



SENATE FISCAL OFFICE
REPORT

FY2019 BUDGET AS ENACTED

2018-H-7200 SUB A AS AMENDED

INCLUDING FY2018 REVISED BUDGET

SEPTEMBER 10, 2018

Senate Committee on Finance

William J. Conley, Jr.
Chairperson

Louis P. DiPalma
1st Vice Chairperson

Walter S. Felag, Jr.
2nd Vice Chairperson

Ryan W. Pearson
Secretary

Sandra Cano

Frank A. Ciccone, III

Daniel DaPonte

Thomas J. Paolino

James A. Seveney

V. Susan Sosnowski

Dominick J. Ruggerio
President of the Senate (ex officio)

Michael J. McCaffrey
Majority Leader (ex officio)

Dennis L. Algieri
Minority Leader (ex officio)

Maryellen Goodwin
Majority Whip (ex officio)

Jamie Plume
Committee Clerk

Kelly A. McElroy, Esq.
Legal Counsel

Table of Contents

2018-H-7200 Sub A as Amended

Executive Summary	5
<hr/>	
Departmental Summaries	
Department of Administration	13
Department of Business Regulation	37
Department of Labor and Training	45
Department of Revenue	53
Legislature	63
Lieutenant Governor	65
Office of the Secretary of State	67
Office of the General Treasurer	73
Board of Elections	79
Ethics Commission	83
Office of the Governor	85
Rhode Island Commission for Human Rights	87
Public Utilities Commission	89
Executive Office of Commerce	93
Executive Office of Health and Human Services	107
Department of Children, Youth, and Families	115
Department of Health	125
Department of Human Services	137
Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals	149
Governor’s Commission on Disabilities	161
Commission on the Deaf and Hard of Hearing	163
Office of the Child Advocate	167
Office of the Mental Health Advocate	169
Elementary and Secondary Education	171
Public Higher Education	187
Rhode Island State Council on the Arts	205
Rhode Island Atomic Energy Commission	209
Rhode Island Historical Preservation and Heritage Commission	211
Department of the Attorney General	215
Department of Corrections	221
Judiciary	235
Military Staff	245
Rhode Island Emergency Management Agency	249

Department of Public Safety	253
Office of the Public Defender	263
Department of Environmental Management	265
Coastal Resources Management Council	273
Department of Transportation	277
Rhode Island Public Transit Authority	289

Special Reports

Personnel	297
Revenue	305
Municipal Aid	313
Education Aid	325
FY2018 Supplemental Budget	339

Articles

Article 1: Relating to Making Appropriations in Support of FY2019	373
Article 2: Relating to State Funds	377
Article 3: Relating to Government Reform	379
Article 4: Relating to Taxes and Revenues	381
Article 5: Relating to Capital Development Program	387
Article 6: Relating to the Rhode Island Public Rail Corporation	391
Article 7: Relating to Fees	393
Article 8: Relating to Motor Vehicles	397
Article 9: Relating to School Construction and Education	401
Article 10: Relating to Making Revised Appropriations in Support of FY2018	407
Article 11: Relating to Workforce Development	409
Article 12: Relating to Economic Development	413
Article 13: Relating to Medical Assistance	417
Article 14: Relating to the Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act	423
Article 15: Relating to Children and Families	425
Article 16: Relating to Debt Management Act Joint Resolutions	429
Article 17: Relating to Effective Date	431

Appendix

Summary Tables	435
----------------	-----



EXECUTIVE SUMMARY

Executive Summary

The Budget represents the \$9.6 billion spending plan for the State for the fiscal year ending June 30, 2019 (FY2019). Also included is the revised spending plan for the current fiscal year ending June 30, 2018 (FY2018). The Budget Reserve and Cash Stabilization Account (Rainy Day Fund) would be fully-funded. The following document summarizes key budget initiatives and changes.

Expenditures By Source	FY2017	FY2018		Change from		FY2019	Change from	
	Actual	Enacted	FY2018 Revised	Enacted		Enacted	Enacted	
General Revenue	\$3,672.5	\$3,767.7	\$3,832.0	\$64.3	1.7%	\$3,908.2	\$140	3.7%
Federal Funds	2,977.4	3,134.1	3,231.3	97.2	3.1%	3,208.2	74.0	2.4%
Restricted Receipts	228.0	261.7	277.6	15.9	6.1%	281.8	20.1	7.7%
Other Funds	1,881.4	2,079.2	2,124.1	44.8	2.2%	2,174.5	95.3	4.6%
Total	\$8,759.3	\$9,242.8	\$9,465.0	\$222.2	2.4%	\$9,572.7	\$329.9	3.6%

STATEWIDE CHANGES:

- **FTE Authorization:** Authorizes 15,209.7 FTE positions, 49.5 FTE positions more than authorized in the FY2018 Budget as Enacted.
- **Statewide COLA:** Increases FY2019 expenditures by \$19.8 million in general revenue, to provide cost-of-living adjustment increases to state employees. These expenditures are reflected in each agency.
- **Voluntary Retirement Incentive:** Includes general revenue savings of \$2.8 million (\$1.5 million general revenue) resulting from the Voluntary Retirement Incentive in FY2019. These savings are reflected in each agency.
- **Interdepartmental Cost Allocation:** Rejects the Governor's proposal to allocate salary and benefit costs for personnel in the Governor's Office, reducing all funds expenditures by \$846,620.

GENERAL GOVERNMENT:

- **Debt Service:** Increases general revenue debt service by \$2.3 million. This includes \$2.5 million associated with the new Garrahy Garage project and \$16.3 million for the April 2018 general obligation bond issuance. This is offset by debt service savings totaling \$18.2 million related to the Historic Structures Tax Credit and \$1.1 million in new debt service for the Eleanor Slater Hospital consolidation project proposed in Article 16.
- **Fraud and Waste Delayed Savings:** The Budget includes \$6.1 million in projected general revenue savings achieved through the Fraud and Waste initiative, and \$250,000 in general revenue savings to reflect a delay in Workers' Compensation savings.
- **Convention Center Energy Improvements:** Adds \$4.3 million in RICAP funds for energy efficiency projects at the Convention Center and Dunkin' Donuts Center. As a result of the improvements, the Budget reduces general revenue expenses by \$250,000 related to lower projected debt service.
- **Real Jobs RI:** Includes \$11.0 million from all funds for Real Jobs RI. This includes \$6.0 million as proposed by the Governor (comprised of \$450,000 in general revenue from the elimination of the Jobs Training Tax Credit, and \$5.5 million in restricted receipts from additional funding created by adjusting the job development assessment formula), and an additional \$5.0 million in general revenue funding.

REVENUES:

- **Sports Betting:** Authorizes Sports Betting in Rhode Island and provides for the allocation of revenue among the State, Twin River Lincoln and Tiverton, IGT (sports wagering vendor), and the towns of Lincoln and Tiverton. The new initiative is estimated to generate \$23.5 million.

- **Hospital License Fee:** Increases the hospital license fee from 5.652 to 6.0 percent. This change is estimated to generate \$180.8 million.
- **Mutual Fund and Insurance Fees:** Adds \$9.9 million in general revenue from increasing the fees for mutual fund registration and licensing of insurance claims adjusters.
- **Duplicate License Fees:** Includes \$3.1 million attributable to licensing fee changes at the Division of Motor Vehicles within the Department of Revenue.
- **Real ID – Vital Records:** Increases general revenue by \$350,351 related to increasing fees for copies of birth and marriage certificates. These funds will be used for the implementation of Real ID. This proposal also increases expenditures by \$325,534 and adds 1.0 FTE position to the Department of Health in order to enhance vital records staff.
- **Targeted Services:** Applies the sales and use tax to several specific services:
 - Internet-based software services, e.g. Office 365, Google Apps, Salesforce, etc.
 - Armored car (e.g. Brink’s), security guards (does not include home security systems such as ADT), and private investigators.
- **Microbrewery Keg Tax Exemption:** Reduces general revenues by \$15,000 to recognize the impact of the legislation exempting keg and barrel containers from the sales and use tax.
- **Medical Marijuana Changes:** Increases the annual compassion center registration fee from \$5,000 to \$250,000, permits patients from Connecticut and Massachusetts to purchase medical marijuana in Rhode Island, provides nurse practitioners and physician assistants in Rhode Island with the authority to provide patients with official written certification required for participation in the medical marijuana program, and provides a regulatory framework for medical marijuana testing laboratories in the State.

ECONOMIC DEVELOPMENT:

- **Incentives:** Reauthorizes economic development incentives through January 1, 2020.
- **Tourism:** Increases the share of hotel taxes distributed to local districts and convention bureaus.

EDUCATION:

- **School Construction Bond:** Includes a \$250.0 million bond referendum for the construction, renovation, and rehabilitation of the State’s public schools. The referendum allows the State to issue \$250.0 million in notes over a five-year period but not more than \$100.0 million in notes in any one year. The bond proceeds will fund the foundational school housing aid program and the School Building Authority Capital Fund with the allocation between the two programs to be determined by the School Building Authority.
- **Advanced Placement (AP) Waivers:** Adds \$25,000 from general revenues to maintain the subsidized rate of \$15 for low-income students taking AP tests.
- **Funding Formula:** Increases FY2019 general revenue funding by \$17.6 million, relative to the FY2018 Budget as Enacted, to adjust the eighth-year formula calculation for districts, charter, and state schools, based on April 2018 district and charter school enrollment.
- **School Resource Officer Support:** Adds \$2.0 million from general revenues to establish a three-year pilot program to support school resource officers beginning in FY2019. Funding would be used to reimburse districts for 50.0 percent of the total cost of hiring a middle or high school officer.
- **Early Childhood Education:** Adds \$1.1 million in Permanent School Funds to increase funding for early childhood education categorical to \$7.4 million.

- **English Learners Aid:** Adds \$250,000 from general revenue to support English language learners that are in the most intensive programs, increasing funding to \$2.7 million.
- **Teacher Retirement:** Increases general revenue funding by \$4.3 million for teacher retirement based on actual wages through March 2018.
- **Rhode Island Promise Program:** Adds \$3.2 million to fund the second year of the Rhode Island Promise Scholarship program (RI Promise).
- **Performance Incentive Funding:** Adds \$3.0 million, split evenly among the three institutions, to promote alignment between the State's priorities for higher education and institutional practice and policy.
- **URI Operating Support:** Adds \$2.0 million from general revenue to provide operating support for URI.
- **Transportation Categorical:** Increases general revenues by an additional \$500,000 in state aid for costs associated with transporting students within a regionalized district.
- **Child Opportunity Zones (COZs):** Provides an additional \$100,000 for COZs for total general revenue funding of \$345,000. COZs provide integrated education, health, and social services to students attending public school in ten communities across Rhode Island.

LOCAL/MUNICIPAL ISSUES AND AID:

- **Central Falls Support:** Adds general revenue funding of \$600,000 to support operations in the City of Central Falls.

HEALTH AND HUMAN SERVICES:

- **Medical Assistance:** Includes medical assistance caseload costs as identified in the Caseload Estimating Conference. The Budget adds \$48.9 million in general revenue funding for Medicaid. The estimates include Disproportionate Share Hospital (DSH) payments and recognize additional federal funds for the Children's Health Insurance Program.
- **Managed Care Organizations (MCOs):** Eliminates a proposed reduction to managed care profit margins, and partially restores a proposed cut to medical component rates. After the restorations, the net reduction to MCOs is \$11.0 million in general revenue (\$38.2 million all funds) in FY2019.
- **Hospital Payments:** Restores hospital inpatient upper payment limit (UPL) payments, increases hospital payment rates, and increases funding for the Graduate Medical Education program for FY2019.
- **Home Care:** Increases payment rates for fee-for-service home care services paid through EOHHS, DHS, and BHDDH. In EOHHS, \$2.9 million general revenue and \$3.1 million in federal funds are added. Across all agencies, \$7.0 million is added from all funds.
- **Nursing Homes:** Funds a 1.5 percent base rate increase effective July 1, 2018, and rates will increase another 1.0 percent on October 1, 2018. Future payments will increase based on the national nursing home inflation index.
- **Child Welfare:** Increases general revenue funding by \$15.4 million to reflect anticipated costs for community-based foster care and other services within DCYF. This addition is partially offset by savings related to residential services as the Department shifts away from costly congregate care, out-of-state, and institutional settings.
- **Voluntary Extension of Care:** The Budget provides \$1.7 million and 7.0 FTE positions within DCYF to implement the Voluntary Extension of Care program which provides the option for young adults to extend foster care services until age 21.

- **Foster Care Rates:** The Budget includes \$1.1 million to increase per diem reimbursement rates paid to families who care for foster children.
- **Cash Assistance:** Includes cash assistance caseload savings as identified in the May 2018 Caseload Estimating Conference. The Budget reduces general revenue expenditures by \$5.2 million (\$4.4 million all funds). The estimates include Rhode Island Works, CCAP, and SSI.
- **Developmental Disability Services:** Increases general revenue funding by \$11.1 million to reflect anticipated costs for community-based programs supporting adults with intellectual and developmental disabilities. This addition is partially offset by savings related to residential services.
- **Consent Decree:** Adds \$750,000 from general revenues (\$1.5 million all funds) to support BHDDH's transition to providing integrated services under the consent decree. The Budget requires that 3.0 positions within BHDDH's FTE authorization be used for a consent decree quality improvement unit. The Budget also transfers funding for the consent decree court monitor from BHDDH to EOHHS.
- **Behavioral Healthcare Link (BH Link):** The Budget provides \$650,000 from general revenue (\$1.3 million all funds) for the BH Link triage center. This facility, scheduled to open in October 2018, will be a statewide resource aimed at providing 24-hour community-based assessment, initial treatment, and referral for individuals in behavioral health crises.
- **Child Advocate Staff:** Increases the OCA's FTE authorization from 8.0 to 10.0 and provides additional funding totaling \$156,682 from all funds. These positions will enhance the Office's ability to meet new requirements under the Children's Rights Settlement.

PUBLIC SAFETY:

- **Population-Related Savings:** Includes general revenue savings of \$300,000 in FY2019 based on current year spending and a declining population within the Department of Corrections.
- **Judiciary Staffing:** Increases general revenue expenditures by \$533,000 (\$659,400 all funds) for additional staffing in the Family and District Courts. These positions are to be filled from vacancies within the Judiciary's current staffing authorization.
- **E-911:** Provides \$1.0 million from general revenue for additional staffing and technology for the E-911 program. This includes \$700,000 for technology upgrades and a statewide needs assessment to implement Next Generation 911 (text-supporting) and \$300,000 for 3.0 new Telecommunicator FTE positions. Article 7 of the Budget also clarifies the purposes that the emergency services and first responder surcharge (formerly called the E-911 surcharge) may be used for, specifically the infrastructure and operational support of the system at the state and local levels.
- **State Police Training Academy:** Delays the start of the 57th Training Academy to January 2019, saving \$1.7 million in general revenue in FY2019.

NATURAL RESOURCES:

- **DEM Clean Diesel Program:** Eliminates funding for the Clean Diesel Program, reducing general revenue funding by \$1.0 million.
- **DEM Voluntary Retirement Incentive:** Decreases general revenue funding by \$265,537 across the Department for projected savings associated with by either leaving positions vacant or filing the position at a reduced rate.
- **Coastal Resources Management Council Personnel:** Increases funding for staff by \$188,877 in FY2019 and authorizes a new ocean engineer position for the Council, increasing the FTE cap to 30.0.

TRANSPORTATION/TRANSIT:

- **Gas Tax Transfers:** Increases other funds expenditures by \$1.1 million in FY2019 to reflect an upward revision of the gasoline tax yield estimate. This includes transfers of \$649,745 to the Department of Transportation, \$329,092 to RIPTA, and \$118,136 to the Rhode Island Turnpike and Bridge Authority.



DEPARTMENTAL SUMMARIES

Department of Administration

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Accounts and Control	\$4.0	\$4.4	\$5.1	\$0.7	15.0%	\$5.6	\$1.2	26.6%
Office of Management and Budget	7.5	10.9	9.8	(1.1)	-10.1%	10.5	(0.4)	-3.4%
Capital Asset Management and Maintenance	36.0	40.0	9.8	(30.3)	-	10.6	(29.4)	100.0%
Construction Permitting, Approvals and Licensing	2.9	3.0	3.7	0.7	21.7%	-	(3.0)	-100.0%
Central Management	2.1	3.0	2.8	(0.2)	-6.7%	2.7	(0.3)	-9.0%
Debt Service Payments	168.1	181.3	180.0	(1.3)	-0.7%	182.7	1.4	0.8%
Energy Resources	9.1	12.1	10.6	(1.6)	-12.8%	8.7	(3.4)	-28.1%
General	47.7	56.2	62.4	6.2	11.0%	45.4	(10.8)	-19.1%
Human Resources	10.6	11.3	1.1	(10.2)	-90.3%	1.3	(10.0)	-88.8%
Information Technology	38.3	42.3	11.4	(30.9)	-73.0%	11.9	(30.4)	-71.9%
Legal Services	1.9	2.2	1.9	(0.3)	-13.6%	2.4	0.2	10.0%
Library and Information Services	2.3	2.6	2.6	-	-	2.7	0.1	2.3%
Personnel Appeal Board	0.1	0.1	0.1	(0.0)	(0.3)	0.1	-	-
Personnel and Operational Reforms	-	(30.1)	-	30.1	-100.0%	(20.0)	10.1	-33.6%
Planning	3.1	5.5	5.4	(0.1)	-1.8%	5.8	0.3	6.0%
Purchasing	3.1	3.4	3.6	0.2	5.9%	3.9	0.5	14.5%
Rhode Island Health Benefits Exchange (HealthSource RI)	11.8	9.6	12.9	3.3	34.4%	8.9	(0.7)	-7.1%
The Office of Diversity, Equity and Opportunity	0.9	1.4	1.2	(0.2)	(0.1)	1.4	(0.0)	-0.5%
Total	\$349.5	\$359.2	\$324.2	(\$35.1)	-9.8%	\$284.7	(\$74.6)	-20.8%
Expenditures By Source								
General Revenue	\$217.8	\$216.2	\$192.8	(\$23.4)	-10.8%	\$177.1	(\$39.1)	-18.1%
Federal Funds	16.6	13.2	8.4	(4.9)	-36.7%	3.9	(9.3)	-70.6%
Restricted Receipts	26.4	33.2	28.7	(4.5)	-13.6%	26.6	(6.6)	-19.9%
Other Funds	88.7	96.6	94.3	(2.3)	-2.4%	77.1	(19.5)	-20.2%
Total	\$349.5	\$359.2	\$324.2	(\$35.1)	-9.8%	\$284.7	(\$74.6)	-20.8%
Authorized FTE Levels	708.7	696.7	697.7	1.0	0.1%	655.7	(41.0)	-5.9%

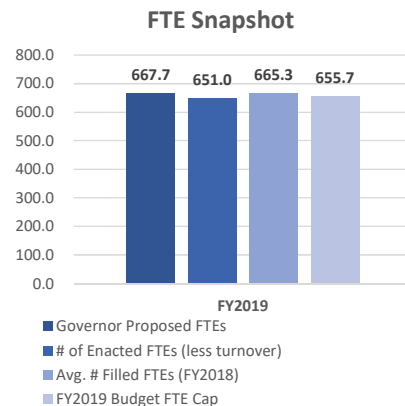
\$ in millions. Totals may vary due to rounding.

The Department of Administration's primary function is to provide support services to state departments and agencies. The Department of Administration was created to consolidate finance, purchasing, and management functions of the State. There are 18 sub-programs with specific functions within the Department of Administration. The Budget consolidates and reorganizes agency programs reducing the number of sub-programs from 18 to 17.

MAJOR ISSUES AND TRENDS

The Budget includes an all fund appropriation of \$284.7 million in FY2019, reflecting a net decrease of \$74.6 million from the FY2018 Budget as Enacted. General revenues total \$177.1 million and comprise 62.2 percent of the Department's total appropriation. For FY2019, general revenues decrease \$39.1 million from the previous fiscal year primarily due to the decentralization of statewide services within the Human Resources, Information Technology, and Capital Asset Management and Maintenance programs.

The Budget decreases the Department's FTE positions by 41.0, reflecting the transfer of the Division of Construction Permitting, Approvals, and Licensing, consisting of the State Building Code Commission, Contractor's Registration Board, and the Fire Safety Code Board of Appeal along with 26.0 FTE positions to a new consolidated division within the Department of Business Regulation; and a reduction of 13.0 vacant FTE positions.



ACCOUNTS AND CONTROL

Accounts and Control promotes the financial integrity and accountability of State government through administrative, accounting controls, and procedures. The program administers a comprehensive accounting and recording system which classifies department and agency transactions in accordance with the budget plan; maintains control accounts of assets for all departments and agencies; and operates financial, accounting and cost systems for all departments and agencies.

The program also prepares several publications, including the Comprehensive Annual Financial Report, Condensed State Financial Report, State Payroll Manual, Procedural Handbook of the Department of Administration, and the Consolidated Statewide Cost Allocation Plan.

Accounts and Control	General Revenue
FY2018 Enacted	\$4,130,796
<i>Target and Other Adjustments</i>	<i>(22,360)</i>
Centralized Service Charges	1,135,060
Statewide COLA	98,413
Software Agreements	30,000
VRI Savings	(26,822)
FY2019 Enacted	\$5,345,087

Accounts and Control	Other Fund Changes
OPEB Administrative Expenses	\$225,295

Centralized Service Charges **\$1.1 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$1,135,060
Capital Asset and Management	-
Human Resources	-
Total	\$1,135,060

Statewide COLA **\$98,413**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$98,413 within the Accounts and Control program.

Software Maintenance **\$30,000**

The Budget adds \$30,000 in general revenue for new software maintenance agreements. The Department purchased software last year to assist the State Controller's Office in the preparation of the Comprehensive Annual Financial Report (CAFR). The software merges finance information into a single source.

VRI Savings**(\$26,822)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the program is \$26,822. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

OPEB Administrative Expenses (restricted receipts)**\$225,295**

The Budget level funds personnel and contract service costs associated with the administration of the Other Post Employment Benefit (OPEB) Trust Fund. This includes \$75,295 for salary and benefit expenses, \$50,000 for legal expenses, and \$100,000 for actuarial expenses. RIGL 36-12.1-15 authorizes the disbursement of funds from the OPEB Trust Fund into a restricted receipt account for the sole purpose of maintaining the trust fund.

OFFICE OF MANAGEMENT AND BUDGET

The Office of Management and Budget (OMB) serves as the principal agency for budget, performance management, and federal grants management. OMB includes the following functions:

- **Budget Office:** Provides advice to the Governor relating to the financial management of state government, evaluating necessary resources, analyzing state programs, priorities and alternatives, and suggesting the optimum allocation of resources to meet policy and management goals. The Budget Office also prepares fiscal notes on legislation, participates in the Revenue and Caseload Estimating Conferences, and prepares presentations to bond rating agencies.
- **Director:** Assists departments and agencies with strategic planning and continuous improvement processes to enhance management.
- **Performance Management:** Develops and monitors performance measures for each state agency.
- **Federal Grants Administration:** Monitors and reports on federal grants and maximizes the use of federal funds for eligible programs and functions.
- **Regulatory Reform:** Evaluates and reforms state and local regulatory environments.
- **Office of Internal Audit:** Conducts audits on any state agency, state entity, or private entity receiving state funding or grants. The OIA evaluates the efficiency of an agency's operations and internal controls, and prevents or detects fraud and mismanagement.

Office of Management and Budget	General Revenue
FY2018 Enacted	\$8,882,351
<i>Target and Other Adjustments</i>	
Fraud and Waste Data Tool	43,200
Personnel	(1,171,844)
Centralized Service Charges	1,108,900
Data Analytics Pilot - DCYF	346,945
Pay for Success Pilot Program	300,000
Regulatory Reform - APA Staff Conversion	(300,000)
Statewide COLA	(199,216)
Performance Management Portal	185,811
LEAN Management Funding	(120,000)
VRI Savings	(50,000)
FY2019 Enacted	\$9,011,679

Fraud and Waste Data Tool ***(\$1.2 million)***

The Budget removes one-time funding for the statewide Fraud and Waste Data Tool resulting in a \$1.2 million general revenue reduction compared to the FY2018 Budget as Enacted. The system detects fraud and waste, combining data across State agencies including the Department of Revenue, Department of Labor and Training, and the various human services agencies.

Personnel ***\$1.1 million***

The Budget adds a net \$1.1 million in general revenue for various personnel adjustments within the Office of Management and Budget. Some of the adjustments include:

Program Adjustment	Amount
Office of Internal Audit	\$530,462
Performance Management Office	224,219
Office of Regulatory Reform	150,859
Director's Office	150,628
Federal Grants Management Office	96,369
Budget Office	(43,636)
Total	\$1,108,901

- **Office of Internal Audit - \$530,462.** The Budget reflects reduced reimbursements of non-general revenue resources from the Department of Human Services (DHS) related to fraud and staffing. This includes adjustments to DHS items due to unrealized savings estimations by the Department of Administration's fraud unit.
- **Performance Management Office - \$224,219.** The Budget funds a position that was previously eliminated under the Human Resources program but added to the Performance Management Office; however, the FTE position and funding remained in the Human Resources program. According to the Department, the proposed salary for FY2019 is \$156,166. The estimated salary and benefit costs is approximately \$243,000 costs for the position. The amount added reflects what is needed in FY2019 to fund the position.
- **Office of Regulatory Reform - \$150,859.** The FY2018 Budget as Enacted includes a net increase of \$150,000 in personnel expenses, which is largely related to the implementation of the Administrative Procedures Act (APA). The FY2018 Budget as Enacted included \$170,704 to support legal service assistance to state agencies working to revise and update rules and regulations as part of a regulatory reform initiative. However, these costs will now shift to personnel expenditures in both FY2018 and

in FY2019. Therefore, the increase of \$150,859 reflects the contract service shift less other personnel adjustments. There is a corresponding decrease of funds under contract services.

- **Federal Grants Management Office - \$96,369.** The Department added a position to this program to implement the grants management system. According to the Department, the position is a true unfunded addition and not a FTE position shift from somewhere else.
- **Budget Office – (\$43,636).** Additional costs noted above are partially offset by a surplus of \$43,636 in the Budget Office.

Data Analytics Pilot – DCYF

\$300,000

The Budget includes \$300,000 in general revenue to support a data analytics pilot project to demonstrate the value of merged data across multiple agency systems to further the mission of the Department of Children, Youth, and Families.

Pay for Success Pilot Program

(\$300,000)

The Budget reduces \$300,000 in general revenue eliminating funding for the Pay-for-Success project in the Department of Corrections (DOC). As of June 7, 2018, no expenditures have been made for the program.

The initial funding was to support a pilot project for approximately 75 to 100 formerly incarcerated people to obtain skills development and employment training, while fostering access to transitional jobs and permanent employment. The Department of Corrections reports that they do not have enough eligible participants to move forward with this initiative at this time.

