 years of service. Currently there are 3,836 employees with statutory status, including 243 employees which were eligible through the veteran provision.

The Governor has instructed the Director of Administration to conduct an analysis of the state's personnel system and to recommend alternatives to the current system. He recommends \$300,000 in the revised budget to conduct this study with the assumption that implementation of any proposed changes begin in FY 2013.

Salaries and benefits make up 85.8 percent of total personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries, including overtime, and benefits. The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the table is described in further detail in the paragraphs that follow.

FY 2013 Recommended Salaries and Benefits



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

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

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

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. The following table identifies the recent cost-of-living adjustments and any other notable adjustments to employee salaries. The Governor's FY 2013 budget does not assume a cost-of-living adjustment pending the outcome of contract negotiations.

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

Overtime. Overtime expenses make up 2.6 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the Higher Education and Human Services. The Governor proposes legislation to change overtime calculations for correctional officers to that of other public safety officials who are exempt from weekly overtime provisions. Under his proposal, overtime would be granted for hours worked in excess of 171 hours over a 28-day period, rather than on a 40-hour work week.

Overtime - FY 2013 Recommended	
Corrections	35.1%
Higher Education	12.3%
Human Services	11.1%
Public Safety	10.1%
Transportation	9.0%
Behavioral Healthcare, Developmental Disabilities and Hospitals	8.3%
Children, Youth and Families	7.0%
All Others	7.1%
Total	100.0%

Health Benefits. All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through United HealthCare and Delta Dental. During FY

2005, employees began contributing to the cost of this health care. 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 depends on his or her salary and the type of plan chosen. The following table shows the cost of health benefits and the state/employee co-shares for FY 2013 for both individual and family plans.

<i>FY 2013 Recommended</i>	Below \$47,741		\$47,741 - \$95,481		Over \$95,481	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits	\$ 7,575	\$ 21,170	\$ 7,575	\$ 21,170	\$ 7,575	\$ 21,170
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State per Employee	\$ 6,060	\$ 17,995	\$ 6,060	\$ 16,936	\$ 5,681	\$ 15,878
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,515	\$ 3,176	\$ 1,515	\$ 4,234	\$ 1,894	\$ 5,293

For budget planning purposes, a weighted average is used to calculate the cost of medical benefits for vacant positions. The following table shows the weighted average per benefit type. The FY 2012 revised request and the FY 2013 request are from Budget Office planning values.

Weighted Average	FY 2012 Enacted	FY 2012 Revised	FY 2013 Gov.
Medical	\$ 14,730	\$ 14,720	\$ 15,971
Dental	154	148	154
Vision	838	783	831
Total	\$ 15,722	\$ 15,651	\$ 16,956

Beginning in June 1997, before employees were contributing to the cost of health benefits, the state began offering employees the option of choosing a medical benefit waiver as opposed to enrolling in a state health plan. The waiver has been \$2,002 through FY 2011; however, it is reduced to \$1,501 in FY 2012. The Budget Office planning values for FY 2012 included a waiver of \$1,001; however, the budget restored 50.0 percent of the funding because the Budget Office determined that the FY 2012 payment is based on one half of the \$2,002 waiver and one half of the \$1,001 waiver. The Budget Office planning values for FY 2013 include a waiver of \$1,001.

Retirement. Participation in Rhode Island's defined benefit plan is mandatory for all 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. Under the new plan, current employees not yet eligible to retire have an individualized retirement age based on their years of service but they must be at least 59 years old to retire. New employees must work until their social security normal retirement age. 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; it is equal to the difference between the five-year smoothed investment return and 5.5 percent, but no more than 4.0 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. There have been many changes to the retirement system over the past few years. These changes are discussed later in the report.

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

Assessed Fringe. The assessed fringe benefit internal service fund was established in August 1999 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 rate for most employees is 3.75 percent for FY 2013; however, the rate for Public Safety and Workers' Compensation Investigations Unit personnel is 1.76 percent because these employees do not receive worker's compensation; they receive injured on duty benefits. The rate for Higher Education faculty is 3.32 percent because they do not receive severance payments. The following table shows the rates from FY 2000 to the present.

Assessed Fringe Benefit History														
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
% of Salary	0.17	3.14	3.14	3.80	3.78	4.10	4.20	3.52	3.90	3.80	3.90	4.00	3.75	3.75

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 rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2012, the estimated salary limit is \$110,100. 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 for the Medicare portion.

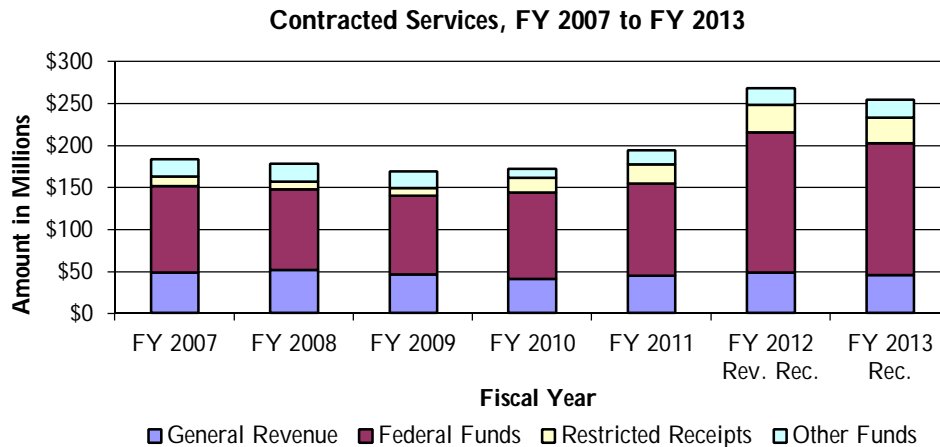
Total Costs. The true cost of two employees who have salaries of \$50,000 and \$100,000 and a family health plan in FY 2013 is displayed in the next table.

Cost of a Position - FY 2013 Recommended				
	Expense		% of Salary	
	\$50,000	\$100,000		
Salary	\$50,000	\$100,000		
FICA	3,825	7,650	7.65%	7.65%
Assessed Fringe	1,875	3,750	3.75%	3.75%
Retiree Health	3,430	6,860	6.86%	6.86%
Retirement	11,090	22,180	22.18%	22.18%
Subtotal	\$16,395	\$32,790	32.79%	32.79%
Health Benefits	21,170	21,170	Family Plan	Family Plan
Total % co-share	(4,234)	(5,293)		
Subtotal Benefits	\$33,331	\$48,668	66.7%	48.7%
Total Cost	\$83,331	\$148,668		

Contracted Services. Contracted services make up the remaining 14.2 percent of personnel costs. The Governor's FY 2013 budget includes \$253.9 million for expenditures the state classifies as contracted services, often referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services. By fund source, 61.8 percent of the expenses are supported by federal grants and 17.9 percent are funded from general revenues. The Department of Elementary and Secondary Education accounts for nearly one fourth of all of these expenses from all

sources and the Department of Human Services accounts for those exclusively funded from general revenues.

The following chart shows the costs of contracted services from FY 2007 through FY 2013. The total cost remained relatively consistent through FY 2007 to FY 2011; however, there is a decline in the amount of general revenues spent over that time. The drastic increase in FY 2012 and FY 2013 is mostly as a result of Race to the Top stimulus funds in the Department of Elementary and Secondary Education. The Department was awarded \$75.0 million to spend over four years.

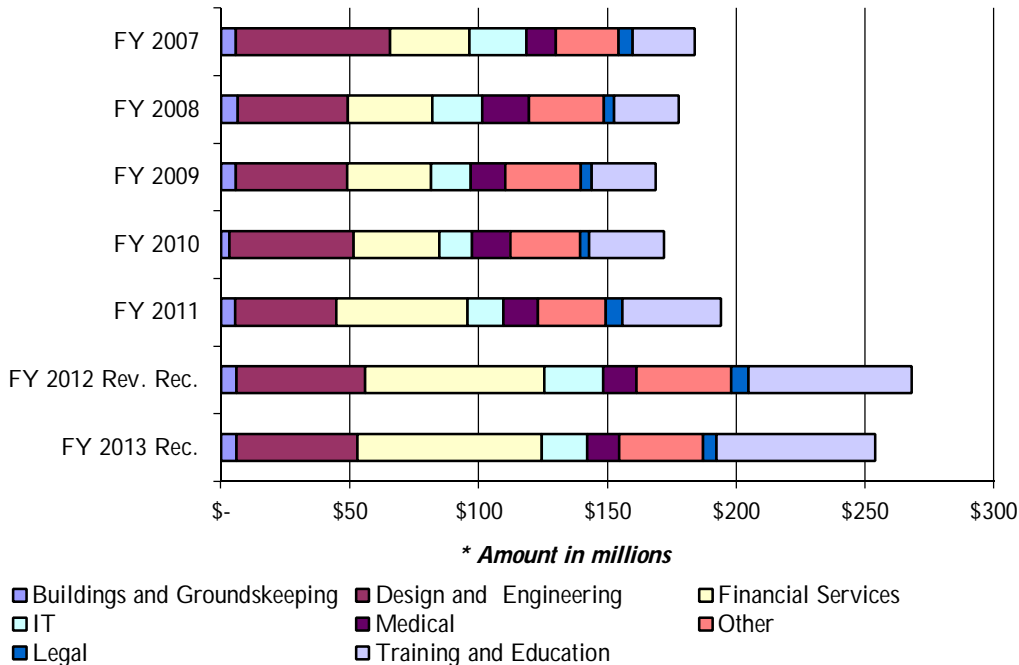


Over the past few fiscal years, the Assembly required state agencies to be held more accountable for contract services they purchase. The 2007 Assembly added language to 2006 H-5300, Substitute A, as amended to correct a situation concerning contract employees that were doing the same work as state employees, 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 has appeared in every budget since FY 2007. The Governor recommends legislation that excludes it from the FY 2012 revised and FY 2013 budgets.

The 2007 Assembly also added language 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.

The following table shows the types of services provided by outside contractors from FY 2007 to FY 2013. The majority of the expenditures are spent on design and engineering services, training and educational, and management and consultant services. The smallest area of spending is legal services and buildings and grounds keeping services. The majority of the federal fund increase in FY 2012 and FY 2013 is for staffing of Race to the Top stimulus funding in the Department of Elementary and Secondary Education.

Contracted Services



Governor Recommended Personnel Initiatives

The FY 2012 and FY 2013 budgets include several initiatives which could affect personnel costs. These are described in the paragraphs that follow.

- **Election Day Holiday.** The Governor proposes eliminating Election Day as a paid holiday for state employees. As required by existing collective bargaining unit contracts, the state will agree to add one additional day for personal leave. The FY 2013 budget includes savings of \$0.6 million from eliminating Election Day as a paid holiday.
- **Analysis of Personnel System.** The revised budget includes \$300,000 for the Director of the Department of Administration to conduct a comprehensive analysis of the state's personnel system and to recommend alternatives to the current system.
- **Director Compensation.** The Governor proposes legislation to provide the director of the Department of Administration the authority to adjust the salaries of directors for all state executive departments similar to the cost-of-living adjustments received by classified state employees. These adjustments will be final and not subject to any public hearing or approval by the General Assembly. He also makes optional the requirement to hold a public hearing to determine the salaries for directors of state executive departments.
- **Correctional Officer Overtime.** The Governor proposes legislation to change overtime calculations for correctional officers to that of other public safety officials who are exempt from weekly overtime provisions. Under this legislation, overtime would be granted for hours worked in excess of 171 hours over a 28-day period, rather than on a 40-hour work week. The budget assumes overtime savings of \$325,000 from this change.

- **Contract Employees.** The Governor excludes the language in Article 1 of the budget that requires that no contracted employee 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. This requirement has been in each budget since FY 2007.

- **Board Member Compensation.** The Governor proposes legislation to eliminate compensation for board members of the Board of Elections, Labor Relations Board and Personnel Appeal Board, effective July 1, 2012. The Budget assumes savings of \$0.2 million in FY 2013 from this change.

Recent Compensation and Benefit Revisions

Recent budgets have included several 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. The Governor had proposed to amend the retirement statutes to eliminate the cost-of-living adjustments for state employees, teachers, judges and state police that were not eligible to retire before passage of the proposal. He also proposed adding language to subject any further cost-of-living adjustments to annual legislative action.