Centralized Service Charges

\$346,945

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

<u>Centralized Service Charges</u>	<u>Amount</u>
Information Technology	\$346,945
Capital Asset and Management	-
Human Resources	-
Total	\$346,945

Regulatory Reform – APA Staff Conversion

(\$199,216)

The Budget decreases general revenue expenses by \$199,216. The FY2018 Budget as Enacted included \$170,704 in general revenue funding reflecting the transfer of funds from the Office of the Secretary of State to support contracted legal service assistance to state agencies working to revise and update rules and regulations as part of the regulatory reform initiative. The Governor shifts these funds from contracted services to salary and benefit expenditures in both FY2018 and in FY2019, for two new FTE positions; a Senior Policy Analyst and a Senior Management Analyst. The positions were filled in July 2017 and included additional funding for the salary and benefit expenses. This removes the additional funding of \$28,512 above the \$170,704 appropriation to hire the 2.0 new FTE positions.

Statewide COLA

\$185,811

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0

percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$185,811 within the Office of Management and Budget program.

Performance Management Portal ***(\$120,000)***

The Budget decreases general revenue by \$120,000 related to the Performance Management Portal. The FY2018 Budget as Enacted included an appropriation of \$120,000 to make software improvements to the portal to include performance measures with departments' new strategic plans. However, no funds were expended in FY2018 and the funding was removed in the revised budget. Funding for the portal was included in the FY2019 Recommended Budget, but without any plan to use it. Therefore, the funding was eliminated in the FY2019 Budget as Enacted.

LEAN Initiative ***(\$50,000)***

The Budget removes \$50,000 in general revenues for contracted professional services in the Office of Management and Budget (OMB). The Governor included funding of the statewide LEAN process improvement program administered by OMB, for management consultant contract services. The LEAN process improvement program allows State agencies to submit an application to OMB to use the LEAN process improvement program and to conduct the review.

VRI Savings ***(\$14,468)***

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the program is \$68,201. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

CAPITAL ASSET MANAGEMENT AND MAINTENANCE

The Division of Capital Asset Management and Maintenance (DCAMM) centralizes capital assets, capital projects, and state facilities maintenance functions. The division was established under the FY2017 Budget as Enacted. The division consists of the following subprograms: Capital Asset Management and Maintenance Administration, Office of Facilities Management and Maintenance, and the Office of Planning, Design and Construction, and has oversight of the following areas:

- Office of Planning, Design and Construction (PDC) manages new construction and rehabilitation projects.
- Office of Facilities Management and Maintenance (OFMM) maintains the state facilities.
- Office of Risk Management
- Office of State Fleet Operations administers the purchase, repair, and disposal of state vehicles and operates 15 state fuel depots.

Capital Asset Management and Maintenance	General Revenue
FY2018 Enacted	\$33,868,627
<i>Target and Other Adjustments</i>	<i>(21,220)</i>
Decentralized Service Charge Shift	(32,517,628)
Centralized Service Charges	8,557,781
Project Management Staffing	700,000
FY2019 Enacted	\$10,587,560

Decentralized Service Charge Shift ***(\$32.5 million)***

The Budget decreases general revenue expenditures by \$32.5 million to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges ***\$8.6 million***

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$176,120
Capital Asset and Management	8,381,661
Human Resources	-
Total	\$8,557,781

Project Management Staffing ***\$700,000***

The Budget adds \$700,000 in general revenue to restore personnel funding to the program. The Governor proposed an initiative to shift general revenue personnel costs to other funds by shifting the funding source to Rhode Island Capital Fund appropriations for direct project management costs of state employees. The Governor's proposal was not included in Budget as Enacted, requiring the restoration of funding for project manager positions within the Division of Capital Asset Management and Maintenance program.

CONSTRUCTION PERMITTING, APPROVALS, AND LICENSING

The Division of Construction Permitting, Approvals, and Licensing, consists of the following subprograms: State Building Code Commission, Contractor's Registration Board, and the Fire Code Board of Appeal. The Governor transfers 26.0 FTE positions in FY2019, to the Department of Business Regulation.

- The Building Code Commission oversees the approval of state projects for conformance to Americans with Disabilities Act (ADA) and accessibility standards and building codes. The Commission also conducts a variety of training programs for code officials and those in the building trades.
- The Contractors' Registration and Licensing Board safeguards consumers' rights related to contracted improvements on their property and has a dispute resolution process that criminally prosecutes cases

when not resolved through the Attorney General’s Office in District Court. The Board registers contractors who perform work on residential and commercial properties.

- The Fire Code Board of Appeal and Review adopts fire safety codes, provides hearings for code appeals, and provides training and technical assistance to local authorities.

Construction Permitting, Approvals, and Licensing	General Revenue
FY2018 Enacted	\$1,790,975
<i>Target and Other Adjustments</i>	-
Personnel and Operating Transfer	(1,790,975)
FY2019 Enacted	\$0

Personnel and Operating Transfer **(\$1.8 million)**

The Budget transfers the functions and personnel from the Division of Construction Permitting, Approvals, and Licensing, consisting of the State Building Code Commission, Contractor’s Registration Board, and the Fire Safety Code Board of Appeal along with 26.0 FTE positions along with \$1.8 million in general revenue to a new consolidated division within the Department of Business Regulation. Article 3 authorizes and codifies the transfer of the Division of Construction Permitting, Approvals, and Licensing, to the Department of Business Regulation.

CENTRAL MANAGEMENT

Central Management is comprised of three major functions: the Director’s Office, the Central Business Office, and the Judicial Nominating Commission.

- The Director’s Office provides for the overall operation of the department and provides assistance to all Executive branch agencies and to the Office of the Governor.
- The Central Business Office provides financial management assistance to the program areas within the Department of Administration and the Department of Revenue to ensure maximum use of state and federal resources.
- The Judicial Nominating Commission recommends candidates to the Governor to fill vacancies in the Rhode Island Judiciary. The Commission is required by statute to advertise for each judicial vacancy and to actively seek and encourage applications from qualified individuals.

Central Management	General Revenue
FY2018 Enacted	\$3,048,657
<i>Target and Other Adjustments</i>	22,596
Interdepartmental Cost Allocation for Governor's Office Positions	(187,566)
Software Maintenance Agreements and IT General Services	(101,000)
Centralized Service Charges	83,307
Statewide COLA	64,122
VRI Savings	(10,901)
FY2019 Enacted	\$2,735,330

Interdepartmental Cost Allocation for Governor’s Office Position **(\$187,566)**

The Budget eliminates \$187,566 in general revenue to fund 50.0 percent of the personnel costs associated with the Deputy Chief of Staff position and a Policy Analyst position within the Office of the Governor. The Governor proposed this “interdepartmental cost allocation” as a means to reflect the Governor’s Office staff support to assist state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, Justice Reinvestment Initiative, etc., effectively reducing the need to appropriate funds within the Governor’s Office to cover these salary expenses.

Software Maintenance Agreements and IT General Services **(\$101,000)**

The Budget includes a net reduction of \$101,000 in general revenue, reflecting a shift in costs from operating expenses to contract services. The Budget reduces software maintenance agreement costs by \$250,000, and is offset by an increase of \$149,000 for Information Technology General Service contract costs, resulting in a net reduction of \$101,000.

Centralized Service Charges **\$83,307**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. There are corresponding decreases of \$3.9 million in other funds, \$1.6 million in federal funds, and \$660,725 in restricted receipts.

Centralized Service Charges	Amount
Information Technology	\$83,307
Capital Asset and Management	-
Human Resources	-
Total	\$83,307

Statewide COLA **\$64,122**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$64,122 within the Central Management program.

VRI Savings **(\$10,901)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the program is \$10,901. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

DEBT SERVICE

The Debt Service Payments program funds expenditures for both long- and short-term tax supported debt obligations of the State. This includes debt service on general obligation bonds as well as lease payments securing certificates of participation issued by the State. The program encompasses leases or trust agreements securing revenue bonds issued by the Rhode Island Convention Center Authority, Rhode Island Refunding Bond Authority, Rhode Island Commerce Corporation, or other obligations that are part of the State's net tax supported debt.

Debt Service Payments	General Revenue
FY2018 Enacted	\$138,403,065
<i>Target and Other Adjustments</i>	
General Obligation Bond Changes	18,813,092
Other Debt Service Changes	(17,277,315)
Certificates of Participation (COPs)	747,319
38 Studios Debt Service	Informational
FY2019 Enacted	\$140,686,161

General Obligation Bond Changes**\$18.7 million**

The Budget includes \$72.1 million in general revenue to fund the costs of the State's general obligation debt service in FY2019, or \$18.7 million more than FY2018. Many of the adjustments contained under the All Other General Obligation bond adjustments reflect actions resulting from the debt restructuring that occurred in FY2016.

General Obligation Debt	FY2018 Enacted	FY2019 Enacted	Change
G.O. Bond New Bond Issue Projected Costs	\$1.6	\$17.8	\$16.2
DEM Debt Service - Clean Water Finance Agency	7.1	9.8	2.7
Garrahy Parking Garage	-	1.6	1.6
All Other G.O. Bond Adjustments	44.7	42.9	(1.8)
Total	\$53.4	\$72.1	\$18.7

\$'s in millions

Totals may vary due to rounding.

General Obligation New Bond Issue Projected Costs: The debt service projected for FY2019 increases costs by \$17.8 million in general revenue and is based on the planned issuance of \$154.4 million in bonds in April 2018 and an additional \$130.0 million of bonds in the fall of 2018. The projected debt service is based on a 5.0 percent interest rate. The State traditionally issues bonds in the fall, to have the bond funds that are expected to be needed in that fiscal year.

Analyst Note: It is difficult to compare new bond issuance costs year over year, since issuances are really independent numbers. As an example, the FY2018 enacted number included estimated refunding savings for both GO bonds and COPs that were ultimately spread out to the correct accounts in the revised budget.

DEM Debt Service – Clean Water Finance Agency: The Clean Water Finance Agency debt service increase of \$2.7 million in general revenue is attributable to two things. First, is the new issuance completed last year, which added \$702,810 in expense related to the Clean Water bonds. Second, is attributable to refunding savings the last couple of years, in which the savings were taken in the first and second year instead of spreading over the remaining term of the bond. This results in debt service costs increasing back to the normal amortization period once the refunding savings are accounted.

Garrahy Courthouse Garage: The Budget includes \$1.6 million in general revenue reflecting first-year debt service for the new Garrahy Courthouse Parking Garage. The FY2016 Budget as Enacted authorized the State to enter into an agreement with the Rhode Island Convention Center Authority to develop, construct, and operate a parking garage. The resolution authorized the issuance of up to \$45.0 million in debt to fund the design and construction of a parking garage and retail space on state-owned land on the site of the existing Garrahy Courthouse surface parking lot. It is anticipated that revenues from the garage in later years, will fully cover the debt service costs. The current projection has construction starting in May 2018 and a construction completion date of September 2019, barring any delays.

Other Debt Service Changes**(\$17.3 million)**

The Budget includes \$41.1 million in general revenue for debt service expenses on five items, reflecting a decrease of \$17.3 million from various adjustments from the FY2018 Budget as Enacted. The adjustments include lower projected debt service for the Rhode Island Convention Center debt as a result of refunding \$64.8 million of 2009 Series A tax exempt bonds and lower operating costs due to energy efficiency improvements, a decrease of \$18.2 million for the Historic Structures Tax Credit debt, and an increase of \$1.8 million for the I-195 Land Acquisition reflecting the first principal payment on the bond debt service.

Other Debt Service	FY2018 Enacted	FY2019 Enacted	Change
Convention Center Authority	\$19.6	\$18.7	(\$0.9)
EDC - Fidelity Job Rent Credits	3.4	3.4	-
EDC - Providence Place Mall Sales Tax	3.6	3.6	-
Historic Structures Tax Credit	31.1	12.9	(18.2)
I-195 Land Acquisition	0.7	2.5	1.8
Total	\$58.4	\$41.1	(\$17.3)

\$'s in millions

Convention Center Authority Debt Service: The Authority refunded revenue bonds on December 20, 2017, covering \$64.8 million of 2009 Series A tax exempt bonds. The previous interest rate on these bonds ranged from 4.25 percent to 5.5 percent. The refunding reduced the interest rates to 2.283 percent to 3.265 percent resulting in a total debt service savings of \$6.0 million. The savings includes \$2.2 million in FY2018. The Budget Office only included \$2.0 million in savings in FY2019 base. The actual savings in FY2019 is \$2.7 million or \$654,522 higher than targeted.

The Budget reduces \$250,000 in general revenue for lower projected debt service for the Rhode Island Convention Center debt as a result of new capital energy efficiency improvements at the Rhode Island Convention Center and at the Dunkin Donuts Center. The Authority projects energy savings lowering the operating costs to the venues, and in turn, to the State because pursuant to the lease agreements between the Authority and the State, the State is responsible for the gross debt service costs as well as any operating deficits of the Authority.

Historic Structures Tax Credit: The FY2009 Budget as Enacted authorized the issuance of \$356.2 million in debt to reimburse State revenues for redeemed historic tax credits. Based on program reviews the full \$356.2 million amount would not be required and only \$150.0 million of the debt was issued. The balance is issued as needed in succeeding fiscal years. Based on projections by the Office of Revenue Analysis, a new debt issuance is not anticipated until later in FY2019. Therefore the debt service cost for FY2019 is \$12.9 million, of which \$9.5 million reflects outstanding debt service payment and \$3.4 million reflects projected new debt service. This is \$18.2 million lower than the amount included in the FY2018 Budget as Enacted.

I-195 Land Acquisition Debt Service: Total principal issued on the I-195 Land Acquisition is \$38.4 million. And for the first 5 years, the debt service reflected interest only payments. Beginning in FY2019, the debt service includes a principal payment of \$1.4 million. The out-year principal payments are: \$1.5 million in FY2020, \$1.7 million in FY2021, \$1.8 million in FY2022, and a balloon payment of \$32.0 million in FY2023. Presently, the capital plan assumes that net proceeds from the I-195 District land sales will be available after FY2022 to offset the balloon payment in FY2023. However, if such proceeds are unavailable, the State can exercise an option and amortize the balance an additional 10 years.

Certificates of Participation (COPs)**(\$747,319)**

The Budget includes \$27.5 million in general revenue to cover the debt service on seven projects financed through certificates of participation (COPs). This reflects a decrease of \$747,319 from the FY2018

Budget as Enacted. The largest adjustment, related to the School for the Deaf project, reflects the result of refunding certain certificates of participation that generated savings for FY2018 and FY2019.

Certificates of Participation	FY2018 Enacted	FY2019 Enacted	Change
BHDDH - Power Plant	\$2.3	\$2.3	\$0.0
COPS - DCYF Training School	4.2	4.2	-
COPS - Energy Conservation	6.5	7.1	0.6
COPS - Kent County Courthouse	4.6	4.6	-
COPS - School for the Deaf	2.5	1.5	(1.0)
COPS - Technology	5.0	5.0	-
COPS - Traffic Tribunal - Debt Service	1.7	1.7	-
Pastore Hospital Consolidation	-	1.1	1.1
Grand Total	\$26.8	\$27.5	\$0.7

\$'s in millions

Totals may vary due to rounding

38 Studios Debt Service

Informational

The Budget excludes funding for the 38 Studios Debt service. On March 6, 2017, the Rhode Island Commerce Corporation lawsuit settled with all of the named defendants resulting in a net collection of \$50.6 million. The net collections are used to offset the annual debt service requirements and at the present the State will only need to appropriate a small sum of funds in FY2020 and one last debt service payment of \$12.3 million in FY2021. The total debt service cost to the State less settlement collections is projected at \$38.7 million.

Rhode Island Commerce Corporation (formerly RIEDC) Job Creation Guaranty Program

FY	Principal	Interest	Total Debt Service	Capitalized Interest	State Appropriation	Settlements and Other Sources	Cumulative Paid Debt Service	Outstanding Debt Service
2011	\$0	\$2,639,958	\$2,639,958	\$2,639,958	\$0	\$0	\$2,639,958	\$109,947,131
2012	-	5,309,412	5,309,412	5,309,412	-	-	7,949,370	104,637,719
2013	-	5,309,412	5,309,412	5,309,412	-	-	13,258,782	99,328,307
2014	7,440,000	5,086,212	12,526,212	10,094,707	2,500,000	-	25,784,994	86,802,095
2015	7,885,000	4,626,462	12,511,462	-	8,635,000	4,091,061	38,296,456	74,290,633
2016	8,360,000	4,139,112	12,499,112	-	12,499,113	9,931,835	50,795,568	61,791,521
2017	8,860,000	3,589,287	12,449,287	-	2,523,261	2,369,295	63,244,855	49,342,234
2018	9,455,000	2,923,881	12,378,881	-	-	12,378,881	75,623,736	36,963,353
2019	10,190,000	2,162,639	12,352,639	-	-	12,352,638	87,976,375	24,610,714
2020	10,980,000	1,342,301	12,322,301	-	226,469	9,437,634	100,298,676	12,288,413
2021	11,830,000	458,413	12,288,413	-	12,288,413	-	112,587,089	-
Total	\$75,000,000	\$37,587,089	\$112,587,089	\$23,353,489	\$38,672,256	\$50,561,344		

Source: State Budget Office

OFFICE OF ENERGY RESOURCES

The Office of Energy Resources (OER) and the Energy Efficiency and Resource Management Council (EERMC) were established statutorily in 2006 to replace the former State Energy Office. The OER provides comprehensive integrated development, administration, and oversight of ongoing energy policies, plans, and programs to meet state and federal requirements and to provide policy guidance to executive leadership.

Energy Resources	Other Fund Changes
Regional Greenhouse Gas Initiative	(\$3,199,326)
2016 Energy Metrics Grant	(154,450)
Energy Efficiency and Resources Management Council	(126,632)
Reconciliation Funding	94,498

Regional Greenhouse Gas Initiative (restricted receipts) (\$3.2 million)

The Budget includes \$7.0 million in restricted receipts for grant awards as part of the Regional Greenhouse Gas Initiative (RGGI). This reflects a decrease of \$3.2 million from the FY2018 Budget as Enacted. The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by Northeastern and Mid-Atlantic states that requires member states to reduce carbon dioxide (CO₂) emissions from large fossil fuel-fired electric power plants to help address climate change. Central to this initiative is the implementation of a multi-state “cap-and-trade” program with a market-based emissions trading system. The reduction in funds were a result of the regional carbon market auctions. The annual RGGI proceeds fluctuate based upon the pricing from the quarterly competitive auctions with regulated energy users within New England and Mid-Atlantic States. OER received less revenues than in past RGGI auction program years.

2016 Energy Metrics Grant (federal) (\$154,550)

The Department receives federal funds through a Department of Energy (DOE) grant to address two key barriers that are impeding the adoption of residential energy ratings and labels. The project will facilitate collaboration between states, DOE, and Residential Energy Services Network (RESNET) aimed at defining common elements of a market-facing label that can be populated by data flowing from either Home Energy Rating System (HERS) or Home Energy Score (HEScore). It will build on the activities in Missouri and Oregon, as well as the work of the New York State Energy Research and Development Authority (NYSERDA) National Labeling Group, which is seeking to harmonize scores for multifamily and commercial buildings. By coordinating efforts, states can develop common standards that reduce market confusion and streamline information-sharing with the real estate system, while still allowing states to incorporate unique elements that are important in their region. The federal grant started in January 2017. The Budget includes \$140,550, reflecting a decrease of \$154,550. The Office of Energy Resources plans on using the remaining federal energy metric grant funds by the end of 2018.

Energy Efficiency and Resource Management Council (restricted receipts) (\$126,612)

The Budget includes \$884,632 in restricted receipts for grant awards as part of the Energy Efficiency and Resource Management Council. This reflects a decrease of \$126,632 from the FY2018 Budget as Enacted. The Energy Efficiency and Resource Management Council funds were used less this past year, due to the use of limited, one-time federal funds from the federal Department of Energy that the Office of Energy Resources used for personnel costs.

Reconciliation Funding (restricted receipts) \$94,498

The Budget includes \$284,498 in restricted receipts to support specific studies requested by the Distributed Generation Board, per their authority under the Renewable Energy Growth law. The reconciliation funding is approved by the Public Utility Commission under separate docket proceedings. The request is \$94,498 more than the FY2018 Budget as Enacted. The Distributed Generation Board had to carry out additional study-related services associated with the annual Renewable Energy Growth Program, which increased the use of reconciliation funds.

GENERAL

The General program reflects funds appropriated to finance expenditures not allocated to other State departments or agencies and not specific to any one program within the Department of Administration. Grants and benefits reflect grants made to certain organizations, which are appropriated by the General Assembly. The General program has no FTE positions.

General	General Revenue
FY2018 Enacted	\$14,344,757
<i>Target and Other Adjustments</i>	
Community Service Grant - City Year	30,000
Library Construction Aid	14,843
FY2019 Enacted	\$14,389,600

General	Other Fund Changes
RICAP Project Changes	(\$10,791,000)

Library Construction Aid **\$14,843**

Rhode Island law grants authority to the Office of Library and Information Services to make grants to a municipality or a free public library for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs as determined by the Office of Library and Information Services and are paid on an installment basis, based on a community's debt service requirement, for a period of up to 20 years. For FY2019, the Budget includes \$2.2 million, an increase of \$14,843 from the FY2018 Budget as Enacted.

City Year **\$30,000**

The Budget adds \$30,000 in general revenue to fund to City Year for the Whole School Whole Child Program that provides services to at risk students. This increases the total grant to \$130,000 and the grant item is identified within Article 1 of the Appropriations Act.

RICAP Project Adjustments **(\$10.8 million)**

The Budget includes \$30.4 million in RICAP funds for various capital projects in FY2019 reflecting a decrease of \$10.8 million from the previous fiscal year. Significant project changes include:

- **Accessibility Facility Renovations:** Increases funding to various accessibility projects at State-owned facilities by \$500,000 to reflect project commitments such as elevator repairs at Bliss Hall on the University of Rhode Island campus.
- **Convention Center Energy Improvements:** Pursuant to the Governor's budget amendment, dated May 18, 2018, the Budget adds \$4.3 million for energy efficiency projects for the Rhode Island Convention Center and at the Dunkin Donuts Center.
- **Hospital Consolidation:** Removes \$11.8 million to fund the Regan Hospital Consolidation project. The Governor instead recommends the issuance of \$22.0 million in Certificates of Participation (COPs) to fund the project. As such, the use of \$11.8 million from the RICAP fund is not required if the use of COPs to fund the project is approved.
- **Pastore Center Building Demolition:** Removes \$575,000 for demolition projects, leaving \$175,000 for FY2019.
- **Shepard Building:** Removes \$250,000 for the project based on revised project timeline.
- **State House Energy Management Improvement:** Removes \$150,000 for the project based on revised project timeline.
- **William Powers Administration Building:** Reduces \$500,000 for the project and shifts the funds to support Accessibility Facility Renovations projects (stated above).

HUMAN RESOURCES

The Division of Human Resources is composed of eight subprograms: Administrative Services, Classification and Examinations, Equal Employment Opportunity, Outreach and Diversity, Employee

Benefits, Training and Development, Employee Services, and Human Resource Service Centers. Its primary mission is to provide cost-effective human resource services to employees, labor, and management to assist them in carrying out the functions and responsibilities of state government.

Human Resources	General Revenue
FY2018 Enacted	\$8,057,188
<i>Target and Other Adjustments</i>	
Personnel, Purchased Services, Operating, and Computers	(7,823,872)
Centralized Service Charges	1,040,941
FY2019 Enacted	\$1,274,257

Personnel, Purchased Services, Operating, and Computers **(\$7.8 million)**

The Budget decreases personnel, purchased services, operating, and computer costs by \$7.8 million in general revenue, reflecting the decentralization of statewide services. These services were previously provided by and centralized in the Department of Administration. This budget proposes a statewide decentralization of these services which are now reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges **\$1.3 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$9,760
Capital Asset and Management	-
Human Resources	1,264,497
Total	\$1,274,257

INFORMATION TECHNOLOGY

The Division of Information Technology (DoIT) program oversees, coordinates, and develops all information technology (IT) resources within the executive branch. All hiring and spending decisions involving IT may only be made with the advice and approval of the Chief Information Officer. Information Technology defines and maintains the architectural standards for hardware, software, networks, and services that guide state investments in IT.

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. There is a corresponding decrease within the Information Technology program reflecting programs the decentralization of statewide information technology services in the Department of Administration.

Information Technology	General Revenue
FY2018 Enacted	\$22,146,644
<i>Target and Other Adjustments</i>	
Decentralized Service Charge Shift	(20,676,389)
FY2019 Enacted	\$1,470,255

Information Technology	Other Fund Changes
Information Technology Investment Fund	648,405

Decentralized Service Charge Shift **(\$20.7 million)**

The Budget decreases general revenue by \$20.7 million, reflecting a net reduction of \$22.1 million in general revenue for the decentralization of statewide services provided by and previously centralized in the Department of Administration, offset by the inclusion of \$1.5 million in general revenue for centralized service charges budgeted to occur in this program. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. There is a corresponding decrease totaling \$10.4 million comprising \$6.5 million in federal funds, \$2.7 million in other funds, and \$1.2 million in restricted receipts.

Centralized Service Charges	Amount
Information Technology	\$1,470,255
Capital Asset and Management	-
Human Resources	-
Total	\$1,470,255

Information Technology Investment Fund (restricted receipts) **\$648,405**

The Budget includes \$10.2 million in restricted receipts for the Information Technology Investment Fund (ITIF), reflecting an increase of \$648,405 in restricted receipts from the FY2018 Budget as Enacted, and an increase of \$245,013 from the Governor's FY2018 Revised Budget recommendation. The Fund is a restricted receipt account for the State's technology initiatives and improvement projects.

The ITIF derives funding through the sale of state property as well as from two additional sources. The FY2015 Budget as Enacted authorized the Tobacco Settlement Financing Trust to transfer an estimated \$10.0 million to the ITIF from proceeds of the recent issuance of bonds by the Tobacco Settlement Financing Corporation. Beginning July 1, 2015, 10.0 percent of the \$1.00 surcharge levied on each residence and business telephone line collected to support the E-911 Uniform Emergency Telephone System is deposited into the ITIF. The surcharge revenues are projected to generate an additional \$1.4 million annually for the ITIF.

In addition, Article 4 of the FY2018 Budget as Enacted established a new technology surcharge fee of \$1.50 per Division of Motor Vehicle (DMV) transaction. The fee funds the technology investment fund (RIGL 42-11-2.5) and is earmarked for the Division's computer system, Rhode Island Modernization System (RIMS). The surcharge increases the technology investment fund annually by \$2.2 million. The fee sunsets on June 30, 2022.

Each year the Department establishes a list of proposed and approved projects. For FY2018, this list consists of \$11.5 million in approved projects and \$18.0 million in proposed but not yet approved projects. All projects listed by the Department are subject to availability of funds in the ITIF. The ITIF available cash balance is \$21.2 million excluding obligations, approved projects, and approximately \$2.8 million in projected revenues. Excluding the proposed project costs, the Fund would have a balance of

\$13.5 million at the end of FY2018. However, if the proposed project costs are included in the equation, the ending balance would be in deficit by \$4.6 million.

Between FY2018 and FY2023, there are \$11.5 million in total approved projects and \$33.9 million in total proposed projects. The projected revenue over the same period totals only \$19.6 million, illustrating that the need is greater than the revenues dedicated to the Fund.

The following table illustrates the proposed and approved ITIF projects funding balance and IT project proposed cost. The Department provides this information as a method to demonstrate the entirety of the Department's IT project requests. The information provided by the Department in the capital request signals more work is necessary to find additional revenue sources to fund these initiatives in timely matter.

Information Technology Fund	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total Approved Projects	(\$11,484,669)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	\$0
Projected FY Beginning Balance	21,209,516	13,494,847	17,084,847	20,674,847	24,264,847	27,854,847
Estimated Sale of Property	170,000	-	-	-	-	-
E-911 Fees	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
DMV \$1.50 Surcharge	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	-
Projected FY Ending Balance	\$13,494,847	\$17,084,847	\$20,674,847	\$24,264,847	\$27,854,847	\$29,254,847
Unfunded Proposed Projects	(\$18,039,453)	(\$6,501,666)	(\$4,259,666)	(\$2,316,666)	(\$2,241,666)	(\$491,666)

Source: Department of Administration

LEGAL SERVICES

Legal Services is responsible for establishing, managing and maintaining legal resources to support all departments and agencies within the executive branch. Legal Services manages and assists attorneys within the departments and agencies that provide legal services in programmatic areas.

Legal Services	General Revenue
FY2018 Enacted	\$2,170,956
<i>Target and Other Adjustments</i>	89,687
Legal and Clerical Contract Services	100,000
Statewide COLA	55,836
Centralized Service Charges	16,245
VRI Savings	(8,662)
FY2019 Enacted	\$2,424,062

Outside Legal Contract Services **\$100,000**

The Budget includes \$200,000 in general revenue for contracted professional services reflecting an increase of \$100,000 over the FY2018 Budget as Enacted. On June 30, 2017, the various collective bargaining unit contracts expired. The Budget includes an additional \$100,000 for outside attorneys to handle the contract negotiations with these units.

Statewide COLA **\$55,836**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$55,836 within the Legal Services program.

Centralized Service Charges**\$16,245**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$16,245
Capital Asset and Management	-
Human Resources	-
Total	\$16,245

VRI Savings**(\$8,662)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the program is \$8,662. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

LIBRARY AND INFORMATION SERVICES

The Office of Library and Information Services (OLIS) coordinates inter-library cooperation, maintains and develops the Rhode Island Library Network, operates the Regional Library for the Blind and Physically Handicapped, and promotes overall library development through various grant-in-aid programs for public and institutional libraries.

Library and Information Services	General Revenue
FY2018 Enacted	\$1,479,475
<i>Target and Other Adjustments</i>	<i>57,255</i>
Interlibrary Delivery System	(138,889)
Centralized Service Charges	29,011
Statewide COLA	23,222
VRI Savings	(7,348)
FY2019 Enacted	\$1,442,726

Interlibrary Delivery System**(\$138,889)**

RIGL 29-6-9 requires that the Office of Library and Information Services fund the Interlibrary Delivery System in its entirety. The Budget decreases \$138,889 in general revenue reflecting historical spending trends and is not due to a decrease or elimination of services.

Centralized Service Charges**\$29,011**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$29,011
Capital Asset and Management	-
Human Resources	-
Total	\$29,011

Statewide COLA**\$23,222**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$23,222 within the Office of Library and Information Services program.

VRI Savings**(\$7,348)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the program is \$7,348. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent. There is an additional corresponding savings of \$7,348 in federal funds.

PERSONNEL APPEAL BOARD

The Personnel Appeal Board hears appeals by any person with provisional, probationary, or permanent status in a position in the classified service aggrieved by an action of the Administrator of Adjudication for the Department of Administration on matters of personnel administration. The Board administers the Merit System Law governing appeals, maintenance of records, reviews, appeals from decisions rendered, and records of cases adjudicated prior to scheduling a public hearing. The Personnel Appeal Board consists of five members, not more than three of whom are members of the same political party. The Board has no FTE positions specifically assigned to the program.

Personnel Appeal Board	General Revenue
FY2018 Enacted	\$145,130
<i>Target and Other Adjustments</i>	<i>4,347</i>
FY2019 Enacted	\$149,477

PERSONNEL AND OPERATIONAL REFORMS

The Department of Administration has a centralized account for the statewide personnel and operating savings included in the Budget as Enacted prior to the savings being reflected within the appropriate State agency budgets. Generally when the savings occur, the Budget Office will distribute and account for the savings within the appropriate departmental budget accounts of the State agencies.

Personnel and Operational Reforms	General Revenue
FY2018 Enacted	(\$30,080,124)
<i>Target and Other Adjustments</i>	0
Personnel and Operating Savings	9,995,565
FY2019 Enacted	(\$20,084,559)

Personnel and Operating Savings**\$10.0 million**

The Department of Administration has a centralized account for statewide unspecified personnel and operating savings included in the Budget as Enacted prior to the savings being reflected within the appropriate State agency budgets. Generally when the savings occur, the Budget Office will distribute and account for the savings within the appropriate departmental budget accounts of the State agencies. The FY2018 Budget as Enacted included \$30.1 million in statewide general revenue savings to be identified in the current fiscal year.

The Budget includes FY2019 statewide savings of \$20.1 million in general revenue, reflecting decreased statewide savings of \$10.0 million (reflected as a positive number) as compared to the FY2018 Budget as Enacted. The unspecified savings are stated under the Department of Administration to be distributed to State agencies as part of the future FY2019 Revised Budget.

Personnel and Operating Reforms	FY2019 Projected Savings
RICAP Administrative Indirect Cost Recovery	(\$3,700,000)
Waste and Fraud Detection System	(9,634,559)
Contract Savings	(3,000,000)
Workers Compensation Privatization Savings (State Share)	(1,500,000)
Insurance Cost Savings	(1,000,000)
Carry-over of FY2018 \$25.0 m Savings	(900,000)
Prompt Payment Discounts	(350,000)
Total	(\$20,084,559)

PLANNING

The Division of Planning is responsible for preparing, adopting, and amending strategic plans for the physical, economic, and social development of the state. The Division is comprised of three subprograms: Statewide Planning, Strategic Planning and Economic Development, and the Water Resources Board.

- Statewide Planning staffs the State Planning Council, which is comprised of state and local government officials, public members, and federal officials in an advisory capacity. The State Planning Council serves as the State's Metropolitan Planning Organization, responsible for planning and prioritizing state and federal transportation funding.
- Strategic Planning and Economic Development uses policy analysis and the planning process to prepare issue briefs and draft strategic plans that address current topics of special interest.
- The Water Resources Board (WRB) manages the planning and development of twenty-nine major water supply systems and the Big River Management Area. As part of the FY2019 budget, the Governor transfers the Water Resources Board functions and 3.0 FTE positions from the Division of Planning to the Division of Public Utilities and Carriers.

Planning	General Revenue
FY2018 Enacted	\$1,271,483
<i>Target and Other Adjustments</i>	
Personnel Funding Shift	(476,984)
Water Resources Board	164,587
Centralized Service Charges	114,024
Statewide COLA	8,777
FY2019 Enacted	\$1,081,887

Planning	Other Fund Changes
State Transportation Planning Match	\$491,157

Personnel Funding Shift **(\$476,984)**

The Budget reflects a shift of gas tax revenues to the Department of Administration to fund a portion of the Division of Planning's activities. As part of the \$25.0 million general revenue savings included in the enacted budget, the Budget requires the Department of Transportation (DOT) provide the state match for federal highway funds that Planning receives to the Metropolitan Planning Organization as required by FHWA. DOT will provide approximately \$500,000 from Gas Tax per year for 3-years resulting in \$476,984 in general revenue savings

Water Resources Board **\$164,587**

The Budget maintains the Water Resources Board functions and 3.0 FTE positions in the Division of Planning. This item adds funding to fill the vacant 1.0 General Manager position.

Centralized Service Charges **\$114,024**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$114,024
Capital Asset and Management	-
Human Resources	-
Total	\$114,024

Statewide COLA **\$8,777**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$8,777 within the Planning program.

PURCHASING

The Purchasing division includes procurement, operational support services, standards and specifications development and management, vendor information, and minority business enterprises. The Procurement division solicits bids or requests for proposal for services and supplies, negotiates prices with vendors, and carries out affirmative action programs. Operational support services include purchase order production and record keeping, bid preparation and opening, requisition tracking, and vendor files. The

standards and specifications staff works with agency representatives to develop statewide standards for goods and services to be solicited. The Rhode Island Vendor Information Program (RIVIP) is an electronic system for registering potential bidders and providing bid and other information to vendors and the general public.

Purchasing	General Revenue
FY2018 Enacted	\$2,630,843
<i>Target and Other Adjustments</i>	<i>(48,917)</i>
Centralized Service Charges	239,715
Statewide COLA	67,185
FY2019 Enacted	\$2,888,826

Centralized Service Charges **\$239,715**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$239,715
Capital Asset and Management	-
Human Resources	-
Total	\$239,715

Statewide COLA **\$67,185**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$67,185 within the Purchasing program.

RHODE ISLAND HEALTH BENEFITS EXCHANGE

As part of the national health care reform and the Affordable Care Act (ACA), the Rhode Island Health Benefits Exchange was created by Executive Order in 2011 as a federally-funded program within the Office of the Governor. The FY2014 Budget as Enacted transferred the program to the Department of Administration. Rhode Island's health benefits exchange (HealthSource RI) became operational in October 2013 and is an online marketplace for individuals, families, and small businesses to compare and purchase health insurance coverage and gain access to tax credits, reduced cost sharing and public programs such as Medicaid.

Rhode Island Health Benefits Exchange (HealthSource RI)	General Revenue
FY2018 Enacted	\$2,625,841
<i>Target and Other Adjustments</i>	<i>-</i>
Contract Services 10.0 Percent Cost Reduction	(262,000)
FY2019 Enacted	\$2,363,841

Rhode Island Health Benefits Exchange (HealthSource RI)	Other Fund Changes
Rhode Island Health Benefits Exchange - restricted receipts	(\$388,430)
Rhode Island Health Benefits Exchange - federal	Informational

Contract Services 10.0 Percent Cost Reduction **(\$262,000)**

The Budget includes \$2.4 million in general revenue for contract services, a decrease of \$262,000 from the FY2018 Budget as Enacted for the Rhode Island Health Benefit Exchange (HealthSource RI). The decrease reflects a 10.0 percent target reduction on contractual services consistent with the budget requirement established by the Department of Administration. HealthSource RI has four management consultants and the total program budget request was \$2,625,841. This reduces the amount available to \$2,363,841.

Rhode Island Health Benefits Exchange (restricted receipts) **(\$388,430)**

The Budget includes \$6.4 million in restricted receipts from the Health Reform Assessment authorized under the FY2016 Budget as Enacted. This reflects a decrease of \$388,430 from the FY2018 Budget as Enacted, of which personnel costs decrease \$327,986 and contract services decrease \$232,349. These are offset by an increase of \$160,355 in operating costs (\$63,165 reflects centralized service charges) and \$11,550 for computers. The assessment is used to fund the operational costs of HealthSource RI, the state-based health benefits marketplace for individual and small group health insurance and the avenue through which Rhode Islanders access federal health insurance subsidies.

Rhode Island Health Benefits Exchange (federal funds) **Informational**

The Budget includes \$138,089 in federal funds for Rhode Island Health Benefits Exchange for FY2019, fairly consistent with the FY2018 Budget as Enacted level, but reflecting a decrease of \$4.1 million from the FY2018 Revised Budget. The use of federal funds for the Exchange declined after FY2015. In FY2016 and FY2017, federal funds were primarily used for contract services and personnel. This reflected the shift from federal funding that was provided for the establishment of an ACA-compliant health benefits exchange, over to a state operated system. The federal funds provided for FY2019 will fund only personnel costs for one FTE position. Through to the FY2018 Budget as Enacted, the design, development, and implementation of HealthSource RI has been funded with \$139.0 million in federal grants.

HealthSource RI	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Enacted	FY2018 Revised	FY2019 Enacted	Total
Federal Funds	\$21.8	\$47.3	\$48.5	\$17.6	\$3.7	\$0.1	\$4.3	\$0.1	\$139.0
Restricted Receipts	-	-	-	2.8	5.5	6.8	6.0	6.4	27.5
Total	\$21.8	\$47.3	\$48.5	\$20.4	\$9.2	\$6.9	\$10.3	\$6.5	\$166.5

\$'s in millions

OFFICE OF DIVERSITY, EQUITY, AND OPPORTUNITY

The mission of the Office of Diversity, Equity, and Opportunity is to create and support a diverse and inclusive state government culture that values and reflects the changing demographics of Rhode Island by advancing equitable and fair opportunities for all Rhode Island citizens to be employed by or doing business with the State of Rhode Island.

The Office of Diversity, Equity, and Opportunity, consists of the following: Director of Diversity, the State Equal Opportunity Office, Minority Business Enterprise Compliance Office, the Outreach and Diversity Office, and an Office of Supplier Diversity.

- Director of Diversity to administer the office.
- The State Equal Opportunity Office ensures federal and State equal opportunity compliance for all units of state government.
- The Minority Business Enterprise Compliance Office is responsible for supporting State laws and policies to ensure full participation of Minority Business Enterprises (MBEs) and Disadvantaged

Business Enterprises (DBEs) in state and federally-funded construction programs and projects, and State purchases of goods and services.

- The Outreach and Diversity Office is responsible for creating a culture that values a diverse workforce through diversity training to state employees and assists in recruiting and retaining a diverse workforce.
- Office of Supplier Diversity will complement the work of the Minority Business Enterprise Compliance Office.

The Office of Diversity, Equity, and Opportunity	General Revenue
FY2018 Enacted	\$1,282,250
<i>Target and Other Adjustments</i>	<i>(28,888)</i>
Statewide COLA	26,688
FY2019 Enacted	\$1,280,050

Statewide COLA

\$26,688

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$26,688 within the Office of Diversity, Equity, and Opportunity.

CAPITAL PROJECTS

The Budget includes \$30.4 million in RICAP funds for various capital projects in FY2019. Significant projects include:

- \$4.5 million in RICAP funds for various projects at the Pastore Center in Cranston, including \$3.2 million in RICAP funds to renovate various structures at the Center, and \$1.3 million for electrical upgrades.
- \$7.2 million in FY2019 in RICAP fund to renovate 50 Branch Avenue in Providence. The structure is presently occupied by the Board of Elections. However, the proposal is to renovate the structure and move in the State Medical Examiner's Office.
- \$7.0 million in RICAP funds to renovate the Rhode Island Convention Center and Dunkin Donuts Center for the Renewal and Replacement Fund in accordance with the bond covenants of the 2006 Series A bonds and asset protection at the Rhode Island Convention Center, and Veterans' Memorial Auditorium. This includes \$4.3 million for energy efficiency projects for the Rhode Island Convention Center and at the Dunkin Donuts Center.
- \$1.1 million in FY2018 and \$500,000 in FY2019 for the Cranston Street Armory stabilization project.
- \$1.0 million in RICAP funds in FY2018 and in FY2019 for the Chapin Health Laboratory. The structure requires renovations and updates to the HVAC and electrical systems that provide insufficient service.

Department of Business Regulation

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Banking Regulation	\$1.5	\$1.8	\$1.6	(\$0.2)	-13.2%	\$1.8	\$0.0	2.4%
Board of Accountancy	0.0	0.0	0.0	-	0.0%	0.0	0.0	0.0%
Boards for Design Professionals	0.4	0.4	-	(0.4)	-100.0%	-	(0.4)	-100.0%
Building and Design Professionals	-	-	0.3	0.3	-	8.0	8.0	-
Central Management	1.3	1.3	2.3	1.0	74.1%	2.4	1.1	84.9%
Commercial Licensing and Gaming and Athletics	2.1	2.7	2.6	(0.1)	-3.6%	2.9	0.2	7.8%
Insurance Regulation	4.9	5.8	5.7	(0.0)	0.0%	6.0	0.2	3.7%
Office of Health Insurance Commissioner	3.1	2.7	2.6	(0.1)	-3.3%	2.4	(0.3)	-11.6%
Securities Regulation	0.9	1.0	1.0	(0.0)	-1.4%	1.0	0.0	4.2%
Total	\$14.1	\$15.6	\$16.1	\$0.5	3.1%	\$24.5	\$8.9	57.0%

Expenditures By Source								
General Revenue	\$9.9	\$10.8	\$10.8	\$0.0	0.1%	\$17.4	\$6.6	61.2%
Federal Funds	1.6	0.9	1.0	0.2	17.6%	0.9	0.0	0.0%
Restricted Receipts	2.6	3.9	4.2	0.3	7.9%	6.1	2.2	57.0%
Other Funds	-	-	-	-	-	0.1	0.1	-
Total	\$14.1	\$15.6	\$16.1	\$0.5	3.1%	\$24.5	\$8.9	57.0%

Authorized FTE Levels	100.0	101.0	106.0	5.0	5.0%	161.0	60.0	59.4%
-----------------------	-------	-------	-------	-----	------	-------	------	-------

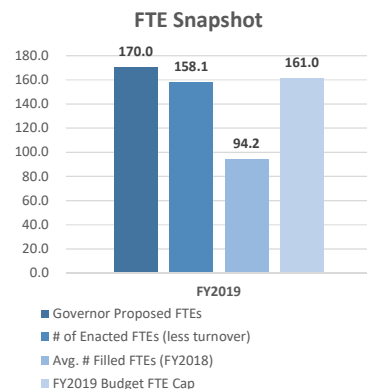
\$ in millions. Totals may vary due to rounding.

The Department of Business Regulation (DBR) implements state laws mandating the regulation and licensing of designated businesses, professions, occupations and other specified activities. The Department is composed of several regulatory and oversight programs: Central Management; Banking Regulation; Insurance; Securities Regulation; Commercial Licensing, Racing and Athletics, which includes the Medical Marijuana Program. The Office of the Health Insurance Commissioner (OHIC) is within the Insurance Division. Other commissions housed within the Department are the Board of Accountancy, Real Estate Commission, Real Estate Appraisal Board, and the Racing and Athletics Hearing Board. The FY2019 Budget creates a new, consolidated Division of Building, Design and Fire Professionals within the DBR.

MAJOR ISSUES AND TRENDS

The FY2019 Budget includes an all funds increase of \$8.9 million, or 57.0 percent from the FY2018 Budget as Enacted. The Budget also includes a \$6.6 million increase in general revenue expenditures as compared to the enacted level. These increases are primarily related to the transfer of several regulatory programs to the DBR from other State agencies, a shift in centralized services expenses, and the inclusion of additional personnel funding to cover cost-of-living increases as the result of the approval of a new statewide employee contract.

The Budget includes several regulatory reorganizations in FY2019 that impact the DBR. Article 3 creates a new Division of Building, Design, and Fire Professionals at the DBR. This effort involves transferring the State Fire Marshal from the Department of Public Safety and the Division of Construction Permitting, Approvals, and Licensing from the Department of Administration to the DBR and consolidating it with the existing Boards of Design Professionals. The new Division has an all-funds budget of \$7.6 million in FY2019 and 62.0 FTEs. Overall, the Budget authorizes 161.0 FTE positions, an increase of 60.0 FTE positions over the FY2018 Budget as Enacted. This net increase includes the positions associated with the new division offset by a reduction of 2.0 FTE positions across the agency.



The Budget also reflects a \$421,628 decrease in federal funds reflecting the expiration of OHIC's federal Health Insurance Enforcement and Consumer Protection grant.

BANKING REGULATION

Banking Regulation provides regulatory oversight of state-chartered financial institutions, credit unions, Rhode Island bank holdings companies, and licensees through financial examinations and reviews to determine compliance with state banking laws, financial solvency, and safety and soundness operations.

Banking Regulation	General Revenue
FY2018 Enacted	\$1,743,062
<i>Target and Other Adjustments</i>	
Statewide COLA	42,592
Turnover	(25,337)
FY2019 Enacted	\$1,760,317

Statewide COLA

\$42,592

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$42,592 within the Division of Banking Regulation.

Turnover

(\$25,337)

The Budget includes \$25,337 in savings based upon historical personnel expense levels. The savings is equivalent to approximately 27.0 percent of a vacant FTE position.

BOARD OF ACCOUNTANCY

The Board of Accountancy is an autonomous board that is responsible for the licensing of certified public accountants, public accountants, partnerships, corporations, and sole proprietorships. It processes applications and fees, and issues initial certificates and permits to regulated businesses, occupations and professions. The Board of Accountancy is 100.0 percent financed with general revenues. The remaining funds in the program support operating costs, such as national Certified Public Accountant (CPA) Society dues, legal expenses, and printing and mailings. Administrative responsibilities are assigned to other staff as needed.

Board of Accountancy	General Revenue
FY2018 Enacted	\$6,000
<i>Target and Other Adjustments</i>	
FY2019 Enacted	\$6,000

BOARDS FOR DESIGN PROFESSIONALS

The Boards for Design Professionals is a consolidated program consisting of the Board of Registration for Professional Engineers, the Board of Registration for Professional Land Surveyors, the Board of Examiners of Landscape Architects, and the Board of Examination and Registration of Architects. Each Board is responsible for examining and registering qualified candidates; issuing license renewals; proctoring exams; maintaining records of all applicants and licensees; implementing rules and regulations; and, hearing and acting upon complaints.

Boards of Design Professionals	General Revenue
FY2018 Enacted	\$362,455
<i>Target and Other Adjustments</i>	
Personnel and Operating Transfer	(362,455)
FY2019 Enacted	\$0

Personnel and Operating Transfer **(\$362,455)**

The Budget transfers \$362,455 in general revenue and 3.0 FTEs (2.0 Administrative Assistants and 1.0 Administrative Support Specialist) from the Boards of Design Professionals (BDP) program to a newly proposed Division of Building, Design, and Fire Professionals (BDFP) within DBR.

Article 3 of the Budget consolidates various regulatory functions related to the construction and building industry that currently located in different State agencies and places them in the DBR.

DIVISION OF BUILDING, DESIGN, AND FIRE PROFESSIONALS

The Budget establishes a new Division of Building, Design, and Fire Professionals (BDFP) within the DBR. The new division would be formed by consolidating the disparate programs across State agencies that have regulatory oversight over various licensed professionals, permitting, and safety aspects of the building and construction industry.

Article 3 of the Budget reorganizes portions of three State agencies for the stated purpose of providing a single point of contact for building officials seeking state authorization related to their profession or projects. The programs to be consolidated include the Boards of Design Professionals at the DBR; the Construction Permitting, Approvals, and Licensing (CPAL) program at the Department of Administration; and the State Fire Marshal's Office at the Department of Public Safety. The new division would include 62.0 FTE positions.

Program	FTE Transfers
Boards of Design Professionals	3.0
CPAL Transfer	23.0
Fire Marshal Transfer	36.0
Total	62.0

Building, Design, and Fire Professionals	General Revenue
FY2018 Enacted	-
<i>Target and Other Adjustments</i>	
Fire Marshal Transfer	(287,732)
Fire Marshal Transfer	3,669,361
CPAL Transfer	1,790,975
Boards of Design Professionals Consolidation	362,455
Statewide COLA	119,956
FY2019 Enacted	\$5,655,015

Fire Marshal Transfer **\$3.7 million**

The Budget transfers the State Fire Marshal from the Department of Public Safety to the DBR. This includes \$3.7 million in general revenue and 36.0 FTE positions.

The State Fire Marshal is responsible for enforcing the Fire Safety Code and other laws and regulations relating to fires, fire prevention, protection, inspection and investigation. The agency includes a Bomb Disposal Unit, Enforcement Unit, Fire Education and Training Unit, Inspection Unit, Investigation Unit, and the Plan Review Unit.

CPAL Transfer**\$1.8 million**

The Budget transfers \$1.8 million in general revenue and 26.0 FTE positions from the Division of Construction Permitting, Approvals, and Licensing to the new BDFP division at DBR. CPAL consists of the following independent boards:

- State Building Code Commission
- Contractor's Registration Board
- Fire Safety Code Board of Appeal

Boards of Design Professionals Consolidation**\$362,455**

The Budget shifts \$362,455 in general revenue funding and 3.0 FTE positions from the existing Board of Design Professionals to the new BDFP. The program includes the following independent boards:

- Board of Registration for Professional Engineers
- Board of Registration for Professional Land Surveyors
- Board of Examiners of Landscape Architects
- Board of Examination and Registration for Architects

Statewide COLA**\$119,956**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$119,956 within the new division.

CENTRAL MANAGEMENT

Central Management is composed of the Director's office, budget, regulatory standards, compliance, and enforcement. The specific functions include conducting administrative and rate hearings; providing legal services to the Director and Deputy Directors; compiling, submitting and monitoring the budgets of the respective divisions; approving vouchers and contracts; and providing management services.

Central Management	General Revenue
FY2018 Enacted	\$1,296,420
<i>Target and Other Adjustments</i>	<i>43,785</i>
Centralized Services Changes	1,027,250
Statewide COLA	29,371
FY2019 Enacted	\$2,396,826

Centralized Service Charges**\$1.0 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	360,447
Capital Asset and Management	521,683
Human Resources	145,120
Total	\$1,027,250

Statewide COLA**\$29,371**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$29,371 within Central Management.

COMMERCIAL LICENSING, RACING AND ATHLETICS

Commercial Licensing, Racing and Athletics (CLRA) licenses and regulates various occupations, businesses, and professions, including simulcast wagering at the Twin River and Newport Grand facilities, real estate agents, brokers and appraisers, auto body and salvage re-builder shops, auto wrecking and salvage yards, glass installation, and breweries. The Division provides application and licensing information to the general public and investigates complaints in all areas of licensing. The Division was given oversight of cultivators and plant tagging under the State's Medical Marijuana program beginning in FY2016.

Commercial Licensing, Gaming, and Athletics	General Revenue
FY2018 Enacted	\$893,038
<i>Target and Other Adjustments</i>	<i>36,454</i>
Statewide COLA	25,759
FY2019 Enacted	\$955,251
Commercial Licensing, Gaming, and Athletics	Other Fund Changes
Medical Marijuana Personnel	(\$153,685)

Statewide COLA**\$25,759**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$25,759 within the Division of Commercial Licensing, Gaming, and Athletics.

Personnel (restricted receipts)**(\$153,685)**

The Budget decreases personnel funding within the Medical Marijuana program, reflecting a turnover savings of \$153,685, or approximately 1.6 FTE positions.

INSURANCE REGULATION

Insurance Regulation conducts financial examinations of domestic insurance companies to ensure compliance with state and federal insurance statutes and regulations. The division also issues licenses for insurance companies, producers, adjusters and appraisers, and reviews rate and form filings of the life, accident and health, and property and casualty lines of business for compliance with state statutes and

regulations. The division monitors and introduces legislation in order to maintain accreditation by the National Association of Insurance Commissioners.

Insurance Regulation	General Revenue
FY2018 Enacted	\$3,925,436
<i>Target and Other Adjustments</i>	
Statewide COLA	99,498
Personnel	(71,687)
Centralized Services Changes	18,360
FY2019 Enacted	\$3,971,607

Statewide COLA **\$99,498**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$99,498 within the Insurance Regulation Division.

Personnel **(\$71,687)**

The Budget includes \$3.7 million in general revenue for personnel within the Division of Insurance Regulation, a reduction of \$71,687 in expenditures for FY2019 as compared to the FY2018 Budget as Enacted. This reflects \$86,256 in additional turnover savings, \$91,324 in funding for the addition of 1.0 Insurance Examiner position, and a net reduction of \$76,755 in other salary and benefit expenditures. The Division indicates that the new examiner is required to meet its statutorily-mandated examination schedule. Examiners bill regulated insurance entities directly for their time. The additional position is projected to generate \$94,770 in new revenue.