As part of a special session the 2011 Assembly enacted legislation that suspends new cost-of-living adjustments to retirees' benefits until the system is better funded but provides for an intermittent cost-of-living adjustment every five years until the system in the aggregate is 80.0 percent funded. It moves all but public safety employees into a hybrid pension plan that includes a defined contribution plan. It increases the minimum retirement age for most employees not already eligible to retire and changes the benefit accruals to 1.0 percent per year of service beginning July 1, 2012. It reduces the vesting requirement from ten years to five years and preserves accrued benefits earned through June 30, 2012. It increases the minimum retirement age for teachers and state employees to Social Security Normal Retirement Age applied proportionally to employees based on current years of service.

- **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 for two years.

- **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 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 end for 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 ends new longevity payments for all state employees effective July 1, 2011 or upon the expiration of any current collective bargained contract. Employees would 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 Board of Governors, Board of Regents and Public Telecommunications Authority receive longevity payments of 5 percent after 10 years and 10 percent after 20 years pursuant to three different sections of the General Laws. The out year estimate for FY 2013 included savings of \$4.0 million from this action.

Changes for each agency are summarized in the paragraphs at the end of this report and explained in further detail in the individual agency analyses contained in the FY 2012 revised and FY 2013 sections of the *Budget Analysis*.

Distribution of Positions

The number of full-time equivalent positions authorized for each agency and department is contained in Article 1 of the annual appropriation 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 whose scheduled periods of employment do not exceed 26 consecutive weeks or whose 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.

FY 2013 Changes to Enacted FTE	Gen. Govt.	Human Services	Education	Public Safety	Natural Res.	Transp.	Total
<i>FY 2012 Enacted</i>	2,270.3	3,616.7	4,653.4	3,189.2	440.0	772.6	14,942.2
Program Changes	(35.0)	(34.0)	(7.0)	(4.6)	-	-	(80.6)
Federally Funded/Time Limited	(105.8)	(17.0)	-	(2.0)	(4.0)	-	(128.8)
Race to the Top	-	8.5	13.0	-	-	-	21.5
Transfers	(15.0)	10.0	-	-	-	-	(5.0)
New Positions	42.5	15.0	24.4	6.0	0.5	-	88.4
Total Change to Enacted	(113.3)	(17.5)	30.4	(0.6)	(3.5)	-	(104.5)
FY 2013 Recommended	2,157.0	3,599.2	4,683.8	3,188.6	436.5	772.6	14,837.7

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2012 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 50.6 percent of all positions.

The Budget includes 2,157.0 full-time equivalent positions for general government agencies, 14.5 percent of the distributed positions. This is a decrease of 113.3 full-time equivalent positions compared to the FY 2012 enacted budget, primarily from a reduction of 37.0 workforce development services positions and 68.7 unemployment insurance division positions from an anticipated reduction in federal funding.

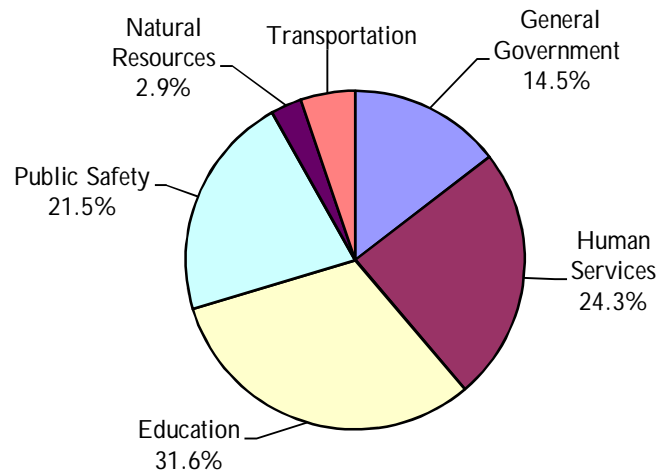
The Budget provides 3,599.2 full-time equivalent positions for human services, or 24.3 percent of all distributed positions. This is 17.5 fewer positions than the FY 2012 enacted budget and includes an additional 8.5 positions to work on a new Race to the Top Early Childhood Learning grant and the elimination of 22.0 federally funded, time limited, supplemental nutrition assistance positions in the Department of Human Services.

The Budget includes 4,683.8 full-time equivalent positions for education, 31.6 percent of all distributed positions. This is 30.4 more positions than the FY 2012 enacted budget, primarily from 13.0 additional Race to the Top positions and 24.4 new teaching and student support staff at Rhode Island College and the University of Rhode Island. The total includes 776.2 higher education positions that are dedicated for research or supported by other third party funds.

There are 3,188.6 full-time equivalent positions for public safety agencies, 21.5 percent of all distributed positions. This is 0.6 fewer positions than the FY 2012 authorized level.

The Budget provides 436.5 full-time equivalent positions for natural resources agencies, which is 3.5 fewer positions than the FY 2012 authorized level. The Budget provides 772.6 full-time equivalent positions for transportation, consistent with the authorized level.

Staffing by Function



Program Changes to FY 2012 Enacted Staffing Levels

Administration. The Governor recommends 694.2 full-time positions for FY 2012, 0.4 positions less than the authorized level to reflect actual filled positions in the Budget Office.

He recommends 665.6 positions for FY 2013, 27.0 positions less than the authorized level. This includes 11.0 new positions for the Office of Management and Budget and the transfer of 9.0 positions from the Office of Energy Resources to the Department of Human Services. It also includes the elimination of 12.0 positions from the Bureau of Audits and 12.0 positions from the Division of Human Resources, 5.6 positions from the Division of Information Technology and 1.0 position from Statewide Planning.

Business Regulation. The Governor's FY 2013 recommendation includes 94.0 full-time equivalent positions, 2.0 fewer than the authorized level to reflect the elimination of the director of consumer protection and education programs position from the Insurance Regulation division and one administrative position from the Board of Accountancy.

Labor and Training. The Governor recommends 364.4 full-time equivalent positions, which is 105.8 positions less than enacted and 18.3 positions more than requested. This includes a reduction of 37.0 workforce development services positions and 68.7 unemployment insurance division positions because of an anticipated reduction in federal funding, which is 18.4 fewer than the Department requested, in case additional federal funding becomes available. He also recommends a reduction of 0.1 position to correct for a rounding error.

Revenue. The Governor recommends staffing of 449.0 and 458.0 for FY 2012 and FY 2013, respectively. The recommendation for FY 2012 is 14.5 positions more than the authorized level. This includes 1.0 new investigative auditor in the Division of Municipal Finance, 14.5 new positions in the Division of Motor Vehicles and the elimination of a vacancy in the Division of Taxation.

For FY 2013, he recommends an additional 5.0 investigative auditors for a total of 6.0 and he also includes 4.0 new tax investigators for cigarette tax enforcement.

Board of Elections. The Governor recommends 11.0 positions in FY 2012 and FY 2013, 1.0 less than the enacted, to reflect the Board's decision not to fill the currently vacant chief auditor position.

Office of the Governor. The Governor recommends staffing of 45.0 positions for FY 2012 and FY 2013, consistent with the authorized level. The FY 2013 recommendation reflects the removal of 6.0 positions for the Office of Economic Recovery and Reinvestment and the addition of 6.0 positions for the Rhode Island Health Benefit Exchange.

Public Utilities Commission. The Governor's FY 2013 recommendation includes 47.0 positions, which is 1.0 more than enacted to reflect the addition of a consumer agent position for the Consumer Unit of the Division of Public Utilities and Carriers.

Office of Health and Human Services. The Governor recommends 158.0 positions in FY 2012, which is 9.0 more enacted. He transfers 3.0 positions from the Department of Health, 1.0 position from the Department of Human Services, adds 1.0 position previously assigned to the Office of Economic Recovery and Reinvestment, and adds 4.0 new positions for the Money Follows the Person Demonstration grant administration activities. He includes these positions in FY 2013 and adds another 5.0 for the new Program Audit and Oversight Unit for an authorized staffing level of 163.0 positions.

Children, Youth and Families. The Governor includes 665.5 full-time equivalent positions, 3.0 more than enacted. These positions are from federal Race to the Top funds and include 2.0 additional employees to license early learning centers and 1.0 additional employee for data collection.

Health. The Governor's revised recommendation includes 422.3 positions, 4.0 positions less than enacted, to reflect the transfer of 3.0 positions to the Executive Office of Health and Human Services and 1.0 position to the Department of Human Services. His FY 2013 recommendation includes 423.3 positions, which is 3.0 less than enacted. This includes the above mentioned transfer of 4.0 positions to the Office and the elimination of 8.0 laboratory positions, offset by 6.0 additional food inspectors and 3.0 additional positions funded through the Race to the Top grant.

Human Services. The Governor includes 947.7 positions for FY 2013, which is 36.5 positions less than enacted. He eliminates 22.0 time-limited supplemental nutrition assistance positions and transfers 1.0 Medicaid transportation position to the Office of Health and Human Services. He transfers in 1.0 administrative position from the Department of Health for the Ryan White HIV Care program and 9.0 positions for the weatherization and low income heat energy assistance programs from the Department of Administration. He adds 2.5 new Race to the Top positions and eliminates 26.0 positions at the Veterans' Home.

Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor recommends 1,383.2 positions, which is 5.0 more than enacted for new federally funded positions in the Division of Behavioral Health in both FY 2012 and FY 2013

Elementary and Secondary Education. The Governor recommends 355.4 positions which include 13.0 new full-time equivalent positions in FY 2012 and FY 2013 to be funded from new federal Race to the Top – Early Childhood Learning funds. The new positions are time-limited for the four years that the grant funding will be available. The Governor also recommends reducing Davies' Career and Technical School's authorization by 6.0 to reflect the school-based coordinators that were transferred to the districts during FY 2011. These positions were funded from federal Perkins grant funding and were state employees. The employees are now district employees.

Public Higher Education. The Governor's revised recommendation includes 4,215.0 positions, 0.4 positions more than enacted to reflect a new information technologist position in the Office of Higher Education. His FY 2013 recommendation includes 4,280.6 full-time positions, which is 66.0 positions more than enacted. He adds 2.0 staff positions at the Office including the 0.4 he added in the revised recommendation, 14.0 new faculty positions at the University, 10.0 new faculty and staff positions at the College and transfers 39.6 positions from the Rhode Island Higher Education Assistance Authority in a proposed merger into the Office of Higher Education.

Rhode Island Higher Education Assistance Authority. The Governor's budget includes the transfer of 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.

Rhode Island Public Telecommunications Authority. The Governor's budget includes 14.0 positions, which is 1.0 less than enacted to reflect the elimination of a vacant position.

Attorney General. The Governor recommends FY 2012 and FY 2013 staffing of 233.1 full-time equivalent positions, which is 2.0 more than enacted to reflect the addition of two fingerprint technician positions to assist in performing background checks for health care workers who are providing services to the state's children and elderly. The positions are federally funded from the Long Term Health Care grant.

Military. The Governor's revised budget includes 113.0 positions, which is 4.0 less than enacted to reflect the reduction of four maintenance positions at the National Guard. His FY 2013 recommendation includes 112.0 positions, to reflect the elimination of a fiscal clerk in the Emergency Management Agency.

Public Safety. The Governor's budget includes 606.2 positions for the Department of Public Safety in FY 2012 and 609.2 positions in FY 2013. This is 0.4 positions and 3.4 positions more than enacted, respectively. This includes 3.0 new positions with the Fire Marshal and 0.4 position for an adjustment to a previously part-time position in Central Management.

Public Defender. The Governor's revised budget includes 91.0 positions, which is 2.0 less than enacted to reflect the reduction of two attorney positions for the Drug Court and Tri-County Screening project because of expired federal funds. His FY 2013 recommendation is for 92.0 positions, which includes a new misdemeanor attorney for cases transferred to Kent County.

Environmental Management. The Governor recommends 407.0 positions in FY 2013, which is 3.0 less than enacted. This reflects the elimination of a supervising environmental scientist, senior environmental scientist and environmental scientist in the Division of Water Resources due to reduced federal funding.

Coastal Resources Management Council. The Governor recommends 29.5 positions in FY 2013, 0.5 less than enacted. The recommendation reflects the elimination of 1.0 engineering tech III position in FY 2012 due to reduced federal funding, as well as the addition of a 0.5 staff attorney position in FY 2013 to meet a directive from the National Oceanographic and Atmospheric Administration that the Council use its federal funding for legal services solely toward the hiring of a staff attorney who would address the underrepresentation of staff's recommendations during public hearings.

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 a state's expenditure for most Medicaid services is called the federal medical assistance percentage (FMAP). The remainder is referred to as the nonfederal or state share.