Centralized Service Charges **\$18,360**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$18,360
Capital Asset and Management	-
Human Resources	-
Total	\$18,360

OFFICE OF THE HEALTH INSURANCE COMMISSIONER

The Office of the Health Insurance Commissioner (OHIC) was established by legislation in 2004 to broaden the accountability of health insurers operating in the State of Rhode Island. Through FY2011, this sub-program was contained in the Insurance Regulation program; however, it became a stand-alone program in the FY2012 Budget as Enacted.

The Health Insurance Commissioner is appointed by the Governor with the advice and consent of the Senate. OHIC regulates health insurers and hospital/medical service corporations, including company licensure, form and rate filing for regulatory compliance and financial and market condition examinations. The Office is also engaged in policy and legislative development, rate hearing administration, regulatory development and promulgation, consumer affairs, and provider affairs.

Office of the Health Insurance Commissioner	General Revenue
FY2018 Enacted	\$1,614,318
<i>Target and Other Adjustments</i>	<i>23,986</i>
Statewide COLA	31,258
FY2019 Enacted	\$1,669,562
Office of the Health Insurance Commissioner	Other Fund Changes
RIREACH Medicaid Match	70,000

Statewide COLA **\$31,258**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$31,258 within the Office of the Health Insurance Commissioner.

RIREACH Medicaid Match (federal funds) **\$70,000**

The Budget includes a \$70,000 increase in federal funds in anticipation of OHIC receiving an approval on its request for a federal Medicaid match on general revenue expenditures for the Rhode Island Insurance Resource, Education, and Assistance Consumer Helpline (RIREACH). RIREACH is OHIC's consumer assistance program and provides a live consumer advocacy hotline answering consumer health insurance questions as well as guidance and support. The program also assists in processing insurance complaints and coverage appeals.

According to OHIC, it has been pursuing federal Medicaid matching funds for what has historically been a program funded solely by general revenues. OHIC's RIREACH vendor, the Rhode Island Information Network (RIPIN), has regularly submitted monthly Medicaid-beneficiary-related documentation to the Executive Office of Health and Human Services, which estimates that at least \$70,000 worth of expenses are valid and sustainable.

SECURITIES REGULATION

Securities Regulation is responsible for the registration of certain securities, and the licensing and regulation of broker-dealers, sales representatives, certain investment advisers, and certain investment adviser representatives.

Securities Regulation	General Revenue
FY2018 Enacted	\$974,364
<i>Target and Other Adjustments</i>	<i>18,457</i>
Statewide COLA	23,058
FY2019 Enacted	\$1,015,879

Statewide COLA **\$23,058**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living

adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$23,058 within the Securities Regulation Division.

Department of Labor and Training

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$1.0	\$2.5	\$1.5	(\$1.0)	-39.2%	\$2.2	(\$0.3)	-12.2%
Income Support	371.3	379.5	382.1	2.6	0.7%	388.3	8.8	2.3%
Injured Workers Services	8.2	8.7	7.7	(1.0)	-11.3%	9.0	0.3	3.0%
Labor Relations Board	0.4	0.4	0.4	0.0	5.0%	0.4	0.0	2.5%
Workforce Development Services	39.1	36.0	51.9	15.9	44.1%	55.3	19.2	53.4%
Workforce Regulation and Safety	1.8	2.8	2.9	0.1	3.2%	3.1	0.3	10.7%
Total	\$421.9	\$429.9	\$446.5	\$16.6	3.9%	\$458.2	\$28.3	6.6%

Expenditures By Source								
General Revenue	\$7.0	\$8.1	\$9.0	\$0.9	11.1%	\$14.5	\$6.4	78.7%
Federal Funds	43.9	36.9	50.6	13.6	36.9%	40.8	3.8	10.3%
Restricted Receipts	22.0	24.3	30.5	6.2	25.5%	39.0	14.7	60.3%
Other Funds	349.0	360.6	356.4	(4.1)	-1.1%	364.0	3.5	1.0%
Total	\$421.9	\$429.9	\$446.5	\$16.6	3.9%	\$458.2	\$28.3	6.6%

Authorized FTE Levels	409.5	428.7	428.7	-	0.0%	409.7	(19.0)	-4.4%
-----------------------	-------	-------	-------	---	------	-------	--------	-------

\$ in millions. Totals may vary due to rounding.

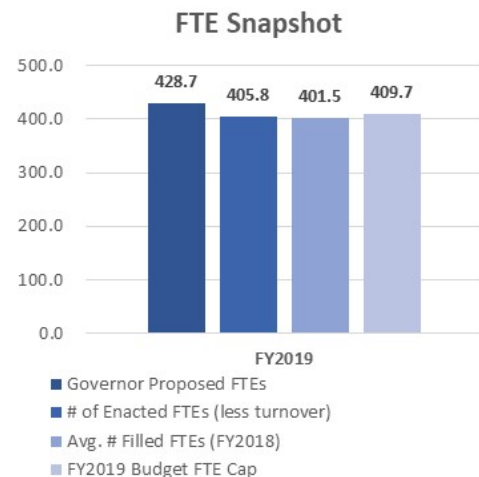
The Department of Labor and Training is charged with providing an array of employment and training services to Rhode Islanders and administering the laws pertaining to workforce regulation, safety and labor law enforcement. The Department consists of six divisions: Central Management, Income Support, Injured Workers Services, the Labor Relations Board, Workforce Development Services and Workforce Regulation and Safety.

MAJOR ISSUES AND TRENDS

Article 11 includes a change to the Job Development Assessment, allowing the Department to divert an amount, up to 75.0 percent of the Employment Security Fund's investment earnings for 2018, to the Job Development Fund during 2019. The Budget includes \$5.0 million in restricted receipts from this change. The Budget also includes an additional \$5.5 million in general revenue to help provide continuous funding to Real Jobs Rhode Island (RJRI).

The federal funds increase, occurring mostly within the Income Support program, is due to the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

The Budget authorizes 409.7 positions in FY2019, a decrease of 19.0 positions from the FY2018 Enacted levels. The positions include 9.0 FTE positions within the Misclassification Task Force, and 10.0 vacant, but unspecified, FTE positions within the Department.



CENTRAL MANAGEMENT

The Central Management program is responsible for supervising, coordinating, and monitoring all departmental functions. The Central Management program provides leadership, management, strategic planning, and control of departmental activities.

Central Management	General Revenue
FY2018 Enacted	\$134,315
<i>Targets and Other Adjustments</i>	
Centralized Service Charges	(32,729)
FY2019 Enacted	\$722,892

Centralized Service Charges **\$621,306**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$191,839
Capital Asset and Management	305,844
Human Resources	123,623
Total	\$621,306

INCOME SUPPORT

The Income Support program encompasses all functions and activities related to Unemployment Insurance, Temporary Disability Insurance (TDI), and the Police and Firefighters' Relief Funds.

Income Support	General Revenue
FY2018 Enacted	\$4,046,748
<i>Targets and Other Adjustments</i>	
Police and Firefighters' Relief Fund	3,176
Centralized Service Charges	(112,305)
Unemployment Insurance Benefit Statistics	2,135
FY2019 Enacted	Informational
	\$3,939,754

Income Support	Other Funds
Centralized Service Charges (federal funds)	\$5,727,517

Police and Firefighters' Relief Fund **(\$112,305)**

The Budget decreases general revenue by \$112,305 for Police and Firefighters' annuity and tuition benefits, reflecting a decline in the need of services. This reflects a decrease of \$37,322 in tuition benefits paid to the families of deceased or injured police officers and firefighters, and a decrease of \$74,983 in annuity benefit payments.

	FY2018 Enacted	FY2019 Enacted	Change
Police Officers' Relief Fund			
Police Officer Annuities	\$805,980	\$774,000	(\$31,980)
Tuition Benefits	197,669	180,000	(17,669)
Supplemental Pension	-	-	-
Total	\$1,003,649	\$954,000	(\$49,649)
Firefighters' Relief Fund			
Firefighter Annuities	\$2,509,003	\$2,466,000	(\$43,003)
Tuition Benefits	428,636	408,983	(19,653)
Supplemental Pension	-	-	-
Total	\$2,937,639	\$2,874,983	(\$62,656)
Grand Total	\$3,941,288	\$3,828,983	(\$112,305)

Under RIGL 45-19, the spouse of a deceased police officer or firefighter receives an annual annuity of \$3,600 per year for as long as they remain unmarried, or if there is no spouse a total sum not exceeding \$10,000 is payable to the parent(s) of the deceased police officer or firefighter. In addition, an annuity of \$1,200 per year is paid to each widow or widower for each child of a deceased firefighter or police officer who is under the age of 18. Also under current law, children of deceased firefighters or police officers are eligible to receive up to four years of free tuition at the University of Rhode Island, Rhode Island College, or the Community College of Rhode Island. This tuition benefit is also available to any firefighter or police officer that is permanently disabled in the line of duty.

Centralized Service Charges (federal funds)

\$5.7 million

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources. Decentralization charges were processed across all funds as applicable throughout the Department.

Centralized Service Charges	Amount
Information Technology	\$2,839,341
Capital Asset and Management	2,397,232
Human Resources	490,944
Total	\$5,727,517

Unemployment Insurance Benefit Statistics

Informational

Rhode Island currently ranks among the top 21 highest UI benefits paid nationally, and has the fourth highest average UI benefits paid in New England.

12 Months Ending 1st Quarter 2018			
Average UI Benefits Paid			
State	Amount	New England	National
Massachusetts	\$8,649	1	1
Connecticut	6,352	2	8
Rhode Island	5,244	3	21
Vermont	4,442	4	30
Maine	4,154	5	31
New Hampshire	3,987	6	34

Source: US Dept. of Labor/UI Data Summary

12 Months Ending 1st Quarter 2018			
Average Weekly UI Benefits Paid			
State	Amount	New	National
Massachusetts	\$509.87	1	1
Connecticut	392.19	2	9
Vermont	356.64	3	18
Rhode Island	356.13	4	20
New Hampshire	330.10	5	32
Maine	326.50	6	29

Source: US Dept. of Labor/UI Data Summary

As of January 1, 2018			
Maximum Weekly UI Benefit			
State	Amount	New England	National
Massachusetts	\$769	1	1
Connecticut	613	2	5
Rhode Island	566	3	8
Vermont	466	4	17
New Hampshire	427	5	29
Maine	418	6	31

Source: US Dept. of Labor

As of January 1, 2018			
Maximum Weekly UI Benefit with Dependents			
State	Rate	New	National
Massachusetts	\$1,153	1	1
Rhode Island	707	2	3
Connecticut	688	3	5
Maine	627	4	8
Vermont*	466	5	23
New Hampshire*	427	6	31

* No dependent's benefit provision

Source: US Dept. of Labor

INJURED WORKERS SERVICES

The Injured Workers Services program operates the State's Workers' Compensation System. The Donley Rehabilitation Center provides evaluations, therapy, and counseling for workers injured on the job. A Workers' Compensation Education Unit provides information to workers and employers regarding workers' compensation laws and regulations. This program has no general revenue funding.

LABOR RELATIONS BOARD

The Labor Relations Board is a semi-autonomous body that makes public sector bargaining unit determinations, oversees collective bargaining elections, and investigates charges of unfair labor practices. The Board is comprised of seven members, one of which is designated as the chairperson. The board members are compensated, but do not participate in the State Retirement System and are not considered State employees.

Labor Relations Board	General Revenue
FY2018 Enacted	\$397,335
<i>Targets and Other Adjustments</i>	<i>(10,566)</i>
Centralized Service Charges	17,651
Statewide COLA	9,727
FY2019 Enacted	\$414,147

Centralized Service Charges **\$17,651**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$17,651
Capital Asset and Management	
Human Resources	
Total	\$17,651

Statewide COLA **\$9,727**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$9,727 within the Labor and Relations Board at the Department.

WORKFORCE DEVELOPMENT SERVICES

The Workforce Development Services program consists of employment and training programs designed to assist individuals in gaining and maintaining employment. It also includes the Governor's Workforce Board (formerly the Human Resource Investment Council). Its mission is to establish goals, policies, and guidelines to coordinate employment and training related programs.

Workforce Development Services	General Revenue
FY2018 Enacted	\$704,517
<i>Targets and Other Adjustments</i>	
Real Jobs Rhode Island	5,450,000
Opportunities Industrialization Center	100,000
Centralized Service Charges	22,681
Governor's Workforce Board	Informational
FY2019 Enacted	\$6,277,198

Workforce Development Services	
Governor's Workforce Board	Informational

Real Jobs Rhode Island **\$5.5 million**

The Budget includes an additional \$5.5 million in general revenue for the Real Jobs Rhode Island (RJRI) program. The program, now in its fourth year of operating, has served over 325 employers and 2,100 workers by investing in sector-based intermediaries who serve as RJRI Partners and enabling them to design and implement their own initiatives to serve their industry's needs. \$450,000 of this funding was previously associated with the Jobs Training Tax Credit which was repealed due to lack of interest and use. The Budget redirects this funding to RJRI.

Opportunities Industrialization Center **\$100,000**

The Budget includes a general revenue increase of \$100,000 in FY2019 to support the Opportunities Industrialization Center, a nonprofit organization that provides training and education opportunities to urban populations through collaborations with public and private sectors and community-based organizations.

Centralized Service Charges **\$22,681**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$22,681
Capital Asset and Management	
Human Resources	
Total	\$22,681

Governor's Workforce Board **Informational**

The Governor's Workforce Board (GWB) was created by the General Assembly in 2011 to be the lead coordinator for all workforce development efforts in the State. In 2015 the Governor created the Real Jobs Rhode Island (RJRI) program, through which employers partner with the GWB to create their own workforce development programs based on their specific needs.

Article 11 of the FY2019 Budget includes an adjustment to the Job Development Assessment, for tax year 2019 only, the adjusted JDA allows the Department to divert an amount, up to 75.0 percent of the Employment Security Fund's investment earnings for 2018, to the Job Development Fund (JDF) during

2019. Since 1989 Rhode Island employers have paid a Job Development Assessment (JDA) to support workforce development activities. The JDA is collected with the State's payroll and unemployment insurance taxes and has been altered over the years the by the legislature.

This adjustment holds both employers and employees harmless as it does not increase an employer's total unemployment tax liability but alters where the funds are deposited. Less money will be deposited into the Employment Security Trust Fund and more will be directed towards the Job Development Fund. If this adjustment is expanded the amount of revenues deposited into the JDF will vary each year based on the amount of interest earned by the UI Trust Fund.

The adjusted job development assessment will be computed by dividing the amount of interest earned by the Employment Security Fund in the prior calendar year by 110.0 percent of the taxable wages in the prior calendar year and adding this percentage to the base job development assessment (currently 0.21 percent).

WORKFORCE REGULATION AND SAFETY

The Workforce Regulation and Safety Program enforces laws relating to professional regulation, labor standards, occupational health and safety, and certification of weights and measures.

Workforce Regulation and Safety	General Revenue
FY2018 Enacted	\$2,811,148
<i>Targets and Other Adjustments</i>	36,974
Centralized Service Charges	202,640
Personnel	150,571
Statewide COLA	60,202
FY2019 Enacted	\$3,110,964

Centralized Service Charges **\$202,640**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$202,640
Capital Asset and Management	
Human Resources	
Total	\$202,640

Personnel **\$150,571**

The Budget increases personnel costs by \$150,571 to provide funding for 4.6 new FTE positions within the authorized levels: 3.0 Labor Standards Examiners, and 1.6 Prevailing Wage Investigators. By filling additional positions the Department will be able to reduce the number of caseloads each investigator oversees, and reduce the time it takes to process a case. New cases are filed daily and there are not enough investigators to address them in a timely manner, leading to an increase in the time it takes to process a case and a decrease in the level of customer service the Department is able to provide to the filer.

Statewide COLA **\$60,202**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$60,202 within Workforce Regulation and Safety at the Department.

CAPITAL PROJECTS

The Budget includes a total of \$5.0 million in capital projects from FY2019 through FY2023, including \$1.3 million in FY2019. In FY2018 the Budget included \$1.6 million in RICAP funds for the replacement of concrete walkways throughout the Department's buildings in the Pastore Complex, roof replacements in three of the Department's connecting buildings, and the initial steps of replacing the Donley fire alarm system. Major items for FY2019 include final replacement of the Donley fire alarm system, and addressing the drainage issue the Department faces which causes flooding and structural problems.

Department of Revenue

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Director of Revenue	\$1.3	\$1.2	\$2.0	\$0.8	61.5%	\$2.1	\$0.9	70.6%
Division of Collections	-	-	-	-	-	0.6	0.6	-
Lottery Division	350.4	375.0	369.6	(5.5)	-1.5%	400.2	25.1	6.7%
Municipal Finance	2.9	3.1	2.9	(0.2)	-5.4%	2.8	(0.3)	-9.5%
Office of Revenue Analysis	0.7	0.8	0.7	(0.1)	-7.3%	0.9	0.1	14.9%
Registry of Motor Vehicles	25.1	23.5	27.5	4.1	17.3%	31	7.2	30.9%
State Aid	65.9	95.4	94.0	(1.5)	-1.5%	115.8	20.3	21.3%
Taxation	25.1	26.3	27.7	1.4	5.4%	30.9	4.6	17.7%
Total	\$471.4	\$525.4	\$524.5	(\$0.9)	-0.2%	\$584.0	\$58.7	11.2%

Expenditures By Source								
General Revenue	\$110.8	\$143.6	\$148.4	\$4.8	3.3%	\$178.8	\$35.2	24.5%
Federal Funds	3.1	1.6	1.5	(0.1)	-5.1%	2.1	0.5	34.6%
Restricted Receipts	6.0	4.0	3.9	(0.1)	-1.6%	2.1	(1.9)	-47.9%
Other Funds	351.4	376.2	370.7	(5.6)	-1.5%	401.0	24.8	6.6%
Total	\$471.4	\$525.4	\$524.5	(\$0.9)	-0.2%	\$584.0	\$58.7	11.2%

Authorized FTE Levels	523.5	533.5	529.5	(4.0)	-0.7%	604.5	71.0	13.3%
-----------------------	-------	-------	-------	-------	-------	-------	------	-------

\$ in millions. Totals may vary due to rounding.

The Department of Revenue (DOR) was created as a separate department within the Executive branch of government as part of the FY2007 Budget as Enacted. The Department is headed by a Director who is appointed by the Governor subject to the advice and consent of the Senate. The Department has seven program functions consisting of the Director's Office, the Lottery Division, Municipal Finance (formerly property valuation), the Office of Revenue Analysis, the Registry of Motor Vehicles, the Division of Taxation, and the State Aid program.

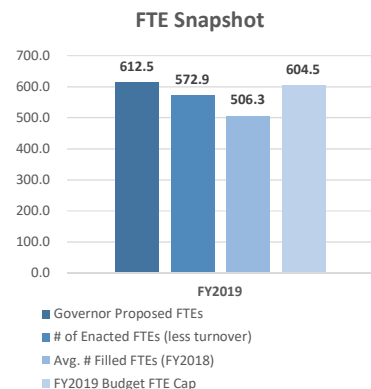
MAJOR ISSUES AND TRENDS

The Budget includes total funding of \$584.0 million for the Department of Revenue, an 11.2 percent increase over the FY2018 Budget as Enacted (\$58.7 million), including a general revenue increase of \$35.2 million.

The increase in general revenue is primarily associated with funding the second year of the Motor Vehicle Excise Tax Phase Out program. The Budget includes the \$36.0 million enacted base funding and \$18.7 million for the next year of the phase out.

The Budget includes 71.0 new FTE positions, 13.3 percent more than authorized. This significant increase is associated with several major initiatives across the Department. The positions include 32.0 FTE positions to implement the federally mandated Real ID compliance, 23.0 FTE positions required to operate the Tiverton Casino, 22.0 FTE positions in Taxation to support enhanced revenue collections, and 7.0 FTE positions to staff the proposed Division of Collections. The elimination of 3.0 FTE positions in the Municipal Finance Division, 1.0 FTE position in the Lottery Division, and 8.0 unspecified FTE positions partially offset personnel increases in FY2019.

- Twin River Tiverton:** The new Twin River Casino in Tiverton is slated to open in September 2018. To support the personnel, operating, and security services that need to be in place upon the opening, the Budget includes \$4.4 million in lottery funds.



- **Real ID:** The Registry of Motor Vehicles begins implementation of the federal Real ID standards in FY2019. Real ID is a minimum security standard for the issuance of driver’s licenses and state-issued identification cards mandated by Congress. The Budget includes \$2.1 million and 32.0 new FTE positions to support the rollout of the initiative and an additional \$728,828 for operating.
- **Reorganization of Division of Taxation:** DOR has developed and is implementing a strategic modernization and reorganization plan to better position Taxation to capitalize on efficiencies made possible by the new STAARS integrated tax system. The Division is working on better collaboration among audit, field agents, legal staff, and data analytics to identify revenue enhancements. The Budget includes \$3.4 million to support the personnel, operating, and contract services of the reorganization.
- **Division of Collections:** Article 4 of the Budget establishes a new Division within the Department of Revenue for the purpose of assisting state agencies in the collection of delinquent debt owed to the State. The unit will contract with State agencies to transfer outstanding debt to DOR, where revenue experts will focus on improving collection rates. The Budget includes \$483,069 to fund the unit’s 7.0 FTE positions.

DIRECTOR OF REVENUE

The Office of the Director is responsible for the administration of the Department. Functions include personnel management and legal support for the Department of Revenue.

Director of Revenue	General Revenue
FY2018 Enacted	\$1,244,266
<i>Target and Other Adjustments</i>	
Centralized Service Charges	73,241
Statewide COLA	768,839
FY2019 Enacted	\$2,122,802

Centralized Service Charges

\$768,839

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$0
Capital Asset and Management	-
Human Resources	768,839
Total	\$768,839

Statewide COLA

\$36,456

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$36,456 within the division.

DIVISION OF COLLECTIONS

Under Article 4 the Budget establishes a new Division within the Department of Revenue for the purpose of assisting state agencies in the collection of delinquent debt owed to the State. This new Division of Collections may enter into formal agreements with willing State agencies to transfer of the debt to the Division and to remit back any funds successfully recovered. The Division is authorized to use private entities on a contingency basis to assist with the collection of debt. The proposed Division is estimated to bring in \$1.3 million in additional revenue to the State.

Division of Collections	General Revenue
FY2018 Enacted	\$0
<i>Target and Other Adjustments</i>	
Personnel	483,069
Contract Professional Services	108,540
Statewide COLA	10,146
FY2019 Enacted	\$601,755

Personnel **\$483,069**

The Budget includes \$483,069 to fund the personnel costs associated with the Division of Collections. The Budget includes 7.0 new FTE positions for the new unit: 3.0 Senior Accountants, 2.0 Collection Clerks, 1.0 Chief of Compliance and Collections, and 1.0 Billing Specialist.

Contract Professional Services **\$108,540**

The Budget provides \$108,540 in general revenue to hire professional debt collection services on a contingency basis. Use of third-party debt collectors will be used to augment staff resources in recouping delinquent debt.

Statewide COLA **\$10,146**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$10,146 within the division.

LOTTERY DIVISION

The Rhode Island Lottery was created in 1974 and was transferred into the Department of Revenue in 2006. The Lottery is responsible for promoting and selling games, including Daily Numbers, Keno, instant games (scratch tickets), multi-state pool games (PowerBall and MegaMillions), and the Lucky 4 Life regional game, as well as the authorization and licensing of video lottery terminals (VLTs) at Twin River and Newport Grand. No general revenues support the Division; it is entirely funded with other funds derived from Lottery sales.

Lottery Division	Other Fund Changes
FY2018 Enacted	\$375,039,436
<i>Target and Other Adjustments</i>	
Commissions and Prize Payments	5,367,291
Tiverton Casino Personnel	17,034,000
	2,743,318
FY2019 Enacted	\$400,184,045

Commissions and Prize Payments (other funds)**\$17.0 million**

The net increase of \$17.0 million in Commissions and Prize Payments is based on the May 2018 Revenue Estimating Conference (REC) estimates of VLT net terminal income and other lottery games. Net terminal income from is estimated to total \$486.9 million and net table game revenue (NTGR) is estimated to total \$139.4 million. NTGR is deposited in the State lottery fund for administrative purposes with commissions distributed to Twin River and deductions made for casino operating expenses. The balance is remitted to the general fund.

The increase in payments includes \$9.1 million related to activity at the new casino in Tiverton based on an opening date of September 1, 2018.

Tiverton Casino Personnel (other funds)**\$2.7 million**

The Budget includes \$2.7 million in lottery funds for lottery and contracted personnel services related to opening of the new Twin River Casino in Tiverton.

In November 2016, voters approved relocating the casino gaming license of Newport Grand to Twin River-Tiverton. The \$75.0 million casino will have 1,000 slot machines, 32 table games, and an 80-room hotel. Construction began in July 2017 and the casino was originally planned to open in July 2018. Site work challenges have caused the opening to be delayed to a projected date of September 1, 2018.

The Budget includes \$1.7 million for 8.5 months of funding to support 23.0 new FTEs comprising the casino's compliance team. These Lottery Division employees include 10.0 Compliance Representatives, 3.0 Gaming Operations Investigators, 3.0 Security Inspectors, 2.0 Compliance Supervisors, 1.0 Information Technology Support Specialist, 1.0 Financial Analyst, 1.0 Surveillance Analyst, 1.0 Financial Analyst Supervisor, and 1.0 Senior Compliance Supervisor. In addition to this staff, the Budget also includes \$1.0 million in contracted services to support third party security services for the casino.

DIVISION OF MUNICIPAL FINANCE

The Division of Municipal Finance assists municipalities by providing data analysis, technical assistance, and, training on financial reporting, tax levy, and property valuation issues. The Division calculates the equalized property valuation information and state aid distributions. The Motor Vehicle Value Commission is staffed by the Division and sets values that are subject to the motor vehicle excise tax.

The Division played a pivotal role in managing the Receivership of the City of Central Falls. In FY2016 the Division began overseeing a state-appointed administrative fiscal advisor who splits time between the communities of East Providence and Woonsocket. Under the Fiscal Stability Act, the State is required to reimburse these municipalities 50.0 percent of cost of the advisor. It is expected that this oversight will continue through September 2018 for East Providence and through March 2020 for Woonsocket. An Administration and Finance Officer is in place in Central Falls through April 15, 2018.

Municipal Finance	General Revenue
FY2018 Enacted	\$3,111,025
<i>Target and Other Adjustments</i>	<i>(677,761)</i>
Central Falls Support	600,000
Personnel	(254,809)
Statewide COLA	37,002
FY2019 Enacted	\$2,815,457

Central Falls Support**\$600,000**

The Budget adds \$600,000 in general revenue to the Division's assistance and grants budget. This funding assists the City of Central Falls with operating and personnel costs as part of the State's ongoing financial partnership with the City following its emergence from bankruptcy in 2012.

Personnel**(\$254,809)**

The Budget reduces total personnel costs within the Division of Municipal Finance by \$254,809. This reduction is primarily associated with the elimination of 3.0 FTE positions within the Division. These include a vacant 1.0 Data Control Specialist and two positions that have never been filled, a 1.0 Supervisor Local Government Assistant and a 1.0 Programming Services Officer.