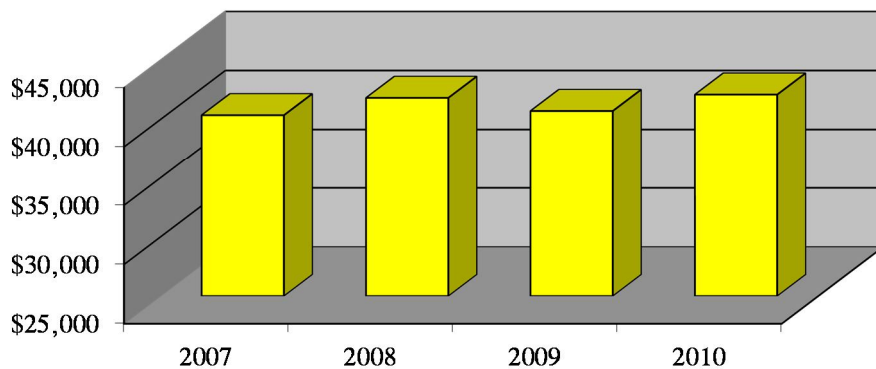
Rhode Island provides medical assistance, residential care, community based services and case management activities to individuals who meet the eligibility criteria established for the various assistance programs provided by the four departments under the umbrella of the Executive Office of Health and Human Services. This includes 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 2013 Recommended	General Revenues	All Funds	% of Medicaid
OHHS*	\$ 806,982,817	\$ 1,688,071,106	78.5%
BHDDH	171,982,928	390,157,329	18.1%
Children, Youth and Families	19,779,124	41,413,466	1.9%
Human Services*	9,542,615	29,965,208	1.4%
Health	821,721	2,040,748	0.1%
Total	\$ 1,009,109,205	\$ 2,151,647,857	100%

** The Governor transfers the medical benefits program from DHS to OHHS*

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 separate 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 the federal government will contribute. States with a higher per capita income level are reimbursed a smaller share of their costs. By law, the Medicaid rate cannot be lower than 50 percent or higher than 83 percent. It is important to note that the federal contribution to any state's program administration for Medicaid services is set at 50.0 percent. The following chart includes the change in the state's per capita income during four calendar years. The FY 2013 rate is based on 2008 through 2010 data.

State of Rhode Island Per Capita Personal Income



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

The American Recovery and Reinvestment Act of 2009. The federal stimulus package provided for temporary increases in the Medicaid rates to provide fiscal relief to states. The rate was originally set to expire January 1, 2011; however, the federal government extended it until June 30, 2011. The enhanced rate took effect October 1, 2008 and the state saved approximately \$517.9 million over ten fiscal quarters: \$149.6 million in FY 2009, \$203.1 million in FY 2010, and \$165.2 million in FY 2011.

It should be noted that the FY 2011 enacted budget was based on an anticipated enhanced Medicaid rate of 64.19 for the entire fiscal year for savings of \$215.1 million. However based on final actions taken by the federal government when extending the rate six months, it also updated the formula which produced a lower rate. For Rhode Island that updated rate was 62.26 percent. The following includes the Rhode Island Medicaid rates used in FY 2008 through the projected FY 2013 rate. Since the Medicaid rate is published for the federal fiscal year which starts October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island’s FY 2013 projected rate is based on one quarter of the federal fiscal year 2012 rate and three quarters of the FY 2013 rate resulting in a slightly different rate. The Medicaid rates are shown in the following table.

Medicaid Rates	FFY	SFY
FY 2013 Projected	51.26%	51.48%
FY 2012	52.12%	52.33%
FY 2011	61.39%	62.26%
FY 2010	63.93%	63.92%
FY 2009	63.89%	61.04%
FY 2008	52.51%	52.59%

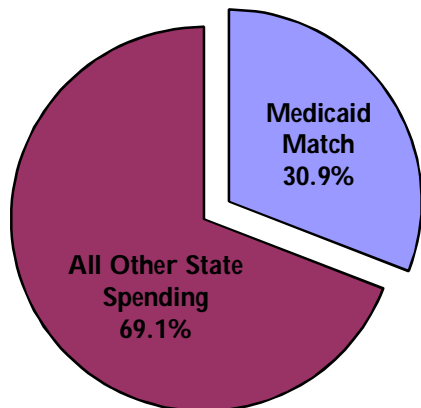
Under the American Recovery and Reinvestment Act, states receiving the enhanced Medicaid rate had to maintain its eligibility requirements until the expiration of the rate, or June 30, 2011. The Patient Protection and Affordable Health Care Act also has similar maintenance requirements unless a state can demonstrate that it has a deficit.

The state saved \$517.9 million over the three-year period as a result of the enhanced Medicaid rate included in the American Recovery and Reinvestment Act of 2009. The following shows the savings by fiscal year.

Medicaid Savings	
FY 2009 Actual	\$ 149.6
FY 2010 Actual	203.1
FY 2011 Actual	165.2
Total*	\$ 517.9
<i>*in millions</i>	

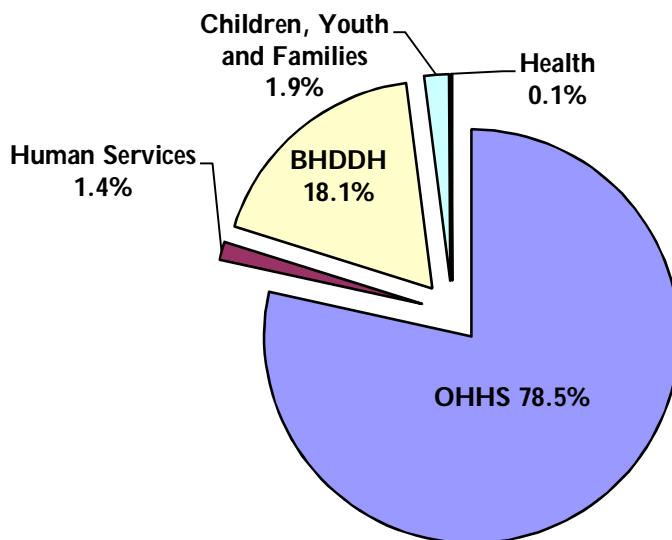
Medicaid as a Percent of the State Budget. Programs supported by Medicaid are 27.9 percent of total spending in the Governor’s recommended budget and 30.9 percent of spending from general revenues.

Medicaid as Percent of General Revenue Spending



The programs and recipients receiving Medicaid funded services are discussed separately, 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 following chart shows the percent of Medicaid spending by department. It should be noted that the Governor’s FY 2013 recommended budget shifts Medicaid benefits to the Office of Health and Human Services and will now include medical benefit expenses for populations receiving residential and community-based services through the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals and Children, Youth and Families.

Medicaid Spending by Department



Rhode Island Consumer Choice Global Compact Waiver. The Rhode Island Global Consumer Choice Compact Waiver, or Medicaid Global Waiver, was approved by the Centers for Medicare &

Medicaid Services (CMS) 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, cost effective way to meet the needs of its citizens. The waiver is effective from January 16, 2009 through December 31, 2013, at which time the state can reapply for the global waiver. If the state does not reapply for the global waiver, it can continue to operate the Medicaid program but must apply for separate waivers for any programs it provides or recipients it chooses to cover beyond what is mandated by the federal government.

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

Rhode Island Global Waiver Evaluation. The Office of Health and Human Services commissioned the Lewin Group to conduct an evaluation of the impact of the Rhode Island Global Consumer Choice Compact Waiver. The final report, titled *An Independent Evaluation of Rhode Island's Global Waiver*, was submitted December 6, 2011. It addressed three specific issues: (1) have global waiver and budget initiatives changed the long-term care processes, procedures and providers payments affected by enrollment, utilization, and cost of services and supports provided to elder and adults with disabilities in home and community based versus institutional settings; (2) have global waiver budget initiatives designed to reduce cost through care management by providing each member with a medical home affected Medicaid expenditures and improved health outcomes, particularly for those beneficiaries with disabilities and (3) have the global waiver initiatives facilitated the state's effort to ensure that every Medicaid beneficiary has "*the right services, at the right time, in the right setting*"?

The Lewin Group concluded that during the three year period, FY 2008 to FY 2010, the number of individuals accessing nursing home care declined by three percent and the number of those using home and community based services rose by 9.5 percent for savings of \$35.7 million in long term care savings in that three year period.

The state was also able to mandatorily enroll disabled adults and children with special health care need in care management programs that provide a medical home. The result of this initiative was lower emergency room utilization and improved access to physician services for savings of \$5.0 million in the three year period. The Global Waiver also allowed the state to leverage Medicaid for previously state funded programs in health and human service agencies. The report is available on the Executive Office of Health and Human Services' website at <http://www.eohhs.ri.gov/>.

Medicaid Expenses - State/National Comparison. The following table compares national and state 2008 Medicaid spending. By percentage, Rhode Island's enrollment of children (the state's RItE Care population) is lower than the national average while enrollment of parents is slightly higher. The percent of total spending for this population is lower than the national average but higher when comparing cost per enrollee. The Medicaid expenses for the populations are in the Executive Office of Health and Human Services' budget.

For disabled individuals, enrollment is higher than the national average as is the percent of expenses compared to total spending and cost per enrollee. Expenses for this population are in the Executive Office of Health and Human Services, as well as the Departments of Human Services, Behavioral Healthcare, Developmental Disabilities and Hospitals and Children, Youth and Families.

Enrollment and expenses for the aged population are slightly lower than the national average when comparing enrollment, but higher than the national average when comparing percent of enrollment to total enrollment and higher than the national average for cost per enrollee. Expenses supporting this population are in the FY 2013 Governor's recommended budget in the Office of Health and Human Services.

Medicaid Expenses	Enrollees		Percent of Enrollees		Expenses*		Percent of Expenses		Cost Per Enrollee	
	US *	RI	US	RI	US	RI	US	RI	US	RI
Population	23.5	80,052	48.9%	44.4%	\$ 57,100	\$ 228.0	19.4%	13.5%	\$ 2,435	\$ 2,848
Children	11.1	42,110	23.1%	23.4%	39,700	170.5	13.5%	10.1%	3,586	4,048
Adults	8.5	40,360	17.7%	22.4%	126,700	865.0	43.0%	51.4%	14,858	21,433
Blind/Disabled	5.0	17,795	10.4%	9.9%	70,900	420.8	24.1%	25.0%	14,058	23,647
Aged	48.1	180,317	100%	100%	\$294,400	\$1,684.3	100%	100%	\$ 6,120	\$ 9,341
Total										

* in millions

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 Office of Health and Human Services. The 2012 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income									
Family Size	100%	125%	150%	175%	180%	185%	200%	225%	250%
1	\$ 11,170	\$13,963	\$16,755	\$19,548	\$20,106	\$20,665	\$22,340	\$ 25,133	\$27,925
2	15,130	18,913	22,695	26,478	27,234	27,991	30,260	34,043	37,825
3	19,090	23,863	28,635	33,408	34,362	35,317	38,180	42,953	47,725
4	23,050	28,813	34,575	40,338	41,490	42,643	46,100	51,863	57,625
5	27,010	33,763	40,515	47,268	48,618	49,969	54,020	60,773	67,525
6	30,970	38,713	46,455	54,198	55,746	57,295	61,940	69,683	77,425
7	34,930	43,663	52,395	61,128	62,874	64,621	69,860	78,593	87,325
8	38,890	48,613	58,335	68,058	70,002	71,947	77,780	87,503	97,225

For families with more than 8 members, add \$3,960 for each additional member for the 100 percent calculation.

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

The poverty guidelines are the other version of the federal poverty measure. 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 a simplification of the poverty thresholds to use for such purposes as determining 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 permanent legal resident for at least five years. Individuals must also be a resident of the state in which they are applying for benefits.

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

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 175 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.

Populations	
Mandatory	Optional
Low Income Medicare Beneficiaries	Low income elderly or adults with disabilities and individuals eligible for home & community care waiver services
Individuals who would qualify under 1996 AFDC eligibility standards (50% of poverty)	Parents to 175% of poverty
Supplemental Security Income or Social Security Disability Insurance recipients	Individuals who are medically needy
Children under 6 and pregnant women at or below 133% of poverty	Children to 250% of poverty
Children 6 to 19 at or below 100% of poverty	
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
Infants born to Medicaid enrolled pregnant women	Women eligible for breast and cervical cancer treatment services

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. This is a federal program where the individual receives a monthly payment, which is not considered to be a public assistance program.

The second program available to a disabled individual is the Supplemental Security Income program. This is also a federal 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.

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

Acute Care Benefits	
Mandatory	Optional
Physician Services	Prescriptions
Lab & X-ray	Rehabilitation & other therapies
In/Outpatient Hospital Services	Clinic Services
Early, Periodic, Screening Diagnostic and Treatment (EPSDT) Services	Dental, dentures, prosthetic devices & eyeglasses
Family Planning Services & Supplies	Case management
Federally Qualified Health Centers & Rural Health Clinic Services	Durable medical equipment
Nurse Midwife as state law permits	TB related services
Certified pediatric & family nurse practitioner services	Medical remedial care provided by other licensed professionals

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

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

The Executive Office of Health and Human Services' FY 2010 Annual Medicaid report includes a breakdown by cost by mandatory and optional populations and mandatory and optional services. The state spent \$1,811.0 million in federal and state funds on Medicaid services. Of this total \$652.0 million, or 36.0 percent, was spent on mandatory services for mandatory populations.

Mandatory Populations		
Mandatory	Gen. Rev.	All Funds
Mandatory Services	\$ 235.2	\$ 652.0
Optional Services	106.4	295.0
<i>Subtotal - Mandatory Populations</i>	<i>\$ 341.7</i>	<i>\$ 947.0</i>
Optional Populations		
Mandatory Services	\$ 223.0	\$ 618.0
Optional Services	88.8	246.0
<i>Subtotal - Optional Populations</i>	<i>\$ 311.7</i>	<i>\$ 864.0</i>
Total Expenses	\$ 653.4	\$ 1,811.0

The following includes Medicaid spending for FY 2010 by population and cost per person according to the Office of Health and Human Services' FY 2010 Annual Medicaid report.

Populations	Persons	Costs*	Per Person
Children/Parents	123,960	\$ 462.0	\$ 3,720
Elderly	17,417	453.0	26,004
Disabled - Children	12,403	206.0	16,644
Disabled - Adults	28,828	690.0	23,952
<i>*in millions</i>			

Medicaid Programs

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

Medical Benefits

Rlte Care/Rlte Share. The state provides medical benefits to children and their parents who meet the eligibility criteria for the Rlte 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 \$55,875) and to parents if the family income is at or below 175 percent of poverty (for that same family of four, an income that is not above \$39,113). If a family's income is at or below 200 percent of poverty, the child (or children) would receive Rlte Care benefits but the parent (or parents) would not because the annual income is too high.

Rlte Care Cost Sharing Requirement. Rlte Care recipients 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 and are approximately three percent of annual income.

Rlte Care Co-Pays	
Poverty Level	Current
up to 133	\$ -
133 up to 150	-
150 up to 185	61
185 up to 200	77
200 up to 250	92

Rhode Island General Law 40-8.4-4 allows the state to charge a monthly cost sharing requirement that does not exceed five percent to Rlte Care recipients whose income is between 150 and 250 percent of poverty. The rates are set through the rules and regulations process. The 2011 Assembly, in concurrence with the Governor's recommended budget, increased the payment for families between 150 and 250 percent of poverty to five percent of family income, effective October 1, 2011; however, the Centers for Medicare and Medicaid Services did not allow the rate increase because an increase in premiums over those in effect on March 23, 2010 is a more restrictive eligibility procedure, which is inconsistent with maintenance of effort requirements of the Affordable Care Act. Even though the state had the authority on March 23, 2010 to increase the rates, increasing them after that date was not allowed and the rates remain at the September 30, 2011 level.

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

Adoptive Assistance. The state provides Rlte Care benefits to a child in adoptive assistance.

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

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 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 main 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/Other Programs

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

Services provided under the Global Waiver are optional services with mandated medical benefits being paid for through the Office of Health and Human Services' budget in the Governor's FY 2013

recommended budget. The federal regulations governing the waiver mandate that in order to receive services a person must meet three eligibility criteria: diagnostic, functional and financial.

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

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

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

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

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

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

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

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

Group Homes. The state provides placement in a group home setting 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 by utilizing Emma Pendleton Bradley Hospital in East Providence to provide psychiatric hospitalization services for Medicaid children and children who are uninsured.

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

Community Medication Assistance Program. The state provides a limited pharmaceutical program to individuals with mental health issues who are uninsured.

HIV Treatment Services. The state provides treatment and supportive services to HIV positive individuals who are uninsured and at/or below 400 percent of poverty.

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 services departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget Analysis FY 2013*. The following table shows the services provided by population and the department that is responsible for the expenses.

Programs	OHHS	DHS	BHDDH	DCYF	DOH
Medical Benefits					
Children and Parents	X				
Elderly	X				
Disabled	X				
Residential and Other Services					
Nursing and Hospice Services	X				
Assisted Living Services	X	X			
Home and Community Based Services - Elderly		X			
Foster Care and Group Home Placements - Children				X	
Community Based Services -Developmentally Disabled			X		
Mental Health and Substance Abuse Treatment Services			X		
HIV Surveillance and Treatment Services		X			X

American Recovery and Reinvestment Act

Introduction

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act. Generally referred to as the Stimulus Act, it provides nearly \$800 billion of federal spending designed to prevent further deterioration in the national economy, provide relief to states and individuals, and create new jobs. By the end of FY 2013, the Act will have provided close to \$1.8 billion to Rhode Island through direct budget relief as well as competitive and formula grants. The types and uses of this funding will be further explained in this report.

Types of Funding

Direct Budget Relief. A goal of the Recovery and Reinvestment Act was to ease the burden on state governments during a national economic downturn. One way the Stimulus Act attempted to improve individual state budgets was to provide direct budgetary relief. Instead of competing for additional funds or relying on the traditional formula grant process, these funds were made available to states for more immediate use. Use of these funds as direct budgetary relief did come with a maintenance of effort requirement. This requirement ensures that states using the funds are supporting programs at levels consistent with prior years' funding levels, and is included to minimize the supplanting of general revenues in areas where stimulus funds were available.

In Rhode Island, direct budgetary relief was in the form of funds that could support expenses in the Departments of Elementary and Secondary Education, agencies with Medicaid expenses, Human Services, Corrections and Public Safety. Availability of these funds impacted the whole budget by limiting the reductions that may have occurred without these funds. Including amounts recommended by the Governor for FY 2013, direct budget relief from stimulus funds beginning in FY 2009 totals \$659.5 million. The distribution of these funds to the state agencies is illustrated in the following table.

Budgetary Relief

Agency/Department	Pre-FY 2012	FY 2012 Revised	FY 2013 Recommended	Total
Behavioral Healthcare, Developmental Disabilities and Hospitals	\$ 117,446,661	\$ -	\$ -	\$ 117,446,661
Children, Youth and Families	19,876,806	992	992	19,878,790
Corrections	20,078,361	-	-	20,078,361
Elderly Affairs	1,661,525	-	-	1,661,525
Health	1,872,719	3,615,221	659,468	6,147,408
Human Services	376,796,347	-	-	376,796,347
Public Safety	9,612,212	-	-	9,612,212
Elementary and Secondary Education	104,989,952	2,843,292	-	107,833,244
Total	\$ 652,334,583	\$ 6,459,505	\$ 660,460	\$ 659,454,548

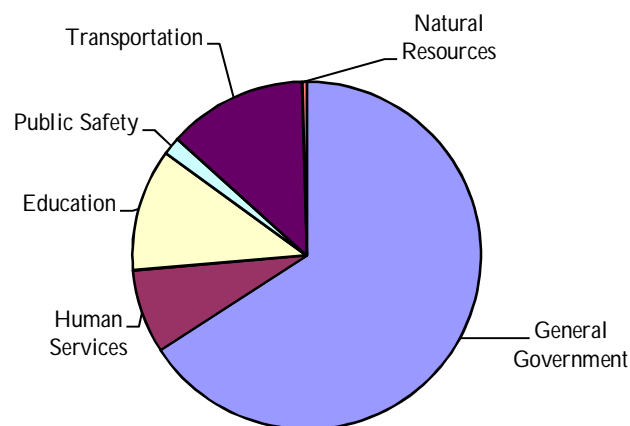
Competitive and Formula Grants. The Stimulus Act provides additional funding in the form of competitive and formula grants. For ongoing formula grant programs, additional funding was provided to the federal agency and then distributed to states based on existing formulas. An example of this is the Department of Transportation's Federal Highway Funding. The annual funding the Department receives is based on a federally determined formula. When more funding became available through the Act, the Department was allocated its additional share based on the existing formula. This process

provided the Department with an additional \$137.1 million for construction projects on highways, roads and bridges.

Besides existing formulas, the Stimulus Act also provided funds to the federal agencies to be distributed in the form of competitive grants. The funds were provided to the federal agencies, which then determined application criteria for state agencies applying for the grant funds. An example of this is the competitive grant program Race to the Top. This is an educational grant program that provides additional funding to states making system-wide reforms to certain criteria such as teacher evaluation and accountability. As a result of competing for this grant, the Department of Elementary and Secondary Education was awarded an additional \$75.0 million beginning in FY 2011.

Including amounts recommended by the Governor for FY 2013, state agencies will receive \$780.2 million from formula and competitive grants through the Stimulus Act. Over 61 percent of these grants are for general government functions, the largest of which is dedicated to unemployment benefits in the Department of Labor and Training. This accounts for over \$500 million of the grants provided to the state from fiscal years 2009 through 2012. The following chart illustrates the proportion of funding each function of state government is receiving through the Act.

Competitive and Formula Grants by Function



Oversight

Oversight for Stimulus Act programs are the responsibility of the Rhode Island Office of Recovery and Reinvestment. The Office was established by Governor Carcieri's executive order shortly after the Act's passage under the Office of the Governor. The Office is responsible for administering and complying with the Stimulus Act and other state and federal economic stimulus legislation.

Specifically, the Office is responsible for identifying, evaluating, tracking and auditing stimulus projects. The Office also works in conjunction with the Department of Administration in tracking and accounting of stimulus funds, and issues reports to federal entities. The Office is also charged with reporting Stimulus Act progress to the General Assembly, which it does on a monthly basis. These reports consist of funding allocations and expenditures for each agency receiving funds. The reports also track expiration dates for the awards as well as additional jobs provided through the Stimulus Act.

It should be noted that Governor Chafee's budget proposal contained in Article 4 of 2012-H 7323 includes the creation of a state Office of Management and Budget. The proposal's intention is for the new Office to assume the responsibilities of the Office of Economic Recovery and Reinvestment.

Rhode Island's Stimulus Award

Beginning in FY 2009 and including amounts budgeted for FY 2013, state agencies will receive \$1,791.5 million from all stimulus funds. Funding is budgeted in 18 separate agencies through the FY 2013 period. During FY 2009, the Stimulus Act was in its beginning stages and federal guidance was limited. Because of this, \$259.9 million or 14.5 percent of stimulus funding was spent in the first year. The \$1,212.9 million included in fiscal years 2010 and 2011 was distributed in a more even manner, with over \$700 million spent in FY 2010 and over \$500 million for FY 2011. As Stimulus Act funds are largely extinguished in FY 2013, recommended funding drops to \$27.2 million.

The following table lists the total Stimulus Act awards for each state agency. The amounts include budgetary relief as well as competitive and formula grants.

Agency/Department	Pre-FY 2012	FY 2012 Revised	FY 2013 Recommended	Total
Board of Governors for Higher Education	\$ 7,372,733	\$ 30,210,703	\$ 383,779	\$ 37,967,215
Administration	27,070,358	31,131,795	163,065	58,365,218
Behavioral Healthcare, Developmental				
Disabilities and Hospitals	117,446,661	-	-	117,446,661
Children, Youth and Families	20,866,442	1,170	1,170	20,868,782
Corrections	20,207,133	20,601	20,601	20,248,335
Elderly Affairs	2,146,525	-	-	2,146,525
Environmental Management	2,124,146	3,802,132	-	5,926,278
Health	2,072,584	3,615,221	659,468	6,347,273
Human Services	447,448,057	671,881	-	448,119,938
Labor and Training	524,066,483	160,426,129	7,885,000	692,377,612
Public Safety	13,613,660	512,223	421,951	14,547,834
Revenue	23,899	-	-	23,899
Transportation	125,029,112	9,915,314	2,880,580	137,825,006
Elementary and Secondary Education	185,020,604	26,568,611	14,512,533	226,101,748
Governor's Office	1,560,784	-	-	1,560,784
Military Staff	454,493	-	-	454,493
Public Utilities Commission	233,790	212,093	230,498	676,381
Rhode Island Council on the Arts	291,500	-	-	291,500
General Treasurer	185,863	-	-	185,863
Total	\$1,497,234,827	\$ 267,087,873	\$ 27,158,645	\$1,791,481,345

Education. Including amounts budgeted for fiscal years 2012 and 2013, the state will receive \$178.5 million from stimulus funds, including \$111.3 million in direct budgetary relief and \$67.2 million from competitive and formula grants. Education funding is to be used for three distinct purposes, which are summarized in greater detail below.