The latter FTE position is associated with the Municipal Transparency Portal. The portal is an initiative authorized by the General Assembly in 2016 for the purposes of standardizing financial reporting for municipalities and to provide a digital, online method of data submission to the State. The portal was planned to launch in January 2017; however, difficulties in standardizing data across cities and towns led to major delays. The portal launched in the spring of 2018 and is now operational. In order to meet the mandated requirements associated with the portal DOR has shifted responsibilities across existing staff while reprioritizing and/or delaying reports and duties that are not statutorily required.

Statewide COLA**\$37,002**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$37,002 within the division.

OFFICE OF REVENUE ANALYSIS

The Office of Revenue Analysis (ORA) analyzes the State's tax systems and revenue streams. The Office prepares the biennial Tax Expenditures Report, cost-benefit analyses of tax proposals, and fiscal notes for revenue-related legislation. The Office houses, and is the primary operator of, the State's sales tax and personal income tax models.

Office of Revenue Analysis	General Revenue
FY2018 Enacted	\$788,009
<i>Target and Other Adjustments</i>	<i>2,000</i>
Software Maintenance Agreements	54,220
Personnel	39,179
Statewide COLA	21,811
FY2019 Enacted	\$905,219

Software Maintenance Agreements**\$54,220**

The Budget includes \$54,220 in general revenue to upkeep ORA's economic modeling software. The office uses the software to produce economic and fiscal impact analyses on State revenue. The software must be renewed on a biennial basis.

Personnel**\$39,179**

The Budget provides a net increase of \$39,179 in personnel costs within ORA. This is comprised of an increase of \$70,749 in salary and benefits associated with statewide benefit changes, planned step increases, and other updated planning values. These increases are offset by \$31,570 in turnover.

Statewide COLA**\$21,811**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$21,811 in the office.

DIVISION OF MOTOR VEHICLES

The Division of Motor Vehicles (DMV) is responsible for issuing, suspending and revoking all motor vehicle licenses and registrations and for the motor vehicle inspection program. The Division operates a main branch in Cranston with satellite branches in Middletown, Wakefield, Warren, Westerly, and Woonsocket. Additionally, AAA offers some DMV license and registration services at select branch locations.

Registry of Motor Vehicles	General Revenue
FY2018 Enacted	\$21,175,553
<i>Target and Other Adjustments</i>	<i>147,889</i>
Centralized Service Charges	5,461,404
Real ID - Personnel	2,100,000
Real ID - Operating	728,828
Statewide COLA	395,429
License Plate Reissuance	Informational
FY2019 Enacted	\$30,009,103

Centralized Service Charges**\$5.5 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$4,194,080
Capital Asset and Management	1,267,324
Human Resources	-
Total	\$5,461,404

Real ID - Personnel**\$2.1 million**

The Budget provides \$2.1 million and 32.0 new FTE positions to support the implementation of federal Real ID.

Real ID is a minimum security standard for the issuance of driver's licenses and state-issued identification cards that has been mandated by Congress and is regulated by the U.S. Department of Homeland Security (DHS). Congress enacted the Real ID Act in 2005 and prohibits Federal agencies from accepting, for official purposes, licenses or ID cards from states that do not meet these standards. Rhode Island is currently among the 25 states that have a waiver from complying with the law. This waiver is set to end in October, 2020.

The DMV plans to begin issuing Real ID driver's licenses and identification cards beginning in December 2018. Having a Real ID is not mandatory, it is only needed if interacting with federal agencies, and even then there are others forms of ID, such as passports, that are accepted. Because of this, the Registry estimates that just over half of current license/ID holders will need a Real ID. Real ID's will be issued as part of a standard driver's license renewal (\$61.50 renewal fee) or may be obtained sooner by purchasing a duplicate license (\$25.00 duplicate fee).

The DMV projects approximately 500 additional customers per day from December 2018 to October 2020. In addition to the increased volume, processing Real IDs involves more work. To address the new workload, the DMV is adding 32.0 FTEs to the staff including clerks, customer service representatives, information aides, and licensing aides.

Real ID - Operating Expenses

\$728,828

The Budget provides \$728,828 in general revenue to support the operating expenses associated with the implementation of Real ID. This includes \$516,328 to fund driver's license imaging. This covers the physical cards on which driver's licenses and identification cards are printed, and accounts for the fact that duplicate licenses are anticipated for Real ID in FY2019. Planned advertising around Real ID is budgeted for \$122,500, and \$90,000 is slated for additional IT hardware and computers to support implementation.

Statewide COLA

\$395,429

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$395,429 in the DMV.

License Plate Reissuance

Informational

Article 8 delays the license plate reissuance from January 1, 2019 to January 1, 2020. The Governor cites the implementation of Real ID as the reason for the delay.

Under RIGL 31-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every 10 years. The law was enacted in and in 2009 the General Assembly required a full reissuance in 2011. This requirement has been delayed five times previously: in the FY2012 Budget as Enacted, the General Assembly changed the first full reissuance requirement from 2011 to 2013; the FY2014 Budget as Enacted delayed the reissuance until September 1, 2015; the FY2016 Budget as Enacted delayed the reissuance to July 1, 2016; the FY2017 Budget as Enacted delayed the reissuance to April 1, 2017; and the FY2018 Budget as Enacted delayed it until January 1, 2019.

Session	Date	Reissuance Delays		Reason
		Delay Date		
2011	9/2011	9/2013		\$3.3 million savings initiative
2013	9/2013	9/2015		Budget reduction target initiative
2015	9/2015	7/2016		Need to align plate design w/ state tourism campaign
2016	7/2016	4/2017		RIMs - Staff would have to be taken away from implementation
2017	4/2017	1/2019		Launch of RIMs System/Reprogramming legacy IT system
Article 8	1/2019	1/2020		Real ID - Staff would have to be taken away from implementation

STATE AID

The budget for the Department of Revenue funds a number of State Aid payments. State aid is administered by staff in the Division of Municipal Finance.

(Additional information on the aid programs can be found in the Municipal Aid section of this report.)

State Aid	General Revenue
FY2017 Enacted	\$94,527,292
<i>Target and Other Adjustments</i>	
Motor Vehicle Excise Tax	18,748,948
PILOT	883,898
Property Revaluation Program	693,306
Distressed Communities Aid	Informational
FY2019 Enacted	\$114,853,444

Motor Vehicle Excise Tax**\$18.7 million**

The Budget includes \$54.7 million for the Motor Vehicle Excise Tax and Phase Out program for FY2019. This includes the \$36.0 million enacted base funding and \$18.7 million for the next year of the phase out.

Article 11 of the FY2018 Budget as Enacted decreased the motor vehicle excise tax each year from FY2018 through FY2023, fully eliminating the tax in FY2024. The tax is reduced over this seven-year period by decreasing tax rate caps and assessment ratios, while raising exemption floors and exempting vehicles that are more than 15 years old. Additionally, to ensure taxpayer relief, the bill removes the motor vehicle excise tax from the levy calculation related to the 4.0 percent cap on municipal property tax levy increases.

The sales tax escalator calculation in place since the original 1998 motor vehicle excise tax phase-out attempt was also changed. The previous calculation rounded the sales tax changes so that negative impacts to cities and towns would be minimized.

In FY2019, municipalities will lose an estimated \$54.7 million in forgone motor vehicle excise taxes; therefore, the Budget is increased by \$54.7 million in general revenue to reimburse municipalities for the lost tax revenue. By FY2024, the estimated cost of eliminating the motor vehicle tax is \$220.6 million in general revenue.

PILOT**\$883,898**

The Payment in Lieu of Taxes (PILOT) program increases by \$883,898, for a total appropriation of \$46.1 million in FY2019. The PILOT program assists municipalities by offsetting lost revenue on tax-exempt property. The State reimburses local communities 27.0 percent of the value of taxes that otherwise would have been collected. The Budget represents the full reimbursement rate of 27.0 percent.

Property Revaluation Program**\$693,306**

The Budget includes \$1.6 million for the Property Revaluation program in FY2019, an increase of \$693,306 from the FY2018 enacted level, based on anticipated reimbursements, which are required by law. The following communities will be reimbursed for statistical updates in FY2019: Burrillville, Central Falls, East Providence, Jamestown, Johnston, Lincoln, New Shoreham, North Kingstown, North Smithfield, Smithfield, South Kingstown, Warren, Warwick, and West Warwick. Full revaluations are scheduled for Westerly, Little Compton, Providence, and Scituate.

Distressed Communities Aid**Informational**

The Distressed Community Relief program is level-funded in FY2019 as compared to FY2018 Budget as Enacted. Total aid from this program goes to cities and towns that have relatively high property taxes as compared to their citizens' ability to pay. Funding for the program in FY2018 will be \$12.4 million.

**Distressed Community Relief Fund Distribution
FY2018**

Municipality	Enacted	FY2019 Budget	Change
Central Falls	\$225,398	\$225,398	\$0.0
Cranston	1,341,001	1,341,001	-
Johnston	601,333	601,333	-
North Providence	1,030,137	1,030,137	-
Pawtucket	1,539,903	1,539,903	-
Providence	5,797,634	5,797,634	-
West Warwick	924,370	924,370	-
Woonsocket	924,681	924,681	-
Total	\$12,384,458	\$12,384,458	\$0.0

DIVISION OF TAXATION

The Division of Taxation assesses, collects, and enforces the State's tax laws. It is responsible for promulgating rules and regulations; preparing taxpayer forms and instructions; registering and recording taxpayer accounts; assessing and collecting taxes due; and enforcing non-compliance through collections, audits, and liens.

Taxation	General Revenue
FY2018 Enacted	\$22,775,987
<i>Target and Other Adjustments</i>	756,025
Reorganization - Personnel	2,229,878
Reorganization - Operations and Contracted Services	1,248,421
Statewide COLA	513,416
Modernization/Reorganization	Informational
FY2019 Enacted	\$27,523,727

Reorganization – Personnel

\$2.2 million

The Budget provides \$2.2 million to support the new staffing structure associated with the planned reorganization, including \$2.1 million for salaries and benefits for 22.0 new FTE positions and \$178,023 to upgrade existing positions. The Budget includes 22.0 new FTE positions across the various sections within Taxation. The new positions include: 7.0 Revenue Officers, 6.0 Revenue Agents, 4.0 Data Analysts, 3.0 Taxpayer Service Specialists, 1.0 Data Entry Operator, 1.0 Interdepartmental Project Manager, 1.0 Revenue Agent II, 1.0 Supervising Revenue Officer I, and 1.0 Data Analyst II. The funding to upgrade existing positions will help stabilize the high turnover among Revenue Agents, identified by the Division and the OMB study as a threat to revenue collection.

Reorganization – Operations and Contracted Services

\$1.2 million

The Budget includes \$1.2 million for the expanded operations and contracted services planned as part of the reorganization. Contracted services increase by \$916,421 to meet the expanded scope of the reorganization, including the ongoing responsibilities of Revenue Solutions, Inc. (RSI), the vendor supporting the STAARS platform who retains a presence on-site at Taxation. The capacity of the Division's audit and data analytics is augmented by an additional \$200,000, and \$132,000 is budgeted for additional computers and equipment for the new staff (\$6,000 per FTE for laptops, workstations, and chairs).

Statewide COLA

\$513,416

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living

adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$513,416 in Taxation.

Modernization/Reorganization

Informational

Since 2013, Taxation has been involved in a multi-phased effort to modernize its operations and make the collection of tax revenue more efficient and accurate. The effort began with implementation of the State Tax Administration and Revenue System (STAARS). The goal of this project has been to acquire and implement a modern tax information technology system that centralizes all taxpayer information into one computer database. The system went live in March 2017, integrating the State's 58 tax categories that previously were siloed on their own mainframes and legacy databases.

The advent of this integrated system has enabled Taxation to pursue alternative ways to organize around staffing, auditing and discovery, and customer interaction to provide a more reliable, efficient and responsive operation. The STAARS platform, for example, has largely replaced manual data entry with scanning/data capture technology. Taxation has been developing a phased-in, strategic reorganization of its business model and staffing structure. The first phase, currently underway, combines audit/investigations, operations, and collections/compliance under one Chief of Examinations that reports directly to the Tax Administrator. The audit and investigations section will include a new analytical capacity that will review processes, data, and policy in order to identify and test revenue enhancement opportunities. Tax assessment responsibilities, historically done by units specializing in a specific tax category, will be centralized and cross-trained across categories, supporting efficiency and responsiveness.

The reorganization is supported by findings from an Office of Management and Budget study conducted in February 2018. The study recommends that analytics, legal, audit, and collections cooperate for improved collections; that retention be improved through better job description and requirements; and that auditing be more targeted.

CAPITAL PROJECTS

- **STAARS:** The Budget includes a total of \$569,022 in capital expenditures from certificates of participation to pay for the completion of the new integrated tax system STAARS. The project integrates the State's 58 tax categories into one computer database. The final roll out took place in December of 2017.
- **Lottery Building Roof:** The Department requested \$106,000 to repair the Lottery's roof. The 17 year old roof was patched 5 times in between FY2017 and FY2018 and continues to have major leaks. According to DOR, leaks are jeopardizing centralized computer systems and the warehouse lottery ticket inventory. The Budget does not include planned RICAP funding for this project.

Legislature

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Auditor General	\$4.6	\$5.7	\$5.5	(\$0.2)	-4.0%	\$5.8	\$0.1	1.6%
Fiscal Advisory Staff	1.5	1.8	1.9	0.0	0.6%	1.9	0.1	4.2%
General Assembly	5.6	6.1	8.1	2.0	33.5%	7	0.7	11.2%
Joint Comm. on Legislative Services	22.7	23.1	26.7	3.6	15.6%	25.5	2.4	10.4%
Legislative Council	4.0	5.4	5.1	(0.3)	-6.2%	5.3	(0.1)	-1.8%
Special Legislative Commissions	0.0	0.0	0.0	-	-	0.0	-	-
Total	\$38.3	\$42.3	\$47.3	\$5.1	12.0%	\$45.4	\$3.2	7.5%
Expenditures By Source								
General Revenue	\$36.9	\$40.5	\$45.7	\$5.2	12.7%	\$43.7	\$3.2	7.8%
Federal Funds	-	-	-	-	-	-	-	-
Restricted Receipts	1.4	1.7	1.6	(0.1)	-4.9%	1.7	(0.0)	-0.5%
Other Funds	-	-	-	-	-	-	-	-
Total	\$38.3	\$42.3	\$47.3	\$5.1	12.0%	\$45.4	\$3.2	7.5%
Authorized FTE Levels	298.5	298.5	298.5	-	-	298.5	-	-

\$ in millions. Totals may vary due to rounding.

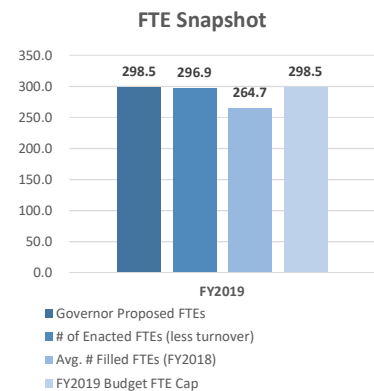
The Rhode Island General Assembly enacts laws, develops state policy, and evaluates programs through the appropriation process. The General Assembly has six programs that assist it in executing its constitutional role.

- The General Assembly consists of two chambers, with the Senate composed of 38 members and the House of Representatives with 75 members. The General Assembly meets annually.
- The House Fiscal Advisory Staff provides fiscal research support to the House membership and the House Finance Committee.
- The Legislative Council develops legislation and researches various issues for Senate and House members.
- The Joint Committee on Legislative Services is the administrative arm of the General Assembly.
- The Office of the Auditor General conducts financial reviews and evaluations of state programs and completes annual post-audits for the State.
- Special Legislative Commissions include study commissions and task forces established by the General Assembly to analyze various public policy issues.

MAJOR ISSUES AND TRENDS

The Budget includes \$45.4 million for the Legislature in FY2019, including \$43.7 million in general revenue. Restricted receipts total \$1.7 million and are dedicated to fund, in part, the Auditor General's office. These funds are derived from a 0.5 percent audit fee that is assessed on all federal grants in state departments for each major federal program and are used to finance personnel costs associated with the Auditor General's Single Audit Report publication.

The Budget increases the general revenue appropriation for FY2018 by \$4.9 million. This includes a FY2017 reappropriation of \$7.1 million, less other reductions. It also includes a \$777,289 cost-of-living adjustment (COLA) as result of the tentative bargaining agreement reached by the Department of Administration and state employee unions.



Lieutenant Governor

Expenditures By Program	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
Lieutenant Governor	\$1.1	\$1.1	\$1.1	(\$0.0)	-2.7%	\$1.1	0.03	2.4%
Expenditures By Source								
General Revenue	\$1.1	\$1.1	\$1.1	(\$0.0)	-2.7%	\$1.1	0.03	2.4%
Authorized FTE Levels	8.0	8.0	8.0	-	-	8.0	-	-

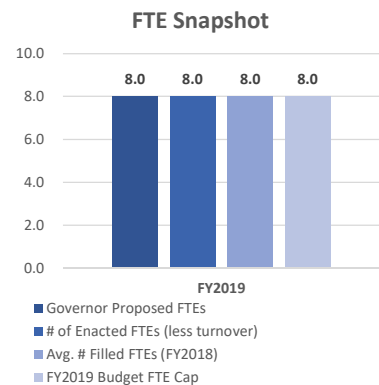
\$ in millions. Totals may vary due to rounding.

The Office of the Lieutenant Governor is one of the five general offices subject to voter election under the Constitution of Rhode Island. The Lieutenant Governor fulfills the executive responsibilities of the Governor upon his/her death, resignation, impeachment or inability to serve. The Lieutenant Governor also chairs and serves on various commissions and advisory boards, and the Office initiates legislation and assumes advocacy and leadership roles in a number of policy areas.

MAJOR ISSUES AND TRENDS

The Lieutenant Governor's budget is entirely financed with \$1.1 million in general revenue for FY2019, a 2.7 percent decrease from the FY2018 enacted level. The Lieutenant Governor serves on the Rhode Island Emergency Management Advisory Council (Chair); the Small Business Advocacy Council (Chair); and the Long-Term Care Coordinating Council (Chair).

The Office's FY2019 Budget is comprised almost entirely of personnel costs. The Budget includes 8.0 FTE positions for FY2018 and FY2019, consistent with the enacted budget.



Lieutenant Governor	General Revenue
FY2018 Enacted	\$1,084,217
<i>Target and Other Adjustments</i>	
Personnel	(65,199)
Staffing	50,000
Statewide COLA	24,626
Centralized Service Charges	20,953
FY2019 Enacted	\$1,114,597

Personnel **(\$65,199)**

The Budget includes a net general revenue decrease of \$65,199 for personnel expenses, including a decrease of \$50,926 for salaries, longevity, and payroll accrual.

Staffing **\$50,000**

The Budget includes \$50,000 in general revenue for personnel expenses. The Office of the Lieutenant Governor when preparing the budget, erred in the calculation of personnel expenses caused in part by the use of a new budgeting system. The error went unnoticed in the Governor's recommended budget leaving the agency with a deficit of \$50,000.

Statewide COLA**\$24,626**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$24,626 within the Office of the Lieutenant Governor.

Centralized Service Charges**\$20,953**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$20,953
Capital Asset and Management	-
Human Resources	-
Total	\$20,953

Office of the Secretary of State

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Administration	\$3.2	\$3.4	\$3.4	0.01	0.3%	\$3.3	(0.1)	-1.8%
Corporations	2.1	2.2	2.2	0.03	1.4%	2.3	0.1	5.0%
State Archives	0.5	0.5	0.6	0.1	23.0%	0.5	0.0	1.4%
Elections and Civics	3.1	1.9	2.0	0.1	5.3%	4.9	3.0	156.6%
State Library	0.6	0.7	0.6	(0.1)	-15.7%	0.6	(0.1)	-11.0%
Office of Public Information	0.4	0.6	0.6	(0.0)	-5.3%	0.6	0.0	7.8%
Total	\$9.9	\$9.3	\$9.4	\$0.1	1.2%	\$12.3	\$3.0	32.2%

Expenditures By Source								
General Revenue	\$9.5	\$8.9	\$8.9	(\$0.1)	-0.7%	\$9.9	\$1.0	10.8%
Federal Funds	-	-	0.0	0.0	-	2.0	2.0	#DIV/0!
Restricted Receipts	0.4	0.4	0.4	0.0	7.5%	0.4	-	-
Operating Transfers from Other Funds	0.0	-	0.1	0.1	-	-	-	-
Grand Total	\$9.9	\$9.3	\$9.4	\$0.1	1.2%	\$12.3	\$3.0	32.2%

Authorized FTE Levels	59.0	59.0	59.0	-	-	59.0	-	-
-----------------------	------	------	------	---	---	------	---	---

\$ in millions. Totals may vary due to rounding.

The Secretary of State is one of five general officers subject to voter election under the Constitution of Rhode Island. The Office of the Secretary of State prepares for state and local elections, manages the State's records, and provides public information about state government. The Office's budget consists of six divisions including Administration, Corporations, State Archives, State Library, Elections and Civics, the Office of Public Information and one internal service funded section (Record Center).

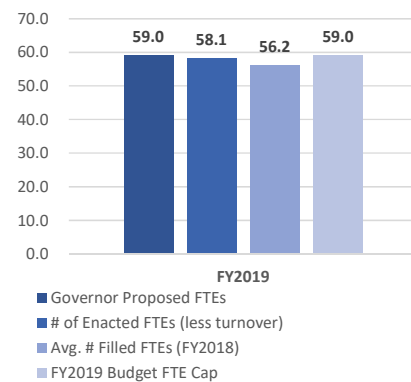
MAJOR ISSUES AND TRENDS

The Budget includes 59.0 FTE positions in FY2018 and in FY2019, consistent with the enacted level. General revenue increases \$943,061 for election expenses as compared to the FY2018 Budget as Enacted, because FY2019 is an "on-year" in the general election cycle. These expenses increase in odd-numbered fiscal years when there is a statewide general election.

ADMINISTRATION

The Administration program provides operational support for the Office, including personnel management; fiscal management and budget preparation; information technology support; constituent affairs response; communications and media relations; and policy development and legislative affairs.

FTE Snapshot



Administration	General Revenue
FY2018 Enacted	\$3,382,625
<i>Target and Other Adjustments</i>	165,548
Contracted Services	(138,218)
Turnover	(102,000)
Operating Expenses	(77,726)
Statewide COLA	74,591
Centralized Service Charges	21,354
FY2019 Enacted	\$3,326,174

Contracted Services**(\$138,218)**

The Budget includes a net reduction of \$138,218 in general revenue for contracted services, reflecting a decrease of \$150,533 for IT Design consultants partially offset by an increase of \$12,315 for contracted professional services. The redesign of several applications currently in use, including: the Lobby Tracker, a searchable database of registered lobbyists and firms in Rhode Island; the Open Meetings site, which houses agendas, meeting minutes, and calendars for State and local public meetings; and, the Boards and Commissions database, which provides information on public board member appointments, are scheduled to be complete in FY2018.

Turnover**(\$102,000)**

The Budget decreases general revenue by \$102,000 based on personnel savings experienced in FY2018. The Office of the Secretary of State averaged 2.7 vacancies over FY2018 and the Governor fully funded all authorized positions in FY2019. The reduction is equivalent to 0.9 FTE position.

Operating Expenses**(\$77,726)**

The Budget includes \$446,332 in general revenue for operating expenses reflecting a net decrease of \$77,726 from the FY2018 Budget as Enacted. The decrease for internet services and for the maintenance and repairs of computer equipment reflects lower costs than originally anticipated by the Agency on the use of Amazon web services cloud storage required to meet the Secretary of State's eGovernment initiatives. Offsetting the decreases is an increase of \$73,647 for computer supplies, and a net increase of \$42,616 in all other operating adjustments.

Operating Expenses	FY2018 Enacted	FY2019 Enacted	Change
Internet Services	\$213,978	\$90,853	(\$123,125)
Computer Supplies/Software and Equipment	16,908	90,555	73,647
Maintenance/Repairs: Computer Equipment	122,770	51,906	(70,864)
All Other Operating Expenses	170,402	213,018	42,616
Total	\$524,058	\$446,332	(\$77,726)

Statewide COLA**\$74,591**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$74,591 within the Administration program.

Centralized Service Charges**\$21,354**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$21,354
Capital Asset and Management	-
Human Resources	-
Total	\$21,354

CORPORATIONS

The Corporations Division is the official State repository for business and commercial records, and maintains a searchable database that includes articles of incorporation and entity annual reports. The Division also houses the First Stop Information Center, a referral service for existing and potential small business owners; the Uniform Commercial Code Unit for tangible property lien tracking; and a Notary and Trademark application program. The Division also manages an online master permit application system (Quick Start) for small business start-ups.

Corporations	General Revenue
FY2018 Enacted	\$2,224,127
<i>Target and Other Adjustments</i>	<i>19,207</i>
Statewide COLA	43,558
Operating Adjustments	40,134
Personnel	23,002
Contract Services	(19,060)
Interns	(12,000)
FY2019 Enacted	\$2,318,968

Statewide COLA**\$43,558**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$43,558 within the Corporations program.

Operating Adjustments**\$40,134**

The Budget adds \$40,134 in general revenue that includes \$12,000 for upgrades to the Business Assistance Wizard that provides an interactive business start-up portal, \$12,000 in operating expenses towards the business records scanning project, \$5,000 for additional postage, and \$11,134 in other operating adjustments.

Personnel**\$23,002**

The Budget adds \$23,002 in general revenue reflecting \$12,000 for seasonal staff and \$11,002 for the Laborers' International Union of North America (LIUNA) retirement costs that was inadvertently not included in the agency's budget.

Contract Services**(\$19,060)**

The Budget includes \$30,940 in general revenue to continue funding a contract vendor as part of the business records scanning project, to scan over 38,000 active corporation filings, containing between 2 and 1,000 pages. This reflects a reduction of \$19,060 from the FY2018 Budget as Enacted. The Secretary estimates that 38,000 records will be scanned by the end of FY2019. The Office is required by law to house all records for business corporations. This project would enable all files to be viewable online.

Interns**(\$12,000)**

The Budget decreases general revenue by \$12,000 to correct overstated expenses related to seasonal staff/interns. The agency and the Governor's recommendation double counted expenditures.

STATE ARCHIVES

The State Archives Division is the official repository for preserving and maintaining the permanent records of State government. The Division sets regulations for state document retention, and assists state agencies with records management. Since 1992, the Division has also operated the Local Government

Records Program, which is now largely funded with the Historical Records Trust restricted receipt account.

State Archives	General Revenue
FY2018 Enacted	\$87,150
<i>Target and Other Adjustments</i>	<i>4,427</i>
FY2019 Enacted	\$91,577

State Archives	Other Fund Changes
Historical Records Trust	<i>Informational</i>

Historical Records Trust **Informational**

The Budget uses the Historical Records Trust (restricted receipts) to fund certain personnel and operating costs in the State Archives program. The Historical Records Trust account is funded by collecting a \$4 fee per instrument for recording (for example, contracts for sale of land or letters of attorney) from municipalities to assist local governments with preservation of public records in their custody or care. Revenue generated from the Trust helps to fund operating costs in the State Archives program.

	FY2015	FY2016	FY2017	FY2018	FY2019
Collections	\$466,886	\$379,423	\$415,273	\$426,512	\$438,290
Expenditures	470,308	378,549	409,008	414,478	415,658

Source: Office of the Secretary of State

Collections for FY2018 and FY2019 are agency estimates.

ELECTIONS AND CIVICS

The Elections Division promotes voter registration and turnout; maintains the State's central voter registration system; publishes guides and handbooks; explains how to run for office and how to register and vote; and provides descriptions of state referenda questions. The Division is charged with developing, printing, and distributing ballots, including candidate certification. Increases in operating supplies and expenses, primarily printing, postage and postal services, are expected during a general election year.

Elections and Civics	General Revenue
FY2018 Enacted	\$1,906,470
<i>Target and Other Adjustments</i>	<i>116,948</i>
Election Costs	858,000
Statewide COLA	11,629
FY2019 Enacted	\$2,893,047

Election Costs **\$858,000**

The Budget includes \$925,000 in general revenue for election expenses, an increase of \$858,000 as compared to the FY2018 Budget as Enacted, because FY2019 is an "on-year" in the general election cycle. The largest operating expenses are for printing, mailing of ballots and referenda materials, and advertising. These expenses increase in odd-numbered fiscal years when there is a statewide general election.

Election Costs	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 Enacted	FY2018 Revised	FY2019 Enacted
Ballot Printing	\$647,415	\$35,309	\$732,458	\$141,747	\$619,323	\$18,000	\$18,000	\$720,000
Election/Referenda Mailing	60,955	3,004	25,222	34,082	87,513	39,000	42,000	39,000
Referenda Printing/Legal	77,077	-	116,350	-	78,849	-	-	83,000
Legal/Advertising	20,456	-	88,099	42,928	79,059	10,000	33,000	83,000
Total	\$805,903	\$38,313	\$962,129	\$218,757	\$864,744	\$67,000	\$93,000	\$925,000

Statewide COLA**\$11,629**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$11,629 within the Election and Civics program.

STATE LIBRARY

The State Library provides reference and research services about law, legislation, rules and regulations, government reports, and state history. The Library is an official Federal Government Publications Depository and State Publications Clearinghouse.

State Library	General Revenue
FY2018 Enacted	\$723,385
<i>Target and Other Adjustments</i>	<i>2,375</i>
Personnel	(112,524)
Statewide COLA	10,675
FY2019 Enacted	\$623,911

Personnel**(\$112,524)**

The Budget reduces personnel \$112,431 in general revenue reflecting a switch in funding source and program for 2.0 FTE positions. Last fiscal year, the Agency budget for State Library program included personnel costs for the Director and an Administrative Assistant. In FY2019 these two positions will be funded using restricted receipts and internal service funds under the State Archives program (40.0 percent Historical Records Trust and 60.0 percent Record Center.

Statewide COLA**\$10,675**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$10,675 within the State Library program.

OFFICE OF PUBLIC INFORMATION

The Office of Public Information is designed to make government more open and accessible. State law requires many documents to be filed with the Office, including lobbying disclosures, public meeting notices and minutes, disclosure of state government consultants, and appointments to boards and commissions.

Office of Public Information	General Revenue
FY2018 Enacted	\$587,562
<i>Target and Other Adjustments</i>	<i>6,318</i>
Rhode Island Government Owner's Manual	16,000
Statewide COLA	12,177
FY2019 Enacted	\$622,057

Rhode Island Government Owner's Manual**\$16,000**

The Office increases expenses for printing services by \$16,000 in general revenue for the printing of the Rhode Island Government Owner's Manual in FY2019. The 300-page directory is published every two years to reflect the results of the November election. It includes contact information for hundreds of

officials, including Congressional delegates, general officers, members of the General Assembly, as well as city and town councils. The FY2017 Budget as Enacted included the funding for the printing requirement for the 2016 election.

Statewide COLA**\$12,177**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$12,177 within the Office of Public Information.

RECORDS CENTER

The Records Center is an internal service program funded with internal service funds: no general revenues fund program activities. Inactive records of state agencies are stored at the State Records Center, administered by the Public Records Administration. Inactive records are records that departments and agencies no longer require immediate access to, but that are not yet eligible for disposal because of administrative, fiscal or legal requirements. Access to these records is provided only through the expressed permission of the originating state agency.

CAPITAL PROJECTS

The Office of the Secretary of State recommends establishing a permanent facility for the Rhode Island State Archives. Millions of historically significant documents, images, and past records dating back to 1638 are currently housed in leased office space in downtown Providence that is susceptible to severe flooding. The FY2018 Revised Budget includes Rhode Island Capital Plan (RICAP) funding of \$107,546 for a feasibility study to identify and recommend options for a permanent facility. The study provided information (type of structure to be built, location, and costs). The Budget does not include further funding for this project.

Office of the General Treasurer

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Treasurer	\$3.4	\$3.3	\$3.6	\$0.3	8.2%	\$3.6	\$0.3	10.3%
Employees' Retirement System	10.1	11.0	11.3	0.3	2.7%	11.4	0.4	3.2%
Unclaimed Property	26.3	26.3	27.3	1.0	3.9%	26.0	(0.3)	-1.0%
Crime Victim Compensation Program	2.2	2.2	2.0	(0.2)	(0.1)	2.1	(0.1)	-5.3%
Total	\$42.0	\$42.8	\$44.2	\$1.4	3.2%	\$43.1	\$0.3	0.8%

Expenditures By Source								
General Revenue	\$2.7	\$2.7	\$2.9	\$0.2	7.1%	\$3.0	\$0.3	10.1%
Federal Funds	1.0	1.1	1.0	(0.06)	(0.06)	1.1	(0.0)	(0)
Restricted Receipts	37.6	38.4	39.6	1.2	3.0%	38.4	(0.0)	-0.1%
Other Funds	0.7	0.6	0.6	0.1	0.2	0.7	0.1	18.9%
Grand Total	\$42.0	\$42.8	\$44.2	\$1.4	3.2%	\$43.1	\$0.3	0.8%

Authorized FTE Levels	87.0	89.0	89.0	-	-	89.0	-	-
-----------------------	------	------	------	---	---	------	---	---

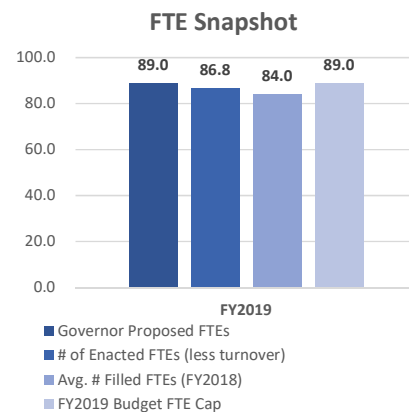
\$ in millions. Totals may vary due to rounding.

The Rhode Island Constitution establishes the Office of the General Treasurer, one of five general offices subject to voter election. The General Treasurer is charged with the safe and prudent management of the State's finances. The Treasury budget includes Treasury operations, the Employees' Retirement System of Rhode Island, the Unclaimed Property program, and the Crime Victims Compensation program. Treasury also manages the Abraham Touro Fund and the Childhood Disease Fund. The General Treasurer's operations, excluding the State House office, are located at the state-owned building at 50 Service Road, Warwick.

MAJOR ISSUES AND TRENDS

The Budget includes \$44.2 million in FY2018, of which \$2.9 million (6.5 percent) is general revenue. This reflects an all fund increase of \$1.4 million from the FY2018 Budget as Enacted. The increase includes \$1.2 million in restricted receipts, \$196,705 in general revenue, \$93,108 in other funds offset by a decrease of \$56,326 in federal funds.

The Budget for FY2019 includes \$43.1 million, of which \$3.0 million (6.9 percent) is general revenue. This reflects an all funds increase of \$358,130 from the FY2018 Budget as Enacted. The increase includes \$275,084 in general revenue and \$104,442 in other funds. Offsetting this are decreases of \$15,463 in federal funds and \$5,933 in restricted receipts. The Budget provides 89.0 FTE positions in FY2018 and in FY2019, consistent with the enacted level.



GENERAL TREASURY

The General Treasury program provides administrative support to the entire agency to ensure operational efficiency and fiscal integrity.

General Treasurer	General Revenue
FY2018 Enacted	\$2,456,017
<i>Target and Other Adjustments</i>	<i>3,341</i>
Centralized Service Charges	224,184
Contract Services	77,350
Operating Adjustments	(76,545)
Statewide COLA	50,020
VRI Savings	(50,000)
FY2019 Enacted	\$2,684,367

General Treasurer	Other Fund Changes
CollegeBoundSaver Investment Earnings Transfer	Informational

Centralized Service Charges **\$224,184**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$178,255
Capital Asset and Management	45,929
Human Resources	-
Total	\$224,184

Contract Services **\$77,350**

The Budget includes \$150,000 in general revenue for contract services, reflecting an increase of \$77,350, of which the majority (\$76,000) is for a debt affordability study and for the creation of a debt portal for municipalities. This includes increases of \$36,000 for management consultants, \$25,000 for financial services, and \$15,000 for legal services. In addition, the budget includes an increase of \$1,350 for capital police security services.

Contract Services	FY2018	FY2018	Change	FY2019	Change
	Enacted	Governor		Enacted	
Actuary	\$3,000	\$3,000	\$0	\$3,000	\$0
Financial Services	2,500	12,500	10,000	2,500	-
Financial Svcs: Other	45,000	45,000	-	70,000	25,000
Legal Services	19,500	37,260	17,760	34,500	15,000
Management Consultants	-	-	-	36,000	36,000
Security Services	2,150	2,150	-	3,500	1,350
Temporary Services	500	500	-	500	-
Total	\$72,650	\$100,410	\$27,760	\$150,000	\$77,350

Operating Adjustments **(\$76,545)**

The Budget includes \$416,409 in general revenue for operating expenses, a reduction of \$76,545 from the FY2018 Budget as Enacted. This includes a reduction of \$75,000 in bank analysis charges reflecting the State's improved cash position and enhanced cash management. In addition, there is a \$23,500 reduction

in projected computer supplies, software, and equipment, an increase of \$23,400 in outside printing costs, and a decrease of \$1,445 in all other operating adjustments.

Operating Expenses	FY2018 Enacted	FY2018 Governor	Change	FY2019 Enacted	Change
Fees: Bank Analysis Charges	\$245,000	\$200,000	(\$45,000)	\$170,000	(\$75,000)
Computer Supplies/Software and Equipment	50,800	13,460	(37,340)	27,300	(23,500)
Printing - Outside Vendors	16,500	33,830	17,330	39,900	23,400
All Other Operating Expenses	180,654	171,708	(8,946)	179,209	(1,445)
Total	\$492,954	\$418,998	(\$73,956)	\$416,409	(\$76,545)

Statewide COLA

\$50,020

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$56,144 within the Office of the General Treasurer.

VRI Savings

(\$50,000)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the agency is \$50,000. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

CollegeBoundSaver Investment Earnings Transfer (other funds)

Informational

This Budget reflects the transfer of student-based fee revenue from Acensus, the plan administrator of the State's 529 Plan known as the CollegeBoundSaver program, to the Division of Higher Education Assistance (DHEA).

In 2016, State administration of the CollegeBoundSaver program was transferred to Treasury upon the abolishment of the Higher Education Assistance Authority (HEAA). In the first year, Treasury transferred the investment earnings to DHEA as a "contra-revenue", i.e. a subtraction from the revenue receipt account from Ascensus. The State Auditor General issued a finding that standards under the Governmental Accounting Standards Board (GASB) requires the transfer to be matched by an equal expenditure. Since the FY2018 Budget as Enacted, there is an operating transfer account under Treasury, where, the transfer shows on the State budget.

EMPLOYEES' RETIREMENT SYSTEM

The Employees' Retirement System of Rhode Island (ERSRI) administers retirement, disability, survivor, and death benefits to eligible state employees and public school teachers. Participating municipal employees are covered under the Municipal Employees' Retirement System (MERS). ERSRI also administers the judicial and state police retirement plans, and the Teachers' Survivor Benefit program for teachers who are not covered under Social Security. Personnel and operating expenses of ERSRI are

funded through a restricted receipt account pursuant to RIGL 36-8-10.1 for administrative and operating expenses of the retirement system.

Employees' Retirement System	Other Fund Changes
FY2018 Enacted	\$10,968,526
<i>Target and Other Adjustments</i>	
Personnel	(4,000)
Operating Expenses	281,364
Contract Services	160,425
Centralized Service Charges	(154,308)
FY2019 Enacted	107,213
	\$11,359,220

Personnel (restricted receipts) \$281,364

The Budget increases personnel expenses by \$281,364 within the State Retirement System. The increase reflects full funding of 44.0 FTE positions and reflect statewide benefit and medical adjustments.

Operating Expenses (restricted receipts) \$160,425

The Budget includes \$828,525 for operating expenses in FY2019, an increase of \$160,425 from the FY2018 Budget as Enacted, reflecting increased projected costs for miscellaneous expenses, record center overhead charges, office equipment, and computer equipment.

Operating Expenses	FY2018 Enacted	FY2018 Revised	Change	FY2019 Enacted	Change
Miscellaneous Expenses	\$8,500	\$8,500	-	\$103,000	\$94,500
Records Center: Overhead	18,000	18,000	-	40,000	22,000
Maintenance/Repairs: Office Equipment	27,500	27,500	-	47,500	20,000
Computer Supplies/Software and Equipment	14,000	14,000	-	32,000	18,000
All Other Operating Changes	600,100	600,100	-	606,025	5,925
Total	\$668,100	\$668,100	-	\$828,525	\$160,425

Contract Services (restricted receipts) (\$154,308)

The Budget includes \$3.9 million in restricted receipt expenditures for various contracted professional services, of which the largest expenditure is \$2.5 million for IT systems support for the new Ariel computer system. The Office of the General Treasurer replaced the State Retirement System's 10-year-old Anchor (HP) computer system with a new Ariel computer system developed by Morneau Shepell, Ltd. All costs associated in implementing the new computer system are drawn from the Retirement Trust Fund.

The FY2018 Budget as Enacted included \$850,000 for information technology consultant services for planned enhancements to the new Ariel computer system developed by Morneau Shepell, Ltd. The project involved data conversion from the old system that could not occur until the new system became operational. Also included was an enhanced web portal to assist retirement system members to better manage their accounts by allowing members to view their defined benefit plan, the defined contribution plan, and other retirement plans on one web portal.

IT General Services decreases \$850,000 reflecting the completion of data conversion from the old system to the new system. Other contracted service adjustments include an increase of \$620,692 for IT System Support for the Ariel computer system, an additional \$100,000 to support a temporary data technician conducting death audits, offset by a projected decrease of \$30,000 for continuing office improvements at the General Treasurer's space at 50 Service Avenue in Warwick. The adjustments result in a \$154,308 decrease from the FY2018 Budget as Enacted, reflecting lower than anticipated costs for these services.

Contract Services	FY2018	FY2018	Change	FY2019	Change
	Enacted	Revised		Enacted	
IT General Services	\$850,000	\$850,000	-	\$0	(\$850,000)
IT System Support	1,903,200	1,903,200	-	2,523,892	620,692
Other Professional Services	50,000	50,000	-	150,000	100,000
Other Building and Grounds	150,000	150,000	-	120,000	(30,000)
All Other Contract Services	1,119,700	1,119,700	-	1,124,700	5,000
Total	\$4,072,900	\$4,072,900	-	\$3,918,592	(\$154,308)

Centralized Service Charges (restricted receipts)**\$107,213**

The Budget increases restricted receipt expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$2,221
Capital Asset and Management	104,992
Human Resources	-
Total	\$107,213

UNCLAIMED PROPERTY

The Unclaimed Property program is responsible for collecting abandoned property and acts as custodian for both tangible and intangible property. The mission of the program is to return the abandoned property to its rightful owners.

Unclaimed Property	Other Fund Changes
FY2018 Enacted	\$26,324,334
<i>Target and Other Adjustments</i>	<i>(26,664)</i>
Revenue Collections and Expenditures	(294,755)
Centralized Service Charges	27,180
FY2019 Enacted	\$26,030,095

Revenue Collections and Expenditures (restricted receipts)**(\$294,755)**

Based on Treasury's May 2018 Revenue Estimating Conference testimony, the Budget adjusts the projected revenue collections and expenditures to the Unclaimed Property Program impacting claim payments, change in liability, and the surplus transfer to the General Fund. Based on Treasury's projections, the transfer to the General Fund decreases \$294,755, there is an increase of \$1.0 million in the projected claim payouts, and the change in liability (the amount required by general accounting rules that the fund must carry forward to the next fiscal year for claim payouts) decreases \$94,755, and decreased the surplus transfer to the general fund by \$1.2 million, resulting in a net decrease of \$294,755. [\$1,000,000 + (\$94,755) + (\$1,200,000) = (\$737,020)].

Centralized Service Charges (restricted receipts)**\$27,180**

The Budget increases restricted receipt expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in

each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$0
Capital Asset and Management	27,180
Human Resources	-
Total	\$27,180

CRIME VICTIM COMPENSATION PROGRAM

The Crime Victim Compensation program compensates innocent victims of violent crimes for certain expenses that are attributable to the crime. Compensation may be used to cover funeral, medical, and counseling expenses incurred by victims or their family members. The maximum award for each criminal incident is capped at \$25,000.

Crime Victim Compensation Program	General Revenue
FY2018 Enacted	\$242,675
<i>Target and Other Adjustments</i>	<i>16,384</i>
Contracted Services	10,450
Centralized Service Charges	7,652
Statewide COLA	6,124
FY2019 Enacted	\$283,285

Contract Services **\$10,450**

The Budget increases general revenue expenditures \$10,450 for contract services. This includes an increase of \$9,950 on the annual cost of the 5-year contract for the Genoa Crime Victim Compensation Program claims processing program and \$500 for increased security costs.

Centralized Service Charges **\$7,652**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$0
Capital Asset and Management	7,652
Human Resources	-
Total	\$7,652

Statewide COLA **\$6,124**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$6,124 within the Crime Victim Compensation program.

Board of Elections

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Board of Elections	\$2.0	\$1.5	\$1.6	\$0.1	3.9%	\$5.3	\$3.7	240.9%
Expenditures By Source								
General Revenue	\$2.0	\$1.5	\$1.6	\$0.1	3.9%	\$5.3	\$3.7	240.9%
Authorized FTE Levels	12.0	12.0	12.0	-	-	13.0	1.0	8.3%

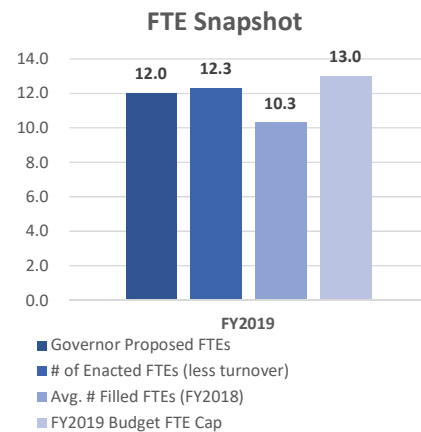
\$ in millions. Totals may vary due to rounding.

The Board of Elections supervises all elections and state and local referenda. The Board oversees voter registration and public education activities and provides all registration materials used in the State. The Board supervises and monitors the campaign finance activities of candidates, political action committees, and state vendors.

MAJOR ISSUES AND TRENDS

The Budget includes \$1.6 million in FY2018, which is \$55,875 more than appropriated in the FY2018 Budget as Enacted. The Budget adds \$24,000 in operating costs reflecting telecommunication fees associated with new voting machines, \$52,000 for legal and stenographic services, and \$126,184 for centralized service charges that were previously appropriated under the Department of Administration.

For FY2019, the Budget includes \$5.3 million for FY2019, which is \$3.7 million more than the FY2018 Budget as Enacted. The increase is largely attributable to temporary employees, voting equipment transportation, printing, and postage expenses required in a General Election year. The Budget includes 12.0 FTE positions in FY2018 and 13.0 FTE positions in FY2019.



Central Management	General Revenue
FY2018 Enacted	\$1,548,735
<i>Target and Other Adjustments</i>	
General Election Adjustments	3,637,554
Centralized Service Charges	129,228
1.0 Personnel (e-Poll)	113,433
Seasonal Staff Reduction	(100,000)
Turnover	(95,000)
Statewide COLA	42,566
Election Telecommunications	(24,000)
FY2019 Enacted	\$5,252,516

General Election Adjustments**\$3.6 million**

The Budget increases general revenue expenditures by \$3.6 million to reflect personnel, purchased services, and operating expenditures for voter operating supplies and expenses required in a General Election year. The increase includes \$2.6 million in the Campaign Matching Public Funds program, \$225,491 in additional personnel and operating costs, \$414,375 for seasonal employees who perform election work), \$52,000 for legal and stenographic services, an increase of \$145,000 to print election and voter registration-related material, and \$180,000 to transport the election equipment to and from polling stations. These expenses increase in odd-numbered fiscal years when there is a statewide general election; more so every 4th year when the constitutional offices are up for election.

Election Costs	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2018	FY2019	Change
						Enacted	Revised	Enacted	
Public Finance of Elections	\$0	\$0	\$2,620,273	\$0	\$0	\$0	\$0	\$2,620,856	\$2,620,856
Personnel/Operating	1,539,874	1,534,682	1,614,226	1,615,806	1,650,909	1,397,567	1,349,567	1,623,058	225,491
Seasonal Staff	112,945	-	190,000	-	-	-	11,000	414,375	414,375
Printing	39,257	2,512	61,000	12,245	61,622	45,000	45,000	190,000	145,000
Equipment Delivery	101,124	-	110,000	22,006	123,366	35,000	37,000	215,000	180,000
Legal/Stenographic	53,313	36,068	60,700	64,445	133,772	71,000	121,000	123,000	52,000
Total	\$1,846,513	\$1,573,262	\$4,656,199	\$1,714,502	\$1,969,669	\$1,548,567	\$1,563,567	\$5,186,289	\$3,637,722

Centralized Service Charges**\$129,228**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$54,801
Capital Asset and Management	74,427
Human Resources	-
Total	\$129,228

Personnel (1.0 FTE position)**\$113,433**

The Budget increases general revenue by \$113,433 to fund the salary and benefit costs for an additional unclassified 1.0 Project Manager position to coordinate the statewide deployment of electronic poll (e-Poll) books.

Seasonal Staff**(\$100,000)**

The Budget reduces general revenue by \$100,000 for seasonal staff expenses to coincide more with historical expense trends. The Governor included \$414,375 for this expense for FY2019, which when compared to past historical trends, show the recommendation to be excessive. The Board spent \$112,945 on seasonal staff in FY2013, \$190,000 in FY2015, and \$228,684 in FY2017.

Turnover**(\$95,000)**

The Budget decreases general revenue by \$95,000 based on anticipated personnel and operating savings.

Statewide COLA**\$42,566**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$42,566 within the Board of Elections.

Elections Telecommunications***(\$24,000)***

The Budget reduces general revenues by \$24,000 for telecommunication expenses. The Governor included \$80,000 for this expense for FY2019. The Board of Elections indicates that the amount incorrectly double counted some telecommunication expenditures. Therefore, the amount is reduced to match historical expenses during a General Election period.

Ethics Commission

Expenditures By Program	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
RI Ethics Commission	\$1.6	\$1.7	\$1.7	\$0.0	2.1%	\$1.8	0.1	8.7%
Expenditures By Source								
General Revenue	\$1.6	\$1.7	\$1.7	\$0.0	2.1%	\$1.8	0.1	8.7%
Authorized FTE Levels	12.0	12.0	12.0	-	-	12.0	-	-

\$ in millions. Totals may vary due to rounding.

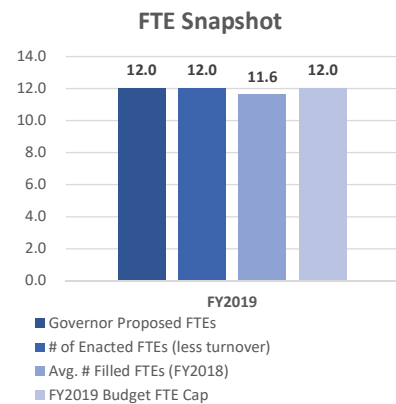
The Rhode Island Ethics Commission is responsible for adopting and disseminating the Rhode Island Code of Ethics, issuing advisory opinions to public officials and employees, enforcing financial disclosure policies and maintaining financial disclosure records, investigating and adjudicating complaints alleging violation of the Code of Ethics, and educating the general public as to the requirements of the Code of Ethics. The Commission is headed by an Executive Director/Chief Prosecutor.

MAJOR ISSUES AND TRENDS

The Budget includes Governor \$1.8 million for FY2019, providing an increase of \$146,364 (8.7 percent) over the FY2018 Budget as Enacted.

The agency's office is located at 40 Fountain Street in the City of Providence. The lease was renewed on April 30, 2011, and expires on November 30, 2021. The annual lease expense is \$102,500.

The Budget includes 12.0 FTE positions in FY2018 and FY2019, consistent with the enacted level.



RI Ethics Commission	General Revenue
FY2018 Enacted	\$1,665,873
<i>Target and Other Adjustments</i>	<i>33,931</i>
Centralized Service Charges	45,756
Statewide COLA	41,677
Legal Services	25,000
FY2019 Enacted	\$1,812,237

Centralized Service Charges

\$45,756

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$45,756
Capital Asset and Management	-
Human Resources	-
Total	\$45,756

Statewide COLA**\$41,677**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$41,677 within the Ethics Commission.

Legal Services**\$25,000**

The Budget increases general revenue expenditures by \$25,000 to cover anticipated increased legal costs impacting the agency including 2 matters filed in Superior Court. These matters include a challenge to the Commission's constitutional authority to enforce the state's code of ethics on municipal elected officials and a challenge on the Commission's regulatory authority.

Office of the Governor

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Governor	\$5.0	\$5.4	\$5.5	\$0.1	1.7%	\$5.6	\$0.2	4.5%
Expenditures By Source								
General Revenue	\$5.0	\$5.4	\$5.5	\$0.1	1.7%	\$5.6	\$0.2	4.5%
Authorized FTE Levels	45.0	45.0	45.0	-	-	45.0	-	-

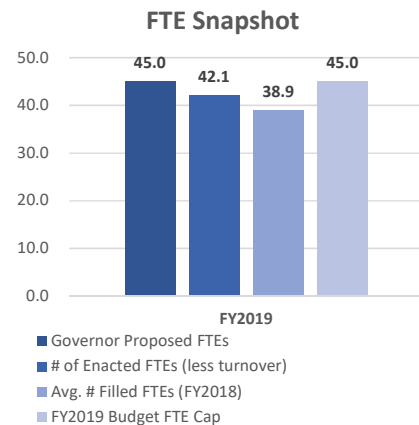
\$ in millions. Totals may vary due to rounding.

The Office of the Governor is one of five general offices subject to voter election under the Constitution of Rhode Island. The Office is responsible for directing the executive branch of government, including the preparation and submission of the annual state budget.

MAJOR ISSUES AND TRENDS

In FY2019 the budget for the Office of the Governor is \$5.6 million in general revenue. The majority of this funding (88.9 percent) supports personnel costs. The Budget includes 45.0 FTE positions in both FY2018 and FY2019, consistent with the enacted budget.

The Governor includes a net increase of \$61,915 in general revenue to cover personnel expenses for 45.0 FTE positions within the Office of the Governor, which includes the addition of \$257,904 for salary costs offset by \$310,592 in projected turnover savings. The \$61,915 reflects longevity costs that are listed separately from salary costs by the Budget Office in FY2019.