State Fiscal Stabilization Fund. The budget contains \$32.7 million in FY 2012 to avoid reductions in public higher and elementary and secondary education. The funds were made available to Rhode Island for use in FY 2009 and will continue to be spent through FY 2012. The funds are eligible for general use, as well as education related activities such as school repair, renovation or modernization. In lower education, funding was used as education aid to districts in lieu of general revenues. In higher

education, funding was used for fire safety repair work at the institutions, and distributed based on the square feet of existing academic buildings that needed fire safety improvements.

Education for Disadvantaged Title I. The Stimulus Act contains a total of \$11.9 million for fiscal years 2012 and 2013 to be distributed through Title I funding streams. The purpose of funding is to help school districts mitigate the effects of recent reductions in local revenues and state support. Funding will be distributed through the existing formula, which flows through the Department of Elementary and Secondary Education. The formulas are based on census poverty estimates and per pupil expenditures for each state.

Special Education. This is a formula grant that provides funding for students with disabilities. The Act will provide \$4.7 million for students with disabilities in FY 2012 and FY 2013 through three formulary-funding streams. A state is eligible to receive this funding if it submits a state plan with assurances that it has policies to provide a free and appropriate public education to children with disabilities between the ages of 3 and 21. Funding is distributed through the existing formula, which flows through the Department of Elementary and Secondary Education.

Medicaid. 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 separate 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 the federal government will contribute.

The federal stimulus package provides for temporary increases in the Medicaid rate to allow for fiscal relief to states. The rate was originally set to expire January 1, 2011; however, the federal government extended it until June 30, 2011. The state has saved \$517.9 million from FY 2009 through FY 2011 as a result of the enhanced Medicaid rate included in the Stimulus Act. The following table shows the savings by fiscal year.

Medicaid Savings	
FY 2009 Actual	\$ 149.6
FY 2010 Actual	203.1
FY 2011 Actual	165.2
Total*	\$ 517.9

**in millions*

Temporary Assistance to Needy Families. The state was eligible to receive up to \$47.5 million in federal temporary assistance to needy families' contingency funds through the American Recovery and Reinvestment Act to support basic assistance, short term non-recurring benefits and subsidized employment programs through September 30, 2010. The state spent \$6.9 million, primarily in the Department of Human Services, leaving \$40.6 million unspent.

Funding was spent on subsidized employment programs and a joint program with the Rhode Island Food Bank which distributed at least 10,000 boxes of special food items to eligible families. Funding also provided payments ranging from \$200 to \$3,000 to help at least 2,500 families with first and last month's rent and/or security deposit. It was used to restore utilities and/or help families avoid utility shutoffs, pay for relocations and assist families to avoid evictions. The Department of Human Services also used the money to address transportation issues such as automobile repairs and mandatory auto insurance.

Unemployment Insurance. The Stimulus Act provided full federal funding of state extended benefits, which are normally funded 50.0 percent from state funds and 50.0 percent from federal funds. Rhode Island extended benefits were triggered in July 2008 when the state's 13-week average unemployment rate was 6.5 percent. The Stimulus Act also provided for up to an additional 40 weeks of benefits, fully funded with federal funds. Full federal funding means that the benefit payments do not come from the state's Trust Fund account. All regular unemployment insurance benefits are paid from the state's Trust Fund and normally, half of the extended benefit payments are paid from this account. The additional 40 weeks of benefits would not have been available to claimants if the Stimulus Act and the following extensions had not been provided. The state spent \$282.6 million from stimulus funds for additional unemployment benefits in FY 2010 and \$186.4 million in FY 2011. The Governor's recommendation includes \$159.2 million in FY 2012 and \$7.9 million in FY 2013.

Transportation. The Department identified 55 separate projects for construction, reconstruction, rehabilitation, resurfacing, restoration, and operational improvements for highways, interstates and bridges. These projects were included in the current Transportation Improvement Program, and the stimulus funds allowed the project start dates to be moved forward. The Department spent \$65.3 million for these purposes in FY 2010 and \$54.4 million in FY 2011. The combined expenditures for FY 2012 and FY 2013 total \$12.8 million, which reflects the end of the availability of stimulus funds.

Weatherization Assistance Program. This program provides cost effective, energy efficient weatherization improvements. It also provides low-income individuals, particularly elderly, persons with disabilities, families with children, high residential energy users, and households with a high energy burden, with weatherization improvements to lower utility costs. In FY 2010, \$3.8 million was spent for these purposes, with \$8.8 million spent in FY 2011. The budget includes \$7.5 million in FY 2012.

State Energy Program. The State Energy Program provides direct funding to state energy offices and the states use the funds to address their energy priorities and programs to adopt or support energy efficiency and renewable energy programs and strategies. In FY 2010, \$0.2 million was spent for the program with \$7.6 million spent in FY 2011. The budget includes \$14.3 million in FY 2012.

Stimulus Jobs

One way the Act was intended to stimulate national and state economies was through job creation. The state's Office of Recovery and Reinvestment developed job reporting tools that each stimulus award prime recipient uses to report stimulus related jobs to the federal government. These tools ensure accurate and consistent data is reported throughout the state. For example, it accounts for differences in the number of hours in a typical work week for a given profession. The following table illustrates which state and quasi-state agencies used stimulus funds for the additional positions.

Agency/Department	Jobs
Administration	104.7
Clean Water Finance Agency	147.5
Coastal Resources Management Council	4.3
Economic Development Corporation	2.2
Elementary and Secondary Education	587.2
Environmental Management	2.4
Health	24.9
Housing and Mortgage Finance Corporat	14.8
Human Services	13.4
Labor and Training	39.8
Public Safety	34.3
Public Transit Authority	33.5
Public Utilities Commission	2.0
Quonset Development Corporation	4.8
Transportation	220.7
University of Rhode Island	29.7
Total	1,266.1

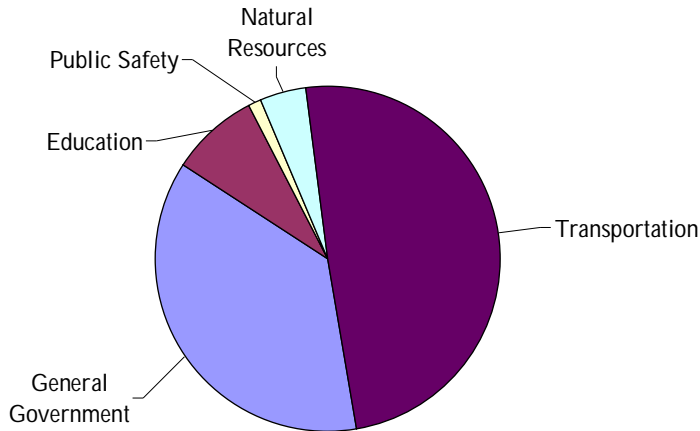
These job numbers include the positions hired directly by the state or quasi-state agency because of stimulus funding, as well as jobs performed by vendors doing work associated with stimulus funded programs. The vendors who receive jobs or payments from prime recipients of stimulus funding are referred to as sub-recipients. As of the end of 2011, over 1,200 full-time equivalent positions were supported with stimulus funding. It should be noted that in the early stages of the Act, the federal government had planned to track the number of jobs that would be “created” or “saved” through the Act. Due to the difficulty of translating the reported data into reliable and transparent statistics, the language concerning jobs has subsequently been altered to reflect jobs that are paid for with stimulus funding. Jobs discussed in this report refer to jobs that are paid for with Stimulus Act funding, as to not be misinterpreted as “created” or “saved”.

Included in the total jobs calculation are the positions the state added as a direct result of stimulus funding. In FY 2011, there were 181.0 total positions added in eight state agencies, excluding quasi-state agencies. The majority of the additional positions include 89.0 provided to the Department of Transportation to facilitate stimulus funded projects and 45.0 positions to the Department of Labor and Training to expedite the payment of unemployment benefit claims. For FY 2012, the Governor has recommended an additional 22.0 positions in the Department of Elementary and Secondary Education for implementation of the Race to the Top award. This is offset by a reduction of 42.0 positions in the Department of Labor and Training to reflect the conclusion of Stimulus funding.

For FY 2012, the Department of Transportation converted their stimulus funded positions to personnel included in its usual budget. The Department of Labor and Training also reports no stimulus funded positions in its FY 2012 budget. These positions were either eliminated or converted to non-stimulus funded accounts.

The following chart illustrates the distribution of these jobs according to the functions of state government. It should be noted there were no state jobs provided to state human service agencies as a direct result of the Stimulus Act.

State Stimulus Jobs by Function



FY 2013 and Beyond

The FY 2013 budget recommendation contains over \$27 million in stimulus funded expenditures, with the majority of expenditures requested for education, transportation and energy related programs. Beginning in FY 2012, substantial funding previously provided through the Stimulus Act was no longer available. Because of the direct budget relief provided by some of these funds in previous budgets, the removal of funding caused a sharp drop off in resources, which resulted in a “cliff” effect for the state.

Despite the majority of large scale stimulus funded projects extinguishing in fiscal years 2011 and 2012, there are still multiple projects that will continue to operate through FY 2015. The state’s Office of Economic Recovery and Reinvestment has compiled a list of total funding allotments since the state began receiving Stimulus funds in FY 2009 through the anticipated extinguishment of Stimulus funds in FY 2015. The following table combines funding for both state and quasi-state agencies, and shows the decline in remaining resources from FY 2009 through FY 2015.

Fiscal Year	Number of Awards	ARRA Funds Remaining
2009	104	\$ 1,937,232,904
2010	176	\$ 2,084,844,347
2011	193	\$ 1,505,227,816
2012	195	\$ 1,166,027,542
2013	195	\$ 348,198,160
2014	195	\$ 278,548,123
2015	195	\$ 199,003,336
2016	195	\$ -

As the above table indicates, Stimulus funding will continue to have a significant impact on the state through FY 2015, and will not be completely exhausted until FY 2016. It should also be noted that the federal Office of Management and Budget has issued a memorandum regarding the acceleration of stimulus fund spending. It requires that all stimulus funds must be spent by federal agencies by

September 30, 2013. However, each federal awarding agency can apply for an extension beyond that date.

Limitations of Data

Despite the volumes of data available, there are limitations to its usefulness. The state's accounting system does not combine the spending of quasi-state and state agencies. Due to this limitation, the report distinguishes where the data includes state only, or both state and quasi-state agencies.

The federal and state economic recovery offices must verify spending information from a variety of sources, and are also responsible for stimulus compliance. The information these offices receive must be checked with the state's accounting system, which can create delays and errors throughout the reporting process. The reporting process can also be hindered by differing terms and concepts. For example, funding the federal government may consider "obligated" by a state agency may not be in an agency's budget. This could happen if an award is received after an agency's budget has been enacted.

Additional Resources

This report utilized information provided by the state's Office of Economic Recovery and Reinvestment. The Office's website can be accessed at www.recovery.ri.gov. The website contains a variety of reports, program summaries, job postings, progress reports and links to other informational sites. The site also provides tools that Stimulus fund recipients use for reporting to state and federal offices. Information about the Stimulus Act on a national level can be obtained at www.recovery.gov.

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 2012 budget adopted by the 2011 General Assembly contains 38 state agencies and departments. The Governor's FY 2013 recommendation of 37 state agencies and departments includes several administrative transfers, conversions, and revisions to some of the changes enacted by the 2011 Assembly. These are noted below along with a history of prior proposals and enacted changes.

FY 2013

Energy Program Transfers. The Budget transfers the Low Income Heating Assistance Program and the Weatherization Assistance Program from the Office of Energy Resources to the Department of Human Services consistent with current law. It also proposes 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.

Office of Management and Budget. The Budget creates a new Office of Management and Budget that will assume the functions of the State Budget Office, and some functions of the Bureau of Audits and the responsibilities of the Office of Economic Recovery and Reinvestment. It will include a Federal Grants Management Office to coordinate federal grant applications. The Governor includes 11.0 new positions, including a director to be appointed by the director of the Department of Administration. These are offset by the loss of 12.0 positions from the elimination of the Bureau of Audits.

Human Resources Restructure. The Budget includes a 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, which is about half of the current staff. The personnel reduction will impact the Division's ability to manage the current merit system. The Governor's FY 2012 revised budget recommends \$0.3 million for a personnel study of the merit system to be accomplished in the current year to make the proposed reductions possible.

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

Medicaid Benefits Program. The Governor transfers 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.

Higher Education Assistance Authority Merger. The Governor's budget reflects the transfer of \$27.7 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 proposes legislation that will

terminate the Authority and its corporate existence on September 1, 2012 and all of its rights, obligations and properties will be transferred to the Board of Governors for Higher Education.