Governor	General Revenue
FY2018 Enacted	\$5,397,554
<i>Target and Other Adjustments</i>	61,915
Statewide COLA	137,319
Centralized Service Charges	86,259
Contingency Fund	(50,000)
Interdepartmental Cost Allocation	Informational
FY2019 Enacted	\$5,633,047

Statewide COLA

\$137,319

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$137,319 within the Office of the Governor.

Centralized Service Charges

\$86,259

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in

each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$86,259
Capital Asset and Management	-
Human Resources	-
Total	\$86,259

Contingency Fund**(\$50,000)**

The Budget eliminates \$50,000 in general revenue from the Governor's Contingency Fund. The Governor's Office is annually appropriated general revenue for a contingency fund for unforeseen expenses. This is a discretionary spending account. The Governor included \$250,000 in the contingency fund for FY2019. Expenditures from the contingency fund averaged less than \$100,000 over the past five fiscal years. Therefore, the Budget reduces the appropriation by \$50,000 leaving \$200,000 for FY2019.

Interdepartmental Cost Allocation**Informational**

The Budget as Enacted does not include the personnel cost allocation items as proposed by the Governor. The Governor recommended allocating \$846,619 of personnel costs to be charged against ten state agencies, as a means to supplement the Governor's Office personnel budget. These cost allocations reflect Governor's Office staff support to assist the state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, Justice Reinvestment Initiative, etc., effectively reducing the need to appropriate funds within the Governor's Office to cover these salary expenses. The following table illustrates the FTE cost allocation as proposed to the affected state agencies.

Position	Cost Allocation	Agency	FY2018 Enacted Cost	FY2018 Revised Cost	FY2019 Governor Cost
Policy Analyst	50%	EOHHS	\$0	\$46,726	\$50,903
Policy Analyst	25%	Public Utilities and Carrier:	-	23,363	25,451
Policy Director	50%	Labor and Training	-	67,683	78,950
Policy Analyst	50%	Administration	-	-	64,729
Deputy Chief of Staff ¹	25%	EOHHS	118,176	58,993	61,282
Deputy Chief of Staff	50%	Education	110,613	111,467	116,229
Deputy Chief of Staff	25%	Revenue	-	-	58,114
Deputy Chief of Staff	25%	Public Safety	-	49,198	49,526
Deputy Chief of Staff	50%	Transportation	-	98,397	99,053
Deputy Chief of Staff	50%	Administration	-	117,986	122,566
Deputy Chief of Staff	25%	Commerce	-	58,993	61,282
Education Policy Analyst	50%	Post Secondary Education	55,003	56,716	58,534
Total			\$745,256	\$689,522	\$846,619

1: FY2018 Enacted cost allocation was 50%

Rhode Island Commission for Human Rights

Expenditures By Program	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
Commission for Human Rights	\$1,557,321	\$1,690,102	\$1,718,794	\$28,692	1.7%	\$1,833,011	\$142,909	8.5%
Expenditures By Source								
General Revenue	\$1,247,603	\$1,258,074	\$1,273,387	\$15,313	1.2%	\$1,335,441	\$77,367	6.1%
Federal Funds	309,718	432,028	445,407	13,379	3.1%	497,570	65,542	15.2%
Total	\$1,557,321	\$1,690,102	\$1,718,794	\$28,692	1.7%	\$1,833,011	\$142,909	8.5%
Authorized FTE Levels	14.5	14.5	14.5	-	-	14.5	-	-

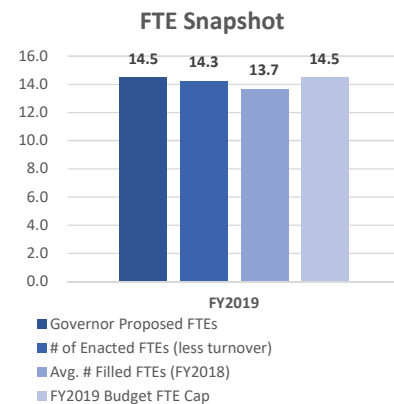
The Rhode Island Commission for Human Rights enforces anti-discrimination laws in the areas of employment, housing, public accommodations, credit, and delivery of services. Major program activities include outreach and education, intake, investigation, conciliation, and administrative hearings.

The Commission is reimbursed \$700 for each co-filed employment case processed pursuant to its work-sharing agreement with the federal Equal Employment Opportunities Commission (EEOC), and between \$1,400 and \$3,100 for each co-filed housing case processed pursuant to its contract with the federal Department of Housing and Urban Development (HUD). Annual federal receipts are used to estimate the following federal fiscal year appropriation to the Commission. When the Commission processes fewer EEOC or HUD cases, the Commission receives a lower federal reimbursement, resulting in the need to appropriate additional general revenues to cover the annual operation of the Commission.

The Commission receives, on average, approximately 400 cases per year and projects an average number of processed cases to be the same each year.

MAJOR ISSUES AND TRENDS

The Governor recommends \$1.8 million in all funds for FY2019, of which \$1.3 million is general revenue and \$497,570 is federal funds. General revenues increase \$77,367 (6.1 percent) over the FY2018 Budget as Enacted. This includes a net increase of \$13,302 for target and other adjustments and an increase of \$39,280 in operating costs, reflecting the use of rotary accounts for billable centralized services, including information technology, capital asset management and maintenance, and human resources. These expenditures will be clearly stated under each agency using the centralized services. Lastly, an increase of \$24,985 for a cost-of-living adjustment as required in the recently approved 4-year personnel contract. The agency's office is located at 180 Westminster Street in the City of Providence. The lease was renewed on July 19, 2016, and expires in July 2021. The annual lease expense is \$197,738.



During FY2017, it took the Commission an average of 315 days to process a case to final disposition, 16 days shorter than those processed during FY2016 and 15 days longer than those processed during FY2015.

The Budget includes 14.5 FTE positions in FY2018 and in FY2019, consistent with the enacted level.

Commission for Human Rights	General Revenue
FY2018 Enacted	\$1,258,074
<i>Target and Other Adjustments</i>	<i>13,102</i>
Centralized Service Charges	39,280
Statewide COLA	24,985
FY2019 Enacted	\$1,335,441

Centralized Service Charges**\$39,280**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$39,280
Capital Asset and Management	-
Human Resources	-
Total	\$39,280

Statewide COLA**\$24,985**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$24,985 within the Commission for Human Rights.

Public Utilities Commission

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Public Utilities Commission	\$8.0	\$9.1	\$9.4	\$0.2	2.6%	\$9.9	\$0.8	8.8%
Expenditures By Source								
Federal Funds	\$0.1	\$0.1	\$0.2	\$0.0	\$0.3	\$0.2	\$0.0	\$0.3
Restricted Receipts	7.9	9.0	9.2	0.2	2.2%	9.8	0.8	9.0%
Grand Total	\$8.0	\$9.1	\$9.4	\$0.2	2.6%	\$9.9	\$0.8	8.8%
Authorized FTE Levels	51.0	51.0	51.0	-	-	53.0	2.0	3.9%

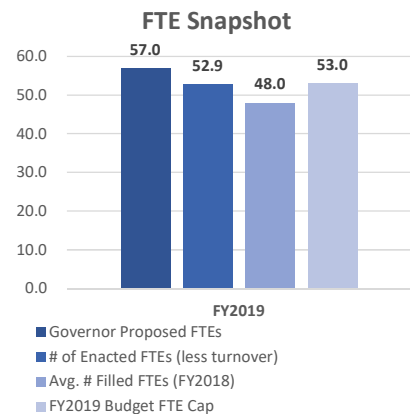
\$ in millions. Totals may vary due to rounding.

The Public Utilities Commission (PUC) regulates public utilities, Community Antenna Television, common carriers, and major energy facilities; regulates rates; ensures sufficient utility infrastructure to promote economic development; and, cooperates with other states and federal government agencies to coordinate efforts to meet objectives. The PUC is comprised of two distinct regulatory bodies: the Division of Public Utilities and Carriers (Division) and a three-member Commission (Commission). The Division carries out laws relating to public utilities and carriers, and the regulations and orders of the Commission governing the conduct and charges of the public utilities. The Commission serves as a quasi-judicial tribunal that holds investigations and hearings concerning utility rates, tariffs, tolls and charges, as well as facility accommodations and locations. The Commission is funded primarily through fees paid by utility companies.

MAJOR ISSUES AND TRENDS

The FY2018 Revised Budget provides a total operating budget of \$9.4 million, including \$9.2 million in restricted receipts, and \$165,593 in federal funds. The recommendation represents an increase of \$284,917 (3.1 percent) over the FY2018 Budget as Enacted. As the agency does not receive any general revenue funding, the costs are a pass-through expenditure and are paid by the regulated utilities pursuant to RIGL 39-1-23.

The FY2019 Budget provides a total operating budget of \$9.9 million, including \$9.8 million in restricted receipts and \$168,378 in federal funds. The recommendation represents an all fund increase of \$798,488 (8.7 percent) over the FY2018 Budget as Enacted, and reflects an increase of \$759,335 in restricted receipts and \$39,153 in federal funds. The Budget provides a staffing level of 51.0 FTE positions in FY2018 and 53.0 FTE positions in FY2019 for the Commission, an increase of 2.0 FTE positions from the enacted budget.



Public Utilities Commission	Other Fund Changes
Water Resources Board Transfer	(\$492,500)
Budgetary Cap Increases	339,450
1.0 Consumer Affairs Administrator	213,804
Centralized Service Charges	90,324
New Vehicle	30,000
Interdepartmental Cost Allocation	(25,451)

Water Resources Board **(\$492,500)**

The Budget eliminates \$492,500 in restricted receipts associated with the Governor’s proposal to transfer the Water Resources Board and 3.0 FTE positions from the Department of Administration to the Division of Public Utilities and Carriers. The positions are: 1.0 General Manager (currently vacant), 1.0 Staff Director, and a 1.0 Supervising Civil Engineer. The Budget maintains the funding source for the Water Resources Board as general revenue and keeps it as an entity within the Department of Administration.

Budgetary Cap Increases (restricted receipts) **\$339,450**

The Budget adds \$339,450 in restricted receipts reflecting an increase in budgetary caps for two accounts. This includes \$250,000 under the Public Utilities Reserve Account and \$89,450 for the Energy Facilities Siting Board.

Public Law 2017 Chapter 90 enacted legislation increasing the Public Utilities Commission’s assessment charged to utilities from \$500,000 to \$750,000, a \$250,000 increase. The Budget adjusts contract services for the Public Utilities Reserve Account to account for the assessment change. The following table illustrates the adjustments:

	FY2018	FY2019	
Public Utilities Reserve Account	Enacted	Governor	Change
5.5 Percent Contractor Surcharge	\$2,918	\$2,963	\$45
Financial Services	700,000	1,100,000	400,000
Legal Services	340,000	200,000	(140,000)
Other Temporary Services	53,045	43,000	(10,045)
Total	\$1,095,963	\$1,345,963	\$250,000

RIGL 42-98-17 allows the Public Utilities Commission to assess utilities for all costs associated with a matter before the Commission. The Commission is allowed to pre-invoice utilities the assessment. This item reflects a projected estimate for costs that may occur at the Commission. This is an accounting method to insure sufficient funding is available during the fiscal year.

Personnel – New FTE Positions (restricted receipts) **\$213,804**

The Budget adds 2.0 Programming Service Officer positions to handle increased work involving regulatory research and analysis, increased fiscal and financial reporting requirements, and to handle a projected increase in administrative proceedings. The projected FY2019 cost for the two positions added in FY2019 is \$213,804 in restricted receipts.

Centralized Service Charges (restricted receipts) **\$90,324**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$90,324
Capital Asset and Management	-
Human Resources	-
Total	\$90,324

New Vehicle (restricted receipts)***\$30,000***

The Budget includes \$30,000 in restricted receipts for the purchase of a new electric motor vehicle to replace an older 2009 Ford Escape with 100,000 mileage.

Interdepartmental Cost Allocation***(\$25,451)***

The Budget removes \$25,451 to cover 25.0 percent of the salary and benefit costs for a Policy Analyst position in the Office of the Governor. The Governor proposed this “interdepartmental cost allocation” as a means to reflect the Governor’s Office staff support to assist state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, Justice Reinvestment Initiative, etc., effectively reducing the need to appropriate funds within the Governor’s Office to cover these salary expenses.

Executive Office of Commerce

Expenditures By Program	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
Central Management	\$3.4	\$1.1	\$0.8	(\$0.3)	-26.9%	\$0.8	(\$0.3)	-26.3%
Commerce Programs	3.5	1.3	1.3	-	0.0%	2.1	0.8	61.5%
Economic Development Initiatives Fund	37.7	17.8	17.8	-	0.0%	14.3	(3.5)	-19.7%
Housing and Community Development	16.1	23.3	26.0	2.7	11.7%	20.1	(3.2)	-13.6%
Quasi-Public Appropriations	12.7	15.1	13.6	(1.5)	-9.9%	19.1	4.0	26.6%
Total	\$73.4	\$58.6	\$59.5	\$0.9	1.6%	\$56.4	(\$2.1)	-3.7%
Expenditures By Source								
General Revenue	\$54.7	\$33.1	\$32.4	(\$0.7)	-2.0%	\$30.3	(\$2.8)	-8.4%
Federal Funds	13.6	17.9	18.9	1.0	5.5%	14.4	(3.4)	-19.3%
Restricted Receipts	4.4	4.7	6.2	1.5	31.6%	4.8	0.0	0.1%
Other Funds	0.7	2.9	2.0	(0.9)	-30.6%	7.0	4.1	140.0%
Total	\$73.4	\$58.6	\$59.5	\$0.9	1.6%	\$56.4	(\$2.1)	-3.7%
Authorized FTE Levels	16.0	17.0	17.0	-	-	16.0	(1.0)	-5.9%

\$ in millions. Totals may vary due to rounding.

The Executive Office of Commerce (EOC) was established pursuant to RIGL 42-64.19 to be the principal agency of the executive branch of State government for managing the promotion of commerce and the economy in the State. The Secretary of Commerce oversees the Executive Office of Commerce. The Secretary is charged with coordinating a cohesive direction of the State's economic development activities and to be the State's lead agency for economic development throughout Rhode Island.

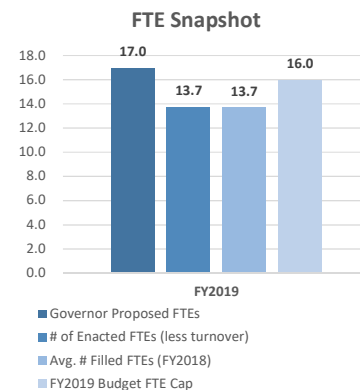
The Housing and Community Development program was transferred to the Executive Office of Commerce in accordance to provisions set under RIGL 42-64.19-7(h) and enacted by the General Assembly in 2013. In addition, the funding and administration for the Rhode Island Commerce Corporation and the I-195 Redevelopment Commission, both previously funded in the Department of Administration, were transferred to the Executive Office of Commerce.

Analyst Note: The enabling statute requires the Executive Office of Commerce to assume the operating functions of the Department of Business Regulation. However, the Governor has interpreted this to only mean that the Director of the Department of Business Regulation reports to the Secretary of Commerce, and not that the Executive Office of Commerce is to administer the budget and operations of the Department.

MAJOR ISSUES AND TRENDS

The Budget provides \$56.4 million to fund the economic development initiatives and operations of the Executive Office of Commerce and the Rhode Island Commerce Corporation. More than half of this, or \$30.3 million, is general revenue, an 8.4 percent decrease (\$2.8 million) from the FY2018 enacted levels. The Budget also includes 17.0 FTE positions in FY2018 and 16.0 FTE positions in FY2019.

Article 19 of the FY2016 Budget as Enacted established numerous economic development incentives to spur investment in new capital, critical industry sectors, improving the workforce, and promoting innovation. Most of these incentives require a pay-as-you-go funding model, where program activity is capped to the available appropriation levels. The FY2016 appropriations supporting these incentives totaled \$42.6 million. Total general revenue appropriations through FY2019, inclusive of FY2016 enacted levels total \$119.3 million. Several incentive programs, however, authorize Commerce to award credits



against future tax liabilities that are not limited to what has been appropriated by the General Assembly to date. Rather these incentives, such as the RebuildRI Tax Credit, the Tax Increment Financing program, and the Qualified Jobs Tax Incentive, establish obligations that the General Assembly will have to budget for in the future. The following table shows the total appropriations, awards, and remaining balances for each of the incentives:

Incentive	FY2016	FY2017	FY2018	FY2018	FY2019	Total Funding Appropriated		Balance
	Final	Final	Enacted	Revised	Enacted	FY2019*	Awarded**	
Rebuild RI	\$1.0	\$25.0	\$12.5	\$12.5	\$11.2	\$49.7	\$84.4	(\$34.7)
I-195 Redevelopment fund	25.0	-	2.0	2.0	1.0	28.0	25.1	2.9
First Wave Closing Fund	5.0	8.5	1.8	1.8	-	15.3	2.4	12.9
Wavemaker Fellowship	1.7	2.0	0.8	0.8	1.6	6.1	3.2	2.9
Small Business Assistance Fund	5.5	-	-	0.0	-	5.5	5.4	0.0
Innovation Initiative	1.0	1.5	1.0	1.0	1.0	4.5	3.1	1.4
Main Street RI Streetscape Improvement Fund	1.0	1.0	0.5	0.5	0.5	3.0	2.0	1.0
Air Service Development Fund	-	1.5	0.5	0.5	0.5	2.5	2.0	0.5
P-Tech	0.9	1.2	-	-	0.2	2.3	1.3	1.1
Industry Cluster Fund	0.8	0.5	-	-	0.1	1.4	1.1	0.3
SupplyRI	0.0	-	-	-	0.3	-	-	-
Anchor institution Tax Credit	0.8	-	-	-	(0.8)	0.0	-	0.0
Manufacturing Investment Tax Credit	-	-	-	-	-	0.3	-	0.3
Manufacturing Site Readiness	-	-	-	-	-	0.2	-	0.2
Municipal Technical Assistance	-	-	-	-	-	0.2	-	0.2
Qualified Jobs Tax Incentive	-	-	-	-	-	-	43.4	(43.4)
Tax Increment Financing	-	-	-	-	-	-	19.2	(19.2)
Tax Stabilization Agreement Incentive	-	-	-	-	-	-	0.2	(0.2)
Total	\$42.6	\$41.2	\$19.1	\$19.1	\$15.7	\$119.2	\$192.7	(\$73.8)

*Total includes FY2016 and FY2017 Final Enacted, FY2018 Final Enacted, and FY2019 Enacted; not FY2018 Enacted amounts.

**Total Awards through May 2018. Fiscal Impacts of certain tax credit awards extend out to 2022.

The Budget includes \$15.7 million in net general revenue funding in FY2019 for ten economic development initiatives. This includes \$16.1 million for eight existing initiatives, \$300,000 in funding for a new program, the SupplyRI initiative, and the transfer of the \$750,000 in unspent funds under the Anchor Institution Tax Credit program back to the general fund.

Article 12 of the FY2019 Budget as Enacted reauthorizes eleven of these incentives by extending their statutory sunset date to June 30, 2020. These include Rebuild RI, Rhode Island Tax Increment Financing, Tax Stabilization Incentive, First Wave Closing Fund, I-195 Redevelopment Project Fund, Small Business Assistance Fund, Wavemaker Fellowship program, Main Street Rhode Island Streetscape Improvement Fund, Innovation Initiative, Industry Cluster Grants, P-Tech, and the Qualified Jobs Incentive. The Anchor Institution Tax Credit is not reauthorized and will sunset December 2018.

CENTRAL MANAGEMENT

The Central Management program is responsible for supervising, coordinating, and monitoring all departmental functions. The Central Management program provides leadership, management, and strategic planning activities.

Central Management	General Revenue
FY2018 Enacted	\$1,138,714
Target and Other Adjustments	(41,212)
Turnover	(336,244)
Centralized Service Charges	45,555
Statewide COLA	32,644
FY2019 Enacted	\$839,457

Turnover**(\$336,244)**

The Budget includes \$336,244 in savings based upon historical personnel expense levels. The Department has averaged 3.3 vacancies through June 2018 and the savings is equivalent to approximately 2.6 vacant FTE positions.

Centralized Service Charges**\$45,555**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	21,570
Capital Asset and Management	-
Human Resources	23,985
Total	\$45,555

Statewide COLA**\$32,644**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$32,644 within the Central Management.

COMMERCE PROGRAMS

The Budget includes \$2.1 million of general revenue in FY2019 to support an array of Commerce Programs primarily focused on developing and retaining workforce talent in the areas of science, technology, engineering, and math. The funding recommendation is \$800,000 more than what was appropriated in the FY2018 Budget as Enacted. Within the Commerce Programs, the Air Services Development Fund continues to be used to attract new airline routes.

Commerce Programs	General Revenue
FY2018 Enacted	\$1,300,000
<i>Target and Other Adjustments</i>	<i>(20,000)</i>
Wavemaker Fellowship	800,000
Air Services Development	Informational
FY2019 Enacted	\$2,100,000

Wavemaker Fellowship**\$800,000**

The Budget provides \$1.6 million in general revenue in FY2019, \$800,000 more than the FY2018 enacted level, to fund the Wavemaker Fellowship Program. The increase is meant to better align the amount of available funds each year to the demand for fellowships. 427 Wavemaker Fellowships have been awarded since 2016. Originally comprised of 215 fellows, the 2016 cohort currently has 208 because some individuals have since become ineligible (e.g. no longer work in the state or no longer have student debt). The conditional funding for the cohort has been reduced from \$788,051 per year (up to four years) to \$712,832 per year. The 2017 cohort has 219 fellows. The Executive Office of Commerce is currently in

the process of opening applications for the third cohort. The FY2019 appropriation will fund a cohort of 225 fellows.

Wavemaker Fellowship								
Budget	Appropriation	Awarded	Balance	Percent Awarded	Obligated	Percent Obligated	Expended	Percent Expended
2016 Enacted (Final)	\$1,700,000	\$1,425,664	\$274,336	83.9%	\$1,425,664	83.9%	\$0	0.0%
2017 Enacted (Final)	2,000,000	1,725,194	549,142	85.2%	1,725,194	85.2%	-	-
2018 Enacted	800,000	-	1,349,142	70.0%	-	70.0%	-	-
<i>Subtotal - Activity to Date</i>	<i>\$4,500,000</i>	<i>\$3,150,858</i>	<i>\$1,349,142</i>	<i>70.0%</i>	<i>\$3,150,858</i>	<i>70.0%</i>	<i>\$0</i>	<i>0.0%</i>
2018 Revised	800,000	-	1,349,142	70.0%	-	70.0%	-	-
2019 Enacted	1,600,000	-	2,949,142	51.7%	-	51.7%	-	-
Total	\$6,100,000	\$3,150,858	\$2,949,142	51.7%	\$3,150,858	51.7%	\$0	0.0%

The Wavemaker Fellowship is a competitive student loan reimbursement for college and university graduates who pursue employment in science, technology, engineering, and mathematics (STEM) fields in Rhode Island. The program provides Wavemaker Fellows with refundable personal income tax credits that can be used to offset their annual student loan payments for up to 4 years. The amount of the tax credit depends upon the degree earned by the taxpayer, i.e. \$1,000 for an associate degree up to \$6,000 for a graduate or post-graduate degree.

Wavemaker Fellows by Degree Sought			
	Associate's	Bachelor's	Master's or Higher
	9	222	196
Total		427	

According to the Executive Office of Commerce, the FY2016 and FY2017 appropriations are fully obligated to the first two cohorts. The FY2018 appropriation (\$800,000) will fund one year of a similarly-sized (approximately 215 to 225 fellows) third cohort. The \$1.6 million in FY2019 would fund the second year of the third cohort and the first year of a fourth cohort.

Annual overhead expenditures are approximately \$150,000 and cover personnel costs, legal fees, IT support, an online application portal, and other operational costs.

The following table shows the planned expenditures through FY2023 based on the Governor's recommended funding levels. For planning purposes, the EOC expects an annual cohort of 215 going forward. Each cohort has an associated annual cost of approximately \$800,000.

Revenues	FY2016	FY2017	FY2018	FY2019	FY2020 ¹	FY2021	FY2022	FY2023	Total
Balance Forward	-	\$1,585,000	\$3,470,000	\$2,544,571	\$1,619,142	(\$106,287)	(\$1,831,716)	(\$1,981,716)	\$7,599,571
Budget	1,700,000	2,000,000	800,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	12,500,000
Total Available	\$1,700,000	\$3,585,000	\$4,270,000	\$4,144,571	\$3,219,142	\$1,493,713	(\$231,716)	(\$381,716)	20,099,571
Expenditures									
Cohort 1 ²	-	-	712,832	712,832	712,832	712,832	-	-	1,425,664
Cohort 2	-	-	862,597	862,597	862,597	862,597	-	-	1,725,194
Cohort 3	-	-	-	800,000	800,000	800,000	800,000	-	3,200,000
Cohort 4	-	-	-	-	800,000	800,000	800,000	800,000	3,200,000
Overhead	115,000	115,000	150,000	150,000	150,000	150,000	150,000	-	980,000
Total Expenditures	\$115,000	\$115,000	\$1,725,429	\$2,525,429	\$3,325,429	\$3,325,429	\$1,750,000	\$800,000	\$4,480,858
Balance	\$1,585,000	\$3,470,000	\$2,544,571	\$1,619,142	(\$106,287)	(\$1,831,716)	(\$1,981,716)	(\$1,181,716)	\$9,218,713

¹ FY2020-23 figures are based on level funding to the Governor's FY2019 Budget amount.

² Each Cohort is estimated to average 215 fellows, resulting in 860 in total through a 4th cohort. As of March 25, 2018 Cohort 1 has 208 fellows and Cohort 2 has 219, for a total of 427.

Air Service Development

Informational

The Budget level funds the Air Service Development Fund with \$500,000 in general revenue. The fund supports the development of additional direct airline routes to major metropolitan areas. According to the Executive Office of Commerce, it is common practice in the industry to provide incentives, guarantees, and other supports to an airline to offset costs and lower the risks associated with establishing new routes.

Air Service Development Fund									
Budget	Appropriation	Awarded	Balance	Percent Awarded	Obligated	Percent Obligated	Expended	Percent Expended	
2016 Enacted (Final)	\$0	\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%	
2017 Enacted (Final)	1,500,000	1,500,000	-	100.0%	1,500,000	100.0%	-	-	
2018 Enacted	500,000	500,000	-	100.0%	500,000	100.0%	-	-	
<i>Subtotal - Activity to Date</i>	<i>\$2,000,000</i>	<i>\$2,000,000</i>	<i>\$0</i>	<i>100.0%</i>	<i>\$2,000,000</i>	<i>100.0%</i>	<i>-</i>	<i>-</i>	
2018 Revised	500,000	500,000	-	100.0%	500,000	100.0%	-	-	
2019 Enacted	500,000	-	500,000	80.0%	-	-	-	-	
Total	\$2,500,000	\$2,000,000	\$500,000	80.0%	\$2,000,000	80.0%	\$0	0.0%	

The fund is administered by a five-member Air Service Development Fund Council that is chaired by the Secretary of Commerce. The decision to backstop a route is made after a confidential cost/benefit analysis is completed. In its analysis, the council must consider the potential economic impact of the route, what it means for both business and leisure travelers, and the number of jobs (direct, indirect, and induced) that may result. Additionally, a carrier must demonstrate that the new routes meet certain thresholds of economic impact based on studies conducted by Discover New England and the Federal Aviation Administration. Once approved, each carrier is eligible for up to \$750,000 per international route and \$250,000 per domestic route. To receive reimbursement, airlines submit marketing materials and invoices to Rhode Island Airport Corporation (RIAC) and Commerce.