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

Review of Environmental and Coastal Marine Programs. The Governor's budget requires a review of environmental and coastal programs in the Department of Environmental Management and the Coastal Resources Management Council. The review would 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.

History

FY 1991

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

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

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

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

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

FY 1992

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

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

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

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

FY 1993

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

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

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

FY 1994

Consumers Council. The Council was abolished as recommended.

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

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

Children's Code Commission. This agency was abolished.

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

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

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

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

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

FY 1995

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

FY 1996

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

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

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

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

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

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

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

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

FY 1997

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

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

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

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

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

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

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

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

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

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

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

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

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

E-911 Emergency Telephone System. Governor Almond recommended that a number of public safety functions be merged into the State Police. This was similar to Governor Sundlun's proposal to the 1993 Assembly to merge seven agencies and departments providing for training and education of public safety officials into a Department of Public Safety headed by the Superintendent of the State Police. E-911 was one of the agencies recommended. The Assembly did not concur.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FY 1998

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

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

FY 2000

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

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

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

FY 2002

Division of Sheriffs. The 2001 Assembly consolidated the Sheriffs and the Marshals (which were part of the Department of Corrections) into a new Division of Sheriffs in the Department of Administration and transferred 213.0 full-time equivalent positions to Administration. This was done in Article 29 of 01-H 6100, Substitute A as amended, which also established the new position of Administrator of the new Division. This position would be responsible for oversight of both the Sheriffs and Marshals, and would be in the classified service. The legislation also calls for an Executive High Sheriff.

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

FY 2003

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

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

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

FY 2004

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

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

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

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

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

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

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

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

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

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

FY 2005

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

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

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

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

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

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

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

FY 2006

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

Capital Projects and Property Management. Governor Carcieri recommended creation of the Capital Projects and Property Management program within the Department of Administration to assume direct responsibility for real property inventories, strategic planning budgeting construction management and code enforcement for all capital projects. This includes the transfer of 30.5 full-time equivalent positions into the new division, 27.5 of which are from the Central Services Division within Administration and 3.0 from the departments located at the Pastore Government Center. The Assembly concurred.

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

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

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

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

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

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

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

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

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

Fugitive Task Force. The Assembly shifted the Fugitive Task Force unit, 8.0 full-time equivalent positions, and \$583,056 from general revenues from the Judiciary to the State Police. The Fugitive Task Force is a statewide warrant squad, established under Rhode Island General Laws Section 12-6-7.2, charged with the responsibility of arresting individuals for whom arrest warrants have been issued and remain outstanding.

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

FY 2007

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

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

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

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

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

Lottery Division. Governor Carcieri's FY 2006 revised and FY 2007 budgets include the Lottery Division as a program within the Department of Administration's budget based upon legislation enacted by the 2005 Assembly. He transferred \$215.1 million and 64.5 full-time equivalent positions for the Lottery, which was previously a quasi-public agency, into the Department of Administration. The Lottery will still operate on its own revenues collected from gaming sales. The Assembly reduced Lottery positions by 9.5 to an authorized level of 55.0 full-time equivalent positions and transferred the Lottery to the newly created Department of Revenue.

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

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

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

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

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

Corrections Educational Programs. Governor Carcieri recommended outsourcing educational instruction programs at the Department of Corrections. This initiative included the elimination of 17.0 instructors and individual instruction contracts and the establishment of a single \$550,000 contract for all instructional services. The Assembly did not concur with the Governor's recommendation and restored the 17.0 instructor positions.

Underground Storage Tank Fund. Governor Carcieri proposed legislation to merge the Underground Storage Tank Financial Responsibility Fund Review Board into the Department of Environmental Management, with its one cent per gallon of motor fuel tax being deposited into a restricted receipt account within the Department. The Governor's FY 2007 Budget includes \$4.0 million for all expenditures for the Underground Storage Tank program within the Environmental Protection program in the Department. This includes \$3.55 million for remediation payments and \$550,000 to be used for administrative purposes, of which \$340,500 is to fund the Board's 4.0 full-time equivalent positions. The Assembly concurred and provided that the employees be transferred with no loss of service time.

FY 2008

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

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

Boards for Design Professionals. The Assembly merged the four boards for design professionals into a division under the Department of Business Regulation. The Division will contain equal representation

from each of the current boards and will regulate engineers, architects, land surveyors, and landscape architects.

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

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

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

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

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

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

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

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

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

FY 2009

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

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

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

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

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

Department of Public Safety. The 2007 Assembly enacted legislation to consolidate a number of public safety agencies into a single department to achieve efficiencies in training and facilities. The director would be the superintendent of the State Police. The agencies include the State Police, Fire Marshal, E-911, Fire Code Commission, Justice Commission, Municipal Police Training Academy, Sheriffs, and Capitol Police. The Governor would submit legislation to the 2008 Assembly as part of the FY 2009 budget, with an effective date no sooner than July 1, 2008 and no later than January 1, 2009.

Governor Carcieri included that consolidation, with the exception of the Fire Code Commission, in his FY 2009 Budget noting that its functions were better aligned with the Building Code Commission in the

Department of Administration. The Assembly included the Sheriffs and Fire Code Commission within the Department of Administration, and concurred with the remainder of the consolidation.

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

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

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

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

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

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

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

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

Economic Policy Council. Governor Carcieri recommended that the Economic Development Corporation assumes responsibility for staffing the Council and eliminated its \$0.3 million

appropriation, which had been matched by the same amount from the business community. The Assembly concurred.

FY 2010

Local Government Assistance Program. Governor Carcieri's Budget reflects 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 is 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 includes legislation to repeal the statute. The Assembly did not pass legislation to close the branch office in Warren. It 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 Sciences 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 is 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 positions and \$1.6 million associated funding as well as \$675,000 from general revenues for the crime lab from the Office of the Attorney General.

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

Managed Care Transfer. Governor Carcieri recommended shifting the residential portion of managed care expenses for children in the custody of the Department of Children, Youth and Families back from the Department of Human Services and provided \$37.5 million from all sources of funds for the expenses. In FY 2008, a portion of both residential and hospital based programs and funding were shifted from the Department of Children, Youth and Families to the Department of Human Services as part of an initiative to provide more efficient services to children. After the transfer, it was determined

that the residential services portion of the transfer did not fit the managed care model. The Assembly concurred.

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

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

Client Protective Services. The Assembly enacted legislation to transfer client protective services functions for children, elderly, and adults with developmental and other disabilities from the four separate human services agencies into the 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.

OHHS/Department of Health. Governor Carcieri recommended in his initial recommendation and subsequent amendments decoupling the Department of Health from the Office of Health and Human Services and transferring 7.6 positions previously part of the Department from the Office back to Health. The Assembly did not concur and maintained the Department of Health as an agency within the Office of Health and Human Services and retained the positions within the 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 a division 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 will become effective once the debt of the Board Corporate is paid off, which is projected to be in 2014. The Board Corporate is the funding component for the state's Water Resources Board. Due to the capacity and capabilities of the Agency, it will absorb the functions of the Board Corporate to allow for more efficient and cost effective lending for water infrastructure projects.

FY 2011

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

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

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

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

Women, Infants and Children Transfer. Governor Carcieri recommended the transfer of 12.0 full-time equivalent positions and \$19.8 million from federal funds for the Women, Infants and Children program from the Department of Health to the Department of Human Services, effective October 1, 2010. However, the 2009 Assembly enacted legislation to shift the responsibility of administering the program from the Department of Health to the 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 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 a division 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 that requires the Director of the Department of Transportation to develop and submit a report by October 1, 2010 that studies the feasibility of transferring the Rhode Island Public Transit Authority to the Department of Transportation. The Assembly did not concur.

FY 2012

State Aid Transfer. The Governor's Budget transferred some of the appropriation 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 will remain in the Department of Administration. The Assembly concurred.

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

Training School – Girls' Facility. The Governor recommended the consolidation of the girl's training school into the existing boy's 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. The Governor'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. The Governor 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 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. The Governor 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. The Governor's budget does not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. He proposed legislation to reverse the 2010 Assembly action that required the transfer to occur no later than January 1, 2011. The Assembly did not concur with the reversal, 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 Program. 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 other registry of motor vehicles in the Town of Westerly.

Explanations of Budget Articles

2012-H 7323

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2013.

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

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

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

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

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

Section 7. Temporary Disability Insurance Funds. This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2013. This section appears annually.

Section 8. Employment Security Funds. This section appropriates all funds required for benefit payments to the unemployed from the Employment Security Fund for FY 2013. This section appears annually.

Section 9. University and College Funds. This section had appeared annually to appropriate all funds for Higher Education. It appears to duplicate authority already granted in state law. The 2005, 2006, 2007, 2008, 2009 and 2011 Assemblies removed this section from the respective appropriations bills as unnecessary.

Section 10. Lottery. This section appropriates to the Lottery Division any funds required for the payment of prizes and commissions. Prizes are not included as expenditures in the budget.

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 2013. 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.

Explanations of Budget Articles

Total staffing is 14,837.7 full-time equivalent positions, which are 104.5 fewer than the FY 2012 enacted budget.

The previous five budgets included language that no contracted employee could 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. This section excludes this language.

Section 12. Multi Year Appropriations. This section makes multi-year appropriations for a number of capital projects included in FY 2013 through FY 2016 that are funded from Rhode Island Capital Plan funds. The FY 2013 and multi-year appropriations supersede appropriations made for capital projects in Section 12 of Article 1 of the FY 2012 Appropriations Act.

Section 13. Reappropriations. This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan fund projects may be reappropriated at the recommendation of the Governor in FY 2013. The Governor shall submit a report of the reappropriations to the Chairs of the House and Senate Finance Committees stating the final enacted amount, the amount spent and the amount reappropriated by August 15, 2013.

Five of the previous six budgets included language that allowed for automatic reappropriation of unexpended balances from Rhode Island Capital Plan fund projects over \$500. However, the FY 2012 budget included language that any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act, so projects can continue to proceed without delay. Since FY 2006 all balances of less than \$500 can be reappropriated at the discretion of the State Budget Officer; however, this section does not include this language.

Section 14. Narragansett Bay Commission Debt Service Payment. This section requires the transfer of \$3.1 million from the Narragansett Bay Commission to state general revenues by June 30, 2013. This amount reflects the cost to the state in FY 2013 for general obligation bonds that have been issued on the Commission's behalf.

Section 15. Bond Premium Transfer. This section mandates the transfer of \$12.6 million from general obligation bond premiums to other sources in FY 2013. Of the total amount, \$6.6 million is transferred to the Information Technology Investment Fund and \$6.0 million is transferred to the General Fund. This section includes the transfer in FY 2013 in error; the transfer should be included in Article 10, which includes the revised FY 2012 appropriations.

Section 16. 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 report 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 17. Effective Date. This section of Article 1 establishes July 1, 2012 as the effective date of the article.

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Article 2. Tax Anticipation Notes

Article 2 allows the state to borrow a maximum of \$300.0 million during FY 2013 for cash flow purposes in anticipation of tax receipts. The note must be repaid by June 30, 2013.

Article 3. Rhode Island Public Telecommunications Authority

Article 3 eliminates the requirement for state support for the Rhode Island Public Telecommunications Authority effective January 1, 2013. This is reflected in the budget as the Authority is being appropriated the equivalent of six months of funding. Supporting documents suggest the intent of the legislation is that the Authority will partner with outside institutions or community groups for resources.

Article 4. Government Restructuring

Sections 1 and 2. Higher Education Assistance Authority Merger. These sections of Article 4 transfers all of the powers, duties, authority and resources of the Rhode Island Higher Education Assistance Authority to the Board of Governors' for Higher Education. The budget reflects the transfer of \$27.7 million and 39.6 of the authorized 41.6 full-time positions. The Authority and its corporate existence will be terminated on September 1, 2012.

Sections 3 through 8. Office of Management and Budget. These sections of Article 4 eliminate the Bureau of Audits within the Department of Administration and establish a new Office of Management and Budget. This Office will assume the functions of the State Budget Office, and some functions of the Bureau of Audits and the responsibilities of the Office of Economic Recovery and Reinvestment. It will include a Federal Grants Management Office to coordinate federal grants and assist agencies to secure federal funds. The legislation also creates a restricted receipt account within the Office with receipts from administrative costs incurred for the oversight and management of federal funds. The budget includes \$0.4 million from restricted receipts.

The Governor's FY 2013 budget includes 11.0 new positions, including a director to be appointed by the director of the Department of Administration. These are offset by the loss of 12.0 positions from the elimination of the Bureau of Audits.

Section 9. Office of Energy Resources. Section 9 of Article 4 transfers the functions and resources of the weatherization and low income home energy assistance programs, including the emergency fuel program from the Office of Energy Resources within the Department of Administration to the Department of Human Services, pursuant to legislation passed by the 2011 General Assembly to transfer these programs on July 1, 2012. The Governor's FY 2013 budget includes \$19.2 million from federal funds and 9.0 positions in the Department of Human Services for administration of these programs.

Sections 10 through 16. Renewable Energy Programs. These sections of Article 4 transfer the Renewable Energy Program 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.

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These sections also transfer the oversight of the Regional Greenhouse Gas Initiative from the Department of Environmental Management to the Office of Energy Resources. The legislation to authorize this initiative was enacted by the 2007 Assembly. The Regional Greenhouse Gas Initiative is a cooperative effort by Northeastern and Mid-Atlantic states to reduce carbon dioxide emissions. The participants in the program are Connecticut, Maine, Maryland, Massachusetts, Vermont, Delaware, New Jersey, New York, New Hampshire and Rhode Island. It also transfers the administrative cost that the Energy Efficiency and Resources Management Council receives for costs associated with planning and evaluation of energy efficiency programs to the Energy Office.

Section 17. Public Safety Communications Dispatch. This section of Article 4 reverses the transfer of the dispatch functions from the Department of Environmental Management to the Department of Public Safety approved by the 2011 Assembly. Under current law, the transfer was to occur by January 1, 2012.

Section 18. Effective Date. This section establishes that Article 4 is effective upon passage.

Article 5. Capital Development Program

Article 5 places \$201.4 million of new general obligation bond authorizations on the November 2012 ballot as referendum. The referendum would provide \$65.2 million to construct a joint nursing facility for the University of Rhode Island and Rhode Island College, \$44.7 million to renovate and modernize buildings at the College and \$21.5 million for transportation, including \$20.0 million to match federal funds and \$1.5 million for the Public Transit Authority's buses. The ballot would also include a \$20.0 million authorization for Clean Water Finance Agency infrastructure loans, a \$25.0 million authorization for affordable housing projects. Finally, the ballot would include \$25.0 million for the Department of Environmental Management to restore and protect Narragansett Bay and the state's watersheds, acquire open space for the state and municipalities, provide funding for development rights to Rhode Island farms and provide grants and funds for local and state recreational facilities.

Article 6. Bond Premiums

The 2006 Assembly enacted legislation to mandate that the state use bond premiums paid by buyers of state debt in exchange for higher yield to lower the debt issuance instead of being available as general revenues for general use. Article 6 includes language to clarify the original legislation to provide that any bond premiums and accrued interest, net of the cost of bond issuance and underwriter discounts, shall become part of the Rhode Island Capital Plan Fund. Although this is included in the 2006 Public Laws, and it has been the practice, Article 6 will codify this practice in the General Laws.

Article 7. Public Corporation Debt Management

The Public Corporation Debt Management Act requires that all new debt authorizations be approved by the Assembly except in certain circumstances. This article contains four authorizations totaling \$278.0 million, including \$56.5 million for information technology improvements, \$174.0 million for various improvements at T.F. Green Airport, \$40.0 million for a leachate pretreatment facility at the state's central landfill and \$7.5 million for dredging projects at the Davisville Piers near Quonset Point.

Explanations of Budget Articles

Article 8. Information Technology Investment Fund

The 2011 Assembly enacted legislation to create an Information Technology Investment Fund to be supported from land sales proceeds. The funds will be used for acquiring information technology improvements, including, but not limited to, hardware, software, and ongoing maintenance. Repayments from user agencies from sources available to them would be deposited into the fund, thereby making the fund self-sustaining. Article 8 deletes the reference "revolving loan fund" from the statute. Article 14 exempts this account from the state's 10.0 percent indirect cost surcharge and takes effect upon passage.

Article 9. Department of Health Fees

Article 9 makes numerous changes to current law establishing fees for professional licenses and renewals that are regulated by the Department of Health. A majority of the changes include the increasing of fees; however, the article would also lower fees currently in place. The FY 2013 Budget includes \$1.5 million of additional general revenues through these changes.

Article 10. Revised Budget

Section 1. Revisions to Appropriations. This section contains the revised appropriations for FY 2012.

Section 2. Line Item Appropriations. This section establishes that each line of Section 1 in Article 10 constitutes an appropriation.

Section 3. Internal Service Funds. This section authorizes the establishment of limited and specific internal service accounts to implement the cases in which state agencies provide services to other state agencies, institutions and other governmental units on a cost reimbursement basis.

Section 4. Full-Time Equivalent Positions. This section limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2012. In addition, state employees whose funding is from non-state funds that are time limited shall receive appointments limited to the availability of the non-state funding source. This section also contains the usual provision that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization.

Total staffing is 14,934.0 full-time equivalent positions, 8.2 fewer than the FY 2012 enacted budget.

The previous five budgets included language that no contracted employee could 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. This section removes this language.

Section 5. Effective Date. This section establishes that this article is effective upon passage.

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Article 11. Retirement Contributions

Article 11 removes the requirement that the Governor include an appropriation to the retirement system equal to 20.0 percent of the state's savings from reductions in the prior year retirement rates to reduce the unfunded liability. The FY 2013 rates are lower than FY 2012, therefore an estimated \$4.9 million, including \$3.9 million from general revenues, would otherwise have to be appropriated to the retirement system. If the state contribution for the defined contribution plan for state employees and teachers is included, the contribution would be \$2.8 million, \$2.4 million from general revenues.

Article 12. Education Aid

Section 1. Uniform Chart of Accounts. Section 1 requires the newly developed uniform chart of accounts to include a standardized budget process and requires that all districts, state schools and charter schools implement a budget model approved by the Regents and utilize best practices established by the Department of Elementary and Secondary Education.

Section 2. Housing Aid. Section 2 would roll back the state's minimum housing aid reimbursement to 35.0 percent. The 2010 funding formula legislation included a two-year phased increase to provide that no local district receives less than a 40.0 percent state reimbursement by FY 2013 for projects completed after June 30, 2011. The minimum had been 30.0 percent and was 35.0 percent for FY 2012. The Budget assumes savings of \$440,000 from this change.

Section 3. Central Falls. The funding formula legislation includes a transition fund to stabilize the Central Falls School District until the city can begin paying its local share. Section 3 clarifies the method for calculating the amount to be put into the fund and requires that the fund be supported through a reallocation of current resources to the school district and that the state does not have to provide new funding.

Section 4. School Breakfast and Education Jobs Funds. Section 4 eliminates the requirement for administrative cost reimbursement to districts for the school breakfast program for which the enacted budget includes \$270,000. Administrative costs would shift to districts; food is paid from federal sources. This section also provides that for FY 2013, general revenues for education aid be reduced by the amount of any supplemental federal Education Jobs Funds received. The budget reduces general revenues by \$0.5 million.

Section 5. Textbooks. Section 5 removes the requirement to fund reimbursements allowed under the textbook loan program for FY 2013; the enacted budget includes \$240,000. The state reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. Local districts would still provide the books.

Section 6. Visually Impaired Children. Section 6 would eliminate the ability of parents who believe the state cannot meet their deaf, blind or visually impaired children's needs to apply to the Department of Elementary and Secondary Education to appoint the child to attend any suitable institution or school. The enacted budget includes \$0.4 million for three students to attend the Perkins School for the Blind.

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The Governor removes the \$0.4 million and intends that the special education categorical funding for which he recommends \$0.5 million be used for the same purpose.

Section 7. Charter School Housing Aid. Section 7 would set the state reimbursement for charter school construction projects at the three-year weighted average share ratio of the sending districts for any project completed after June 30, 2012. Unless sponsored by a school district, charter schools are currently eligible for reimbursement at 30.0 percent. There is no fiscal impact for FY 2013 or FY 2014; FY 2015 would be the first year with a fiscal impact.

Section 8. Telecommunications Education Access Fund. Section 8 reduces the assessment for the Telecommunications Education Access Fund from \$0.26 to \$0.15 per line effective July 1, 2012 and expands it to include wireless lines. This is expected to generate an additional \$0.7 million in revenue to substitute for the current \$0.4 million in state support and provide \$0.1 million in general revenues through indirect cost recovery. This fund is designed to provide financial assistance for qualified libraries and schools to acquire, install, and use telecommunications technologies to access the Internet. Although wireless customers are not currently charged for this, they do pay a different \$0.26 charge that goes to the General Fund. It had initially been imposed to support geo-coding for the state's E-911 calls.

Article 13. Directors' Compensation

Article 13 provides the director of the Department of Administration the authority to adjust the salaries of directors for all state executive departments similar to the cost-of-living adjustments received by classified state employees pursuant to their current collective bargaining agreements. These adjustments would not be subjected to any public hearing or approval by the General Assembly. This article also makes the current requirement to hold a public hearing to determine the salaries for directors of state executive departments optional.

Article 14. Restricted Receipts

Article 14 establishes two new restricted receipt accounts and exempts those and others from the 10.0 percent indirect cost recovery charge. It creates a new restricted receipt to pay expenses related to the administration of the defined contribution plan and one to accept an early childhood grant from Rhode Island Foundation. It also exempts the following existing accounts from the state's indirect cost recovery charge: funds to support a National Guard counter drug program, stimulus funds for performance management, information technology investment projects supported by bond premiums and municipal police training fees.

Article 15. Hospital Uncompensated Care

Article 15 extends the uncompensated care payments to the community hospitals with the state making a payment for FY 2014 that does not exceed \$126.2 million.

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Article 16. Police and Fire Relief Fund

Article 16 establishes a Police and Fire Relief Fund Review Panel to monitor expenditure trends and recommend rules and regulations changes to constrain spending in the program, limiting expenditures beginning in FY 2013 to no more than the FY 2012 appropriation. The article gives the Director of the Department of Labor and Training authority to establish rules and regulations which consider income and assets of the beneficiaries in determining awards to ensure the neediest beneficiaries receive assistance. It also includes language that annuity, tuition and one-time death payments may be available up to the current payment levels, eliminating the current guaranteed standard payments.

The budget assumes general revenue savings of \$124,150 in FY 2013 from these changes when compared to the revised recommendation for FY 2012; however, the article references the FY 2012 appropriation act, which is the enacted level, as the expenditure limit for FY 2013, which appears to be inconsistent with the intent. The article would be effective upon passage.

Article 17. Medical Assistance – Dental Benefits for Adults

Article 17 authorizes the Executive Office of Health and Human Services to eliminate Medicaid coverage of dental services for adults age 21 years and older. Medicaid eligible individuals under age 21 will still maintain dental coverage. The budget assumes this will be effective October 1, 2012 and includes general revenue savings of \$2.7 million for the final nine months of FY 2013.

Article 18. Office of Health and Human Services

The article eliminates reference to the Department of Elderly Affairs which is now part of the Department of Human Services and lists four agencies instead of five under the umbrella of the Executive Office of Health and Human Services. It also identifies the Office as the designated state Medicaid agency. This article also makes a technical correction to replace any reference to the Department of Mental Health, Retardation and Hospitals with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.

Article 19. Rhode Island Veterans' Home

This article is a resolution that the Governor and General Assembly consider a proposal to build a new Veterans' Home and associated assisted living facility while deliberating the FY 2013 budget and also decide by June 30, 2012 whether or not to propose a general obligation bond issue to the voters in the next general election. The Special House Commission to Undertake a Comprehensive Study of the R.I. Veterans' Home in Bristol and Develop a Master Plan for the Overall Future Direction of the Facility developed a proposal for new facilities on the current property in Bristol and recommended proposing a general obligation bond issue to the voters in the next election for this project.

Article 20. East Bay Bridge System

Article 20 includes legislation to allow the transfer of the Sakonnet River Bridge and the Jamestown Verrazano Bridge to the Rhode Island Turnpike and Bridge Authority, and would also allow for the establishment and collection of tolls on those bridges. Language included in the article would establish

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the East Bay Infrastructure Fund, which would be funded through excess toll revenue and used for road and bridge projects in the East Bay. Article 20 is effective upon passage; however, due to the length of time for implementation and the federal approval process, it is estimated that tolls would not be implemented until FY 2014 at the earliest.

Article 21. Relating to Abused and Neglected Children

Article 21 amends Rhode Island General Law 40-11-7 to include language that would allow discretion on the part of the Department of Children Youth and Families and the Family Court to have oversight, by directly petitioning the Court, in cases where abuse or neglect have been indicated but a child has not been removed from the home. There does not appear to be any fiscal impact.

Article 22. Department of Corrections

Article 22 changes overtime calculations for correctional officers to that of other public safety officials who are exempt from weekly overtime provisions. Currently, correctional officers receive overtime pay for hours worked in excess of 40 hours per week; while other public safety officials receive overtime pay for hours worked in excess of 171 hours over a 28-day period. The article also removes language in the authorities granted to the director of the Department of Corrections that allows collective bargaining agreements to supersede statutory law. The Budget assumes overtime savings of \$325,000 for FY 2013, and the article is effective upon passage.

Article 23. Compensation of Board Members

This article would eliminate compensation for board members of the Board of Elections, Labor Relations Board and Personnel Appeal Board, effective July 1, 2012. The total combined annual compensation for members of the Board of Elections is \$54,781, the Labor Relations Board receives a total of \$87,211 in salaries and the Personnel Appeal Board receives a total of \$36,000 in salaries. Eliminating this compensation would result in savings of \$0.2 million including benefit costs in FY 2013. In lieu of this compensation, board members will be reimbursed for traveling, incidental and clerical expenses incurred in the course of carrying out their duties.

Article 24. Taxes and Revenues

Section 1. Hospital Licensing Fee. This section extends the hospital licensing fee in FY 2013 at a rate of 5.43 percent of hospitals' net patient services revenue for the hospital fiscal year ending on or after September 30, 2010. It also includes the due date for filing returns and making the payment.

The budget assumes total revenue collected from the hospitals will be \$143.8 million including \$138.0 million from the community hospitals and \$5.8 million from Eleanor Slater Hospital at the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. This article appears annually in the Appropriations Act.

Section 2. Bed & Breakfast – Vacation Homes. This section subjects rentals of vacation homes and rooms at bed and breakfast inns with at least one bedroom for rent to the state's occupancy tax of 5.0 percent, the local occupancy tax of 1.0 percent and the state sales tax of 7.0 percent as a by-product of

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definition as a hotel. Rentals would include those that are rented for more than 15 days per year. The Budget assumes revenues of \$1.9 million; an additional \$0.5 million would be passed through to host municipalities like other hotel tax revenue.

This section changes the reporting date that regional tourism districts must submit their receipts and expenditure reports from the 1st of March and September to the 1st of February and August. This legislation also allows the tax administrator to withhold transfer of funds until regional districts are in compliance with the reporting requirement.

Section 3. Economic Development Corporation Project Status. The 2011 Assembly enacted legislation to rescind the authority for the Economic Development Corporation to grant project status, effective July 1, 2011. This section of Article 24 reinstates the Corporation's ability to grant this designation, effectively exempting certain transactions from sales taxes, to businesses that create 100 or more net new jobs. This would exclude retail and banking projects and the program would sunset on July 1, 2022. This section of the article takes effect July 1, 2012 and the Budget assumes a revenue loss of \$1.0 million.

Section 4. Tax Amnesty Program. This section of Article 24 provides for a 75-day tax amnesty effective September 1 through November 15, 2012 for all taxes owed for periods on or before December 31, 2011. Filers will not be subject to penalties or prosecution and will pay 12.0 percent interest from the date the taxes were owed until payment. Filers may enter into a tax payment plan with the tax administrator, or pay one-half of the amount owed immediately, 25.0 percent the following month, and 25.0 percent the month after that. The Budget assumes \$10.9 million in one-time revenues and expenditures of \$0.3 million for expenses relating to the Tax Amnesty, making the net revenue impact \$10.6 million.

Sections 5 through 7. Sales Tax. Section 5 of the article increases the Meals and Beverage Tax from 1.0 cent to 3.0 cents of gross receipts from retail sales of meals and beverages in or from eating and/or drinking establishments. Municipalities will continue to receive their quarterly payment from the first 1.0 cent from the Division of Taxation but the additional 2.0 cents would be deposited as general revenues. Including the 7.0 percent sales tax, the total tax on meals and beverage would be 10.0 percent. The Budget assumes \$39.5 million in revenues from this.

Section 6 repeals the sales tax exemption on clothing and footwear that costs more than \$175 per item. It stipulates that in the event Congress enacts legislation to require remote sellers to collect and remit taxes, this tiered system would be repealed. Section 6 also adds several items to the sales and use tax, including taxicab and limousine and other road transportation, such as charter bus services; moving, storage and freight services; pet care services, but excludes veterinary services and laboratory testing; and car washes. Section 7 requires that any retailers who provide services to register with the tax administration and it also references the new definition of hotel.

These sections would be effective July 1, 2012 and the budget assumes a total revenue impact of \$67.8 million, including a revenue loss of \$1.8 million for noncompliance with the Streamlined Sales and Use Tax Agreement.

Sections 8 and 9. Tobacco Tax. Section 8 of Article 24 increases the maximum tax on cigars from \$0.50 to \$1.00 for each cigar. Cigars would continue to be taxed at 80 percent of cost; thus this affects

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only cigars with a wholesale cost of more than \$0.625 per cigar. Section 9 includes an inventory tax on cigarettes on hand July 1 upon which the current rate of \$3.46 per pack had been paid for the tax stamps. Whenever rates change, a tax on the differential rate on existing inventory that had been taxed at the old rate is levied. This differential rate is often called an inventory or floor tax. Article 11 includes a floor tax adjustment of \$0.04 per stamped but unsold pack on hand at 12:01 a.m. on July 1, 2012. These sections have a combined revenue impact of \$2.2 million.

Section 10. Little Cigars. This section of Article 24 changes the definition of little cigars to ensure they remain subject to the cigarette sales tax. Currently, many little cigars exceed the weight threshold in statute, which allows them to be taxed like other cigars, which is 80.0 percent of their wholesale cost up to a maximum of \$0.50 per cigar. The Budget assumes new revenues of \$2.1 million from this change.

Sections 11 and 12. Motion Picture Tax Credit. Section 11 expands the definition of eligible motion picture production companies and decreases the minimum production budget, including pre and post production from \$300,000 to \$100,000. This section also transfers the final review and approval of tax credits from the Film and TV Office to the Department of Revenue, Division of Taxation. The legislation also sunsets the issuance of new credits on or after July 1, 2019. There is no change in the \$15 million cap on the program and thus no fiscal impact.

Section 13. Beverage Container Fee. Section 13 extends the \$0.04 per case litter control fee to all beverage containers. The current definition excludes sports drinks, fruit beverages and ready to drink tea and coffee. The legislation retains the exemption for milk containers. The Budget assumes \$0.2 million in revenues.

Section 14. Effective Date. This section establishes the effective date of the article as July 1, 2012.

Article 25. Division of Motor Vehicles

Article 25 would accelerate the incremental transportation related fee increases included by the 2011 Assembly so that they are fully implemented on January 1, 2013. The article also provides that the Department would use this funding in FY 2013 for operations, with these fees being divided between the Intermodal Surface Transportation Fund and the newly established Highway Maintenance Trust Fund beginning in FY 2014. The FY 2013 budget assumes \$13.6 million from these fees will be available to alleviate the Department's structural deficit. These fees will generate approximately \$20.0 million annually thereafter.

Article 25 would also impose a new \$100 fee for the re-inspection of a school bus, in the event the initial inspection failed; the Budget assumes \$58,650 from the imposition of this new fee.

Article 26. Municipalities

Sections 1 and 2. Distressed Communities Relief Fund. These sections of the article specify that \$784,458 of the appropriation in FY 2013 from the Distressed Communities Relief Fund shall be distributed equally to each qualifying distressed community. This provision is consistent with current

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practice and has been included in past budgets. In FY 2012, eight communities received funding from this program and seven are qualified to receive distressed aid in FY 2013.

Section 3. Actuarial Valuations. Pension legislation adopted by the 2011 Assembly requires municipalities administering local plans to complete actuarial revaluations and to submit them to the study commission, with the state reimbursing communities for half the cost. Section 3 states that the state will reimburse municipalities for half of the cost of the actuarial valuations that are due on April 1, 2012. Subsequent annual actuarial valuations will not be reimbursed by the state. The FY 2012 budget includes \$234,000 for the reimbursements. The article takes effect upon passage.

Article 27. Historic Preservation Tax Trust Fund

This article transfers the Historic Tax Credit processing fee restricted receipt account from the General Fund to the Historic Preservation Credit Trust Fund to be in compliance with a ruling from the Governmental Accounting Standards Board Statement 54 pertaining to special revenues. On June 30, 2011, the Historic Tax Credit processing fee restricted receipt account had a balance of \$1.6 million.

Article 28. Central Falls

The Governor's FY 2012 revised budget includes \$2.6 million for the City of Central Falls to fund the agreement reached with the City's police and fire retirees. This article sets the restrictions on the use of the fund. If approved by the Assembly, the one-time expense would provide supplemental payments to the retirees, whose pensions were reduced by up to 55.0 percent before the bankruptcy from FY 2012 through FY 2016. The appropriation would allow the City to increase the payments up to an amount to less than 75.0 percent of the annual pension payments that the retirees had been receiving pre-bankruptcy. After this period, the retirees would receive the originally imposed pension reductions. If the General Assembly appropriates less than the requested \$2.6 million, each retiree's supplemental payment would be reduced by an equal percentage; however, a minimum of \$2.0 million is required for the agreement to be enforceable.

The article also amends current law to extend the maximum length of collective bargaining agreements for firefighters, police officers, certified school teachers and municipal employees from three to five years, in the cases where a receiver has been appointed.

The state incurred expenses for oversight costs pertaining to the receivership. These expenses totaled \$1.2 million through FY 2011. The City was billed for the oversight costs. The article states that the payment for the cost incurred shall be paid to the state no later than FY 2021. The article takes effect upon passage.

Article 29. Municipal Police Training Academy

Article 29 allows the director of the Department of Public Safety to establish a fee structure to finance the Municipal Police Training Academy. This article also creates a new Municipal Police Training Academy restricted receipt account which would be exempt from the 10.0 percent indirect cost recovery charge. The Governor's FY 2013 budget includes \$0.4 million from restricted receipts to fund the activities at the Training Academy. Article 29 is effective January 1, 2013; however, the

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Governor's budget does not include any general revenue funding, thus it appears the budget is underfunded by approximately \$0.2 million.

Article 30. Environmental Management

Article 30 repeals the pollution monitoring system for point source discharges of municipally owned wastewater treatment facilities and privately owned organizations and the well drilling licensing program, effective July 1, 2012. Both of these programs are administered by the Department of Environmental Management. The article requires that any person who wishes to register as a contractor and perform well drilling must submit, with their application, proof of technical competence. Contractors registered as well drillers by the Department of Environmental Management as of June 30, 2012 will qualify, as will contractors who employ at least one person who has passed the National Groundwater Association exam. The article also requires that the State Building Code be amended to include wells that are considered part of a building. The article assumes that eliminating these programs would result in a net savings to the state of \$130,890 in FY 2013, which assumes \$206,669 less to administer the programs and \$75,779 in lost user fees.

Article 31. Medicaid Global Waiver Resolution

Article 31 is a resolution to notify the Assembly and seek approval to make three changes to the Medicaid global waiver for programs under the Office of Health and Human Services. The change allows the state Medicaid agency to reduce, at its discretion, nursing home rates by no more than 1.8 percent in FY 2012 and FY 2013 to clarify that the reduction taken in FY 2010 impacted the base rate assumed for the facilities. The FY 2012 enacted budget assumed this reduction, but without this legislation it appears approximately \$5.9 million from all sources would be required in both years.

The changes also affect optional dental services to individuals 21 or older and add alternative benefits to encourage non-invasive approaches to address obesity issues and reduce hospital readmissions. These changes are considered category 2 and assume requiring statutory changes or changes to the state's rules and regulations.

Article 32. Medical Assistance Recoveries

Article 32 requires that any insurance liability or worker's compensation payment made to an individual who has received medical assistance benefits over \$500 and is \$3,000 or more will be recovered by the Office and Health and Human Services to pay for applicable expenses; and gives the right of subrogation to the executive office for the purposes of the recovery. The article also amends requirements to settle an estate that has not been admitted to probate by allowing the Office to place a lien through the land evidence records.

The article also requires notification to the Office of Health and Human Services, within ten days, by any individual receiving medical assistance who has transferred any real or personal property. It also adds a requirement that when a probate estate is opened, the executor or administrator must provide an affidavit to the Probate Court and to the Office stating that no Medicaid obligation or lien exists and includes the form that must be completed within 30 days of the Office's request.

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Article 33. Holidays

Article 33 removes Election Day as a paid holiday for state employees. As required by existing collective bargaining unit contracts, the state will agree to add one additional day for personal leave. This is effective upon passage, and the budget assumes general revenue savings of \$0.6 million.

Article 34. Effective Date

Article 34 provides that the act shall take effect upon passage, except where a provision within an article specifies a retroactive or prospective effective date.