The following table shows the airlines that have been awarded Air Service Development Funds:

Carrier	# Routes	Locations
Norwegian Airlines	6	Dublin, Shannon, Cork, Edinburgh, Guadeloupe, Martinique
Frontier Airlines	4	Denver, Miami, New Orleans, Raleigh
Allegiant Air	3	St. Petersburg, Punta Gorda, Cincinnati
OneJet	1	Pittsburgh
Total	14	

ECONOMIC DEVELOPMENT INITIATIVES

The Budget provides \$14.3 million in general revenue in FY2019 to support various incentives, business assistance, and development programs designed to create and expand businesses. The funding recommendation is \$3.5 million less than what was appropriated in the FY2018 Budget as Enacted.

Economic Development Initiatives	General Revenue
FY2018 Enacted	\$17,800,000
<i>Target and Other Adjustments</i>	<i>-</i>
First Wave Closing Fund	(1,800,000)
Rebuild RI	(1,300,000)
I-195 Redevelopment Fund	(1,000,000)
SupplyRI Initiative	300,000
P-Tech	200,000
Industry Cluster Grants	100,000
FY2019 Enacted	\$14,300,000

First Wave Closing Fund

(\$1.8 million)

The Budget eliminates general revenue funding to the financing for the First Wave Closing Fund in FY2019, representing a \$1.8 million decrease from the FY2018 Budget as Enacted.

First Wave Closing Fund								
Budget	Appropriation	Awarded	Balance	Percent Awarded	Obligated	Percent Obligated	Expended	Percent Expended
2016 Enacted (Final)	\$5,000,000	\$200,000	\$4,800,000	4.0%	\$200,000	4.0%	\$0	0.0%
2017 Enacted (Final)	8,500,000	1,697,500	11,602,500	14.1%	\$1,897,500	14.1%	-	-
2018 Enacted	1,800,000	500,000	12,902,500	15.7%	\$2,397,500	15.7%	-	-
<i>Subtotal - Activity to Date</i>	<i>\$15,300,000</i>	<i>\$2,397,500</i>	<i>12,902,500</i>	<i>15.7%</i>	<i>\$2,397,500</i>	<i>15.7%</i>	-	-
2018 Revised	1,800,000	500,000	12,902,500	15.7%	\$2,397,500	15.7%	-	-
2019 Enacted	-	-	12,902,500	15.7%	\$2,397,500	15.7%	-	-
Total	\$15,300,000	\$2,397,500	\$12,902,500	15.7%	\$2,397,500	15.7%	\$0	0.0%

This Fund is intended to support economic development by providing “gap financing” for certain types of projects. Gap financing is the portion of a project’s cost that remains to be financed after all other sources of capital have been considered, or the amount that the State may invest in a project to gain a competitive advantage over another state.

Recipient	Date Awarded	Award
AT Cross Company	May-16	\$200,000
GE Digital	Aug-16	650,000
Johnson & Johnson	Jan-17	250,000
eMoney	Mar-17	97,500
Infosys	Dec-17	500,000
Total		\$1,697,500

Rebuild RI

(\$1.3 million)

The Budget provides \$11.2 million in general revenue for the Rebuild Rhode Island (Rebuild RI) Tax Credit program, a decrease of \$1.3 million from the FY2018 Budget as Enacted. The Rebuild Rhode Island Tax Credit is a tax credit administered by the Commerce Corporation, intended to promote investment in real estate development for commercial and/or residential use. The Rebuild RI program allows the Secretary of Commerce to issue a tax credit up to \$15.0 million based on the lesser of 30.0 percent of the project cost or the amount needed to close demonstrated financing gaps. Tax credits are issued once a certificate of occupancy has been obtained. If the amount of credit exceeds the taxpayer’s liability in each year, the credit may be carried forward up to four years or until the full credit is used (whichever occurs first). Credits may be used against the following taxes: business corporations, financial institutions, insurance companies, public service corporations, and personal income taxes. Any use against sales and use taxes may be permitted at the discretion of the Secretary of Commerce. Prior to assignment of the credit, the State will have the right to redeem (purchase) the credits at 90.0 percent of the credit value.

Rebuild RI Tax Credit								
Budget	Appropriation	Awarded	Balance	Percent Awarded	Obligated	Percent Obligated	Expended	Percent Expended
2016 Enacted (Final)	\$1,000,000	\$23,779,498	(\$22,779,498)	2377.9%	\$23,779,498	2377.9%	\$0	0.0%
2017 Enacted (Final)	25,000,000	57,582,554	(55,362,052)	312.9%	81,362,052	325.4%	-	-
2018 Enacted	12,500,000	3,050,000	(45,912,052)	219.3%	84,412,052	675.3%	-	-
<i>Subtotal - Activity to Date</i>	<i>\$38,500,000</i>	<i>\$84,412,052</i>	<i>(45,912,052)</i>	<i>219.3%</i>	<i>\$84,412,052</i>	<i>219.3%</i>	-	-
2018 Revised	12,500,000	84,412,052	(45,912,052)	219.3%	\$84,412,052	219.3%	-	-
2019 Enacted	11,200,000	-	(34,712,052)	169.8%	84,412,052	169.8%	-	-
Total	\$49,700,000	\$84,412,052	(\$34,712,052)	169.8%	\$84,412,052	169.8%	\$0	0.0%

A restricted receipt account was established in FY2016 (the Rebuild RI Fund) and is funded by general revenue appropriations. The Commerce Corporation is permitted to award tax credits up to a total program cap of \$150.0 million. The annual value of awards may be in excess of the current level of appropriation given the delay in when tax credits will be redeemed. On an annual basis, the Commerce Corporation works with the Executive Office of Commerce, the Department of Administration, and the Division of Taxation to determine the availability of funds for the award of new tax credits. Each year, the Director of Revenue requests the amounts necessary to pay for the redemption of tax credits.

Program	Estimated Obligations by Fiscal Year							
	2018	2019	2020	2021	2022	2023	2024	2025
Rebuild RI Tax Credits	\$0.6	\$4.7	\$11.7	\$19.3	\$18.1	\$16.1	\$12.9	\$6.5

\$ in millions

FY2017 Budget as Enacted: The FY2017 Budget as Enacted added several provisions to the Rebuild RI fund that provide fiscal stability in preparing future State Budgets, enhance transparency, authorize additional land areas and finance options to provide more flexibility to developers, and authorize the use of these funds to reimburse municipalities. These provisions include:

- Establishing a cap not to exceed \$150.0 million as the aggregate sum for the Rebuild RI tax credits to provide stability in planning future State Budgets for the redeemed tax credits. The sunset provision is maintained until December 31, 2018. No credits will be authorized after this date.
- Allowing the use of the Rebuild RI tax credits no more than once per year for a development project undertaken by a tenant or commercial condominium owner for the development of land and building within the I-195 Redevelopment District. In addition, a qualified development project by a tenant or commercial condominium owner on I-195 Redevelopment District land may be exempt from the provision that the maximum Rebuild RI credit be the lesser of 30.0 percent of the total project cost or the amount needed to close a project gap financing.
- Requiring the Director of the Office of Management and Budget to provide written confirmation in notifying the Rhode Island Commerce Corporation Board on the impact that each proposed project will have on the aggregated authorized program tax credit limit.
- Allowing the Commerce Corporation to use Rebuild RI funds to make loans or equity investments as an alternative incentive in lieu of the tax credits, as long as the applicant otherwise qualifies for the Rebuild RI tax credits.

The following table lists the current projects receiving RebuildRI tax credits:

Rebuild RI		
Recipient	Date Approved	Maximum Credit
Louitt Laundry	Jan-16	\$2.7
Residence Inn (Former Fogarty Building)	Feb-16	0.1
Case Mead	Feb-16	1.6
Union Trust	Mar-16	1.1
78 Fountain Street	Mar-16	6.1
Prospect Heights	Mar-16	3.7
A.T. Cross	May-16	0.4
Pontiac Mills	May-16	3.6
Warwick Hyatt Hotel	Jun-16	1.4
Ocean State Job Lot	Jun-16	3.1
Finlay	Aug-16	0.3
Lippitt Mill	Aug-16	2.1
Hope Artiste	Sep-16	3.6
45 Pike	Sep-16	2.5
Innovate Newport	Nov-16	2.1
Virgin Pulse	Dec-16	3.2
Chestnut Commons	Dec-16	3.5
Downcity	Jan-17	11.9
Bristol Belvedere	Feb-17	1.0
Agoda	Feb-17	1.0
Wexford Innovation Center	May-17	15.0
River House	May-17	8.4
The Edge	May-17	3.0
Gotham Greens	Nov-17	1.3
Infosys	Dec-17	0.8
R&W Phase II	Jan-18	1.0
Total		\$84.4

\$ in millions

I-195 Redevelopment Fund**(\$1.0 million)**

The Budget includes \$1.0 million of general revenue funding for the I-195 Redevelopment Fund in FY2019, \$1.0 million less than the fund was appropriated in the FY2018 Budget as Enacted.

I-195 Redevelopment Fund									
Budget	Appropriation	Awarded	Balance	Percent Awarded	Obligated	Percent Obligated	Expended	Percent Expended	
2016 Enacted (Final)	\$25,000,000	\$0	\$25,000,000	0.0%	\$0	0.0%	\$0	0.0%	
2017 Enacted (Final)	-	3,000,000	22,000,000	12.0%	3,000,000	12.0%	-	-	
2018 Enacted	2,000,000	22,070,000	1,930,000	92.9%	\$22,070,000	92.9%	-	-	
<i>Subtotal - Activity to Date</i>	<i>\$27,000,000</i>	<i>\$25,070,000</i>	<i>1,930,000</i>	<i>92.9%</i>	<i>\$25,070,000</i>	<i>92.9%</i>	<i>-</i>	<i>-</i>	
2018 Revised	2,000,000	22,070,000	1,930,000	92.9%	\$22,070,000	92.9%	-	-	
2019 Enacted	1,000,000	-	2,930,000	89.5%	-	-	-	-	
Total	\$28,000,000	\$25,070,000	\$2,930,000	89.5%	\$25,070,000	89.5%	\$0	0.0%	

The I-195 Redevelopment Fund received a \$25.0 million appropriation in FY2016 that was intended to be a one-time capitalization of the fund to serve as a catalyst for real estate development on the former highway land to be used to:

- Provide gap financing on real estate projects within the District.
- Acquire adjacent or proximate land nearby I-195 District land, but not an abutting parcel, including areas around the Garrahy Courthouse Garage and the South Street Landing project, or further away from the District. The I-95 Redevelopment Commission oversees 20 acres of developable space.
- Finance public infrastructure and facilities that will enhance the District.

The I-195 Redevelopment Commission has committed \$25.1 million from the fund to support the Wexford Science and Technology and CV Properties partnership development of a life sciences and research and

development complex. Including the recommended funding, the I-195 Redevelopment Fund would have \$2.9 million of unencumbered funds in FY2019.

Supply RI Initiative

\$300,000

The Budget provides \$300,000 for a new program to incentivize large in-state business to use in-state suppliers and reduce dependence on out-of-State companies.

The Executive Office of Commerce analyzed the operating expenditures of six large employers in Rhode Island and discovered that a disproportionate amount of operating budgets are spent on out-of-State suppliers. Commerce concluded that if 2.0 percent of the business was shifted in-State, the impact would create 200 jobs and generate approximately \$28.0 million in annual product. Similarly, if universities and hospitals in the State were to shift 2.5 percent of their operating purchases, another \$126.0 million in economic activity and 700 jobs would be created.

The Commerce Corporation plans to develop a networking platform to facilitate the connection between large companies and smaller suppliers. It intends to provide ongoing technical assistance to suppliers to help them compete with out-of-State entities.

P-Tech

\$200,000

The Budget provides \$200,000 in general revenue funding for the P-Tech program in FY2019. The program did not receive funding in FY2018.

Budget	P-Tech			Percent		Percent		Percent	
	Appropriation	Awarded	Balance	Awarded	Obligated	Obligated	Expended	Expended	Expended
2016 Enacted (Final)	\$900,000	\$600,000	\$300,000	66.7%	\$600,000	66.7%	\$0	-	0.0%
2017 Enacted (Final)	1,200,000	650,000	850,000	59.5%	\$1,250,000	59.5%	-	-	-
2018 Enacted	-	-	850,000	59.5%	\$1,250,000	59.5%	-	-	-
<i>Subtotal - Activity to Date</i>	<i>\$2,100,000</i>	<i>\$1,250,000</i>	<i>850,000</i>	<i>59.5%</i>	<i>\$1,250,000</i>	<i>59.5%</i>	<i>\$0</i>	<i>-</i>	<i>0.0%</i>
2018 Revised	-	-	850,000	59.5%	\$1,250,000	59.5%	-	-	-
2019 Enacted	200,000	-	1,050,000	54.3%	\$1,250,000	54.3%	-	-	-
Total	\$2,300,000	\$1,250,000	\$1,050,000	54.3%	\$1,250,000	54.3%	\$0	-	0.0%

The P-Tech initiative enlists a major employer to work with a local high school and community college to create a pipeline of talent. The employer helps craft a curriculum that gives students internships and, at the end of five or six years, a high school diploma, associate's degree, and potentially a career. The funding is used to hire staff and to manage the program at select Rhode Island high schools.

P-Tech is a nationally recognized program active in over 30 high schools nationwide that is based on partnerships among local high schools, community colleges, and companies. Students enroll in 9th grade and, as they progress, take college-level courses, work in company-sponsored internships, and benefit from the mentorship of company employees. P-Tech creates opportunity for students and a steady stream of talented, trained workers for businesses.

The current P-Tech partnerships are:

Recipient	Date Approved	Amount Approved
Newport Public Schools	Jan-16	\$200,000
Providence Public Schools	Jan-16	200,000
Westerly Public Schools	Jan-16	200,000
North Providence Public Schools	Nov-16	200,000
Woonsocket Public Schools	Dec-16	200,000
Total		\$1,000,000

As part of the P-Tech program, the Commerce Corporation intends to hire at least 1.0 FTE position at the vice principal level in each high school and work in each school to support the P-Tech program.

Industry Cluster Grants**\$100,000**

The Budget provides \$100,000 of general revenue funding for the Industry Cluster Grant Program in FY2019.

Budget	Industry Cluster Fund							
	Appropriation	Awarded	Balance	Percent Awarded	Obligated	Percent Obligated	Expended	Percent Expended
2016 Enacted (Final)	\$750,000	\$0	\$750,000	0.0%	\$0	0.0%	\$0	0.0%
2017 Enacted (Final)	500,000	833,640	416,360	66.7%	833,640	67%	-	-
2018 Enacted	-	245,000	171,360	86.3%	1,078,640	86.3%	-	-
<i>Subtotal - Activity to Date</i>	<i>\$1,250,000</i>	<i>\$1,078,640</i>	<i>\$171,360</i>	<i>86.3%</i>	<i>\$1,078,640</i>	<i>86.3%</i>	-	-
2018 Revised	-	\$1,078,640	(907,280)	86.3%	\$1,078,640	86.3%	-	-
2019 Enacted	100,000	-	(807,280)	79.9%	-	79.9%	-	-
Total	\$1,350,000	\$1,078,640	\$271,360	79.9%	\$1,078,640	79.9%	\$0.0	0.0%

The program provides matching grants to start or improve industry sector partnerships or “clusters” to exchange technology and share personnel resources. Industry clusters are created by pooling labor forces, collaborating problem solving, and sharing technology. The Commerce Corporation has approved the following awards to date:

Grantee	Award Amount
DesignxRI	\$100,000
Highlander Institute	149,750
IYRS	75,290
Partnership for Future Greater PVD	115,000
Polaris MEP / RIMTA	99,600
RIMA	100,000
SENEDIA	109,000
Farm Fresh RI	85,000
IYRS	160,000
Polaris MEP / RITIN	85,000
Total	\$1,078,640

HOUSING AND COMMUNITY DEVELOPMENT

The Housing and Community Development program provides opportunities for healthy and affordable housing through production, lead hazard mitigation, and the coordination of the homeless system and implementation of the State’s plan to end homelessness. The Community Development Block Grant program provides funding to 33 municipalities to address housing and community development needs. Previously, the program was administered by the Division of Planning under the Department of Administration.

Housing and Community Development	General Revenue
FY2018 Enacted	\$642,391
<i>Target and Other Adjustments</i>	<i>(7,418)</i>
Centralized Service Changes	271,192
Statewide COLA	17,039
FY2019 Enacted	\$923,204
Housing and Community Development	Other Funds Changes
Community Development Block Grant	(3,445,184)

Centralized Service Charges**\$271,192**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	-
Capital Asset and Management	271,192
Human Resources	-
Total	\$271,192

Statewide COLA**\$17,039**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$17,039 within the Housing and Community Development program.

Community Development Block Grant (federal funds)**(\$3.5 million)**

The Budget includes a net decrease of \$3.5 million in federal funds receipts involving numerous Community Development Block Grant (CDBG) awards. Under federal guidelines, the State manages the program for 33 Rhode Island municipalities which do not receive an allocation directly from the United States Department of Housing and Urban Development. The State distributes funds to units of local government, which in turn distribute funds to non-profit and other entities to support various activities including housing, economic development, facility improvements, social services, and planning. CDBG funds are targeted to areas that are distressed and are predominately low- and moderate- income neighborhoods. The net reduction in resources reflect the exhaustion of funds in several levels of past year grants.

QUASI-PUBLIC APPROPRIATIONS

The Budget provides \$12.1 million in general revenues to support the Rhode Island Commerce Corporation, several pass-through appropriations to fund specific economic programs, and for the I-195 Redevelopment Commission.

Quasi-Public Appropriations	General Revenue
FY2017 Enacted	\$12,176,714
<i>Target and Other Adjustments</i>	
Pass-Through Appropriations	(50,000)
Rhode Island Commerce Corporation Budget	Informational
	\$12,126,714

Quasi-Public Appropriations	Other Funds Changes
Quonset Industrial Park Renovations	\$4,000,000

Pass-Through Appropriations ***(\$50,000)***

The Budget includes \$4.6 million in “pass-through” general revenue appropriations in the Executive Office of Commerce, reflecting a decrease of \$50,000 from the FY2018 Enacted Budget. The net decrease is related to several initiatives:

- **Polaris Manufacturing Technical Assistance Program (Polaris):** The Budget includes \$350,000 to fund Polaris, the State’s official Manufacturing Extension Partnership, \$100,000 more than the enacted level. This program supports Rhode Island manufacturers by expanding the technical assistance capacity of Polaris. Polaris provides group and individual trainings in manufacturing and promotes manufacturing state-wide. Polaris is a Real Jobs Partnership, officially designated by the Governor’s Workforce Board, a role that allows the organization to leverage multiple funding streams to address the workforce needs of manufacturers.
- **Rhode Island Science and Technology Advisory Council (STAC):** The Budget provides \$900,000 in general revenue to support the innovative technology and bioscience and engineering internship program, administered by the STAC. This is \$250,000 less than the enacted level. The funds are used to assist eligible businesses to offset costs associated with applying for Small Business Technology research grants and to provide matching funds to assist businesses in applying for federal research funds.
- **Chafee Center at Bryant University:** The Budget includes \$476,200 to support the RI Export Assistance Center at the Chafee Center at Bryant University. This is \$100,000 more than the FY2018 funding.
- **Airport Impact Aid:** The Budget provides level funding for Airport Impact Aid payments to municipalities that have airports. The \$1.0 million in aid is distributed based upon a statutory formula that provides 60.0 percent of the first \$1.0 million (\$600,000) for communities with airports serving more than 1.0 million passengers per year. T.F. Green is the only airport in the State that meets this threshold. The remaining 40.0 percent is distributed to communities based on each airport’s share of total landings in a calendar year, including T.F. Green. No community that hosts an airport receives less than \$25,000. The following table illustrates the distribution of the Airport Impact Aid based on the most recent data available:

FY2016 Actual	1.0 Million Passengers	Distribution on Landings	All Airports and Communities to \$25,000	Total
Warwick T.F. Green	\$600,000	\$162,513	\$0	\$762,513
Block Island	-	38,261	-	38,261
Middletown-Newport Airport ¹	-	59,063	-	59,063
North Central	-	45,825	-	45,825
Smithfield	-	-	2,087	2,087
Lincoln	-	-	2,087	2,087
North Kingstown-Quonset	-	49,120	-	49,120
Westerly	-	45,217	-	45,217
Total	\$600,000	\$400,000	\$4,174	\$1,004,173

¹ Located in Middletown

Rhode Island Commerce Corporation Budget

Informational

The Rhode Island Commerce Corporation (Commerce RI), formerly known as the Rhode Island Economic Development Corporation (RIEDC), is a quasi-public entity charged with enhancing the delivery, performance, and accountability of the State's economic development activities.

The State provides general revenue appropriations to the Corporation. However, the General Assembly does not directly approve the Commerce Corporation's budget. The Commerce RI Board has the sole responsibility in authorizing the Corporation's annual budget.

Prior to FY2016, funding for Commerce RI was made under the General Programs section of the Department of Administration's budget.

The following table shows the revenues and expenditures that compose the annual Commerce RI budget:

Rhode Island Commerce Corporation Budget

Revenues	FY2017 Actual	FY2018 Revised	FY2019 Enacted
State Appropriations			
RI Commerce Corporation Base Appropriation	\$7,434,514	\$7,224,514	\$7,474,514
Total State Appropriations	\$7,434,514	\$7,224,514	\$7,474,514
Other Revenues			
Hotel Tax Revenue	\$5,146,107	\$5,100,000	\$5,100,000*
Finance Program Allocation	518,949	246,904	250,000
Federal Grants	2,821,593	1,897,958	1,900,000
Other	979,628	841,040	840,000
Total Other Revenues	\$9,466,277	\$8,085,902	\$2,990,000
Total Revenues	\$16,900,791	\$15,310,416	\$10,464,514
Expenditures			
Total Operations (Personnel and Operating)	\$16,781,793	\$13,416,207	\$13,699,514
Grants or Partnerships	2,705,515	1,894,209	1,865,000
Total Expenditures	\$19,487,308	\$15,310,416	\$15,564,514
Operating Surplus/(Deficit)	(\$2,586,517)	-	-
Pass-Through Grants			
STAC Research Alliance (EPScore)	\$1,150,000	\$900,000	\$900,000
Innovative Matching Grants	1,000,000	1,000,000	1,000,000
Renewable Energy Fund	5,162,178	2,881,807	2,250,000
Airport Impact Aid	1,010,147	1,025,000	1,025,000
Chafee Center at Bryant	376,200	376,200	376,200
Polaris Manufacturing Technical Assistance	-	250,000	350,000
Urban Ventures	-	140,000	140,000
Other (AICU, Working Cities, Warwick Station)	300,000	-	-
Federal Pass-thru Grants	4,597,414	3,598,315	450,510
Total	\$13,595,939	\$10,171,322	\$6,491,710

Source: Executive Office of Commerce

* Article 4 of the Budget amends the distribution of the State's 5.0 percent hotel tax. Under the previous distribution, the Office of Revenue Analysis' (ORA) updated estimate of the Commerce Corporation's share of the hotel tax increased to \$6.7 million. Based on the Article 4 distribution rules, ORA's revised estimate of Commerce's share is \$6.2 million. The Commerce Corporation's Board adopts its budget in October and will adopt these changes at that time.

CAPITAL PROJECTS

Quonset Industrial Park Renovations (other funds)**\$4.0 million**

The Budget adds \$4.0 million in Rhode Island Capital Plan (RICAP) funds for various infrastructure improvements at the Quonset Industrial Park including utility relocation, roadway crossing capacity, and other improvements to support the buildout of the park and future expansion.

Executive Office of Health and Human Services

Expenditures by Program	FY2017	FY2018	FY2018	Change		FY2019	Change	
	Actual	Enacted	Revised	from Enacted		Enacted	from Enacted	
Central Management	\$114.5	\$132.9	\$171.8	\$38.9	29.3%	\$136.4	\$3.5	2.6%
Medical Assistance (Including Medicaid)	2,318.9	2,409.0	2,438.4	29.4	1.2%	2,470.6	61.6	2.6%
Total	\$2,433.3	\$2,541.8	\$2,610.2	\$68.3	2.7%	\$2,607.0	\$65.1	2.6%

Expenditures by Source								
Expenditures by Source	FY2017	FY2018	FY2018	Change		FY2019	Change	
	Actual	Enacted	Revised	from Enacted		Enacted	from Enacted	
General Revenue	\$944.9	\$964.3	\$979.5	\$15.2	1.6%	\$982.9	\$18.6	1.9%
Federal Funds	1,473.4	1,558.3	1,604.9	46.6	3.0%	1,605.8	47.5	3.0%
Restricted Receipts	15.0	19.2	25.8	6.6	34.3%	18.2	-1.0	-5.1%
Total	\$2,433.3	\$2,541.8	\$2,610.2	\$68.3	2.7%	\$2,607.0	\$65.1	2.6%

Authorized FTE Levels	FY2017	FY2018	FY2018	Change		FY2019	Change	
	Actual	Enacted	Revised	from Enacted		Enacted	from Enacted	
Authorized FTE Levels	178.0	285.0	285.0	-	0.0%	192.0	(93.0)	-32.6%

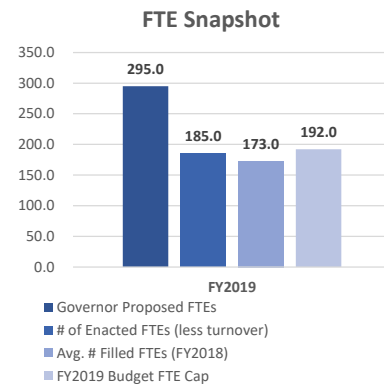
\$ in millions. Totals may vary due to rounding.

The Executive Office of Health and Human Services (EOHHS) is the umbrella agency that oversees the departments of Health; Human Services; Children, Youth, and Families; and Behavioral Healthcare, Developmental Disabilities, and Hospitals. Its mission is to serve as the coordinating agency for healthcare policy in Rhode Island and as the Medicaid single state agency.

MAJOR ISSUES AND TRENDS

The Budget focuses on cost containment in the Medical Assistance program. The Governor proposed cuts to provider rates for Managed Care Organizations (MCOs), hospitals, long-term care organizations, and elimination of some “state-only” programs. Reductions to provider payments are on top of several years of similar reductions. The Budget as Enacted restores portions of the proposed cuts, and avoids drastic eligibility changes.

Unified Health Infrastructure Project (UHIP): In September of 2016, the State launched Phase II of UHIP. UHIP, the largest scale IT project the State has undertaken, has increased cost projections to \$444.5 million from all fund sources through FY2019. These costs are shared across the EOHHS, the Department of Human Services (DHS), and HealthSource RI (HSRI). The project, renamed RI Bridges, aims to integrate more than 15 eligibility-determination systems into one.



EOHHS UHIP Funding

	FY2016 Spent	FY2017 Spent	FY2018 Enacted	FY2018 Revised	FY2019 Enacted	Totals
General Revenue	\$13,015,924	\$5,353,039	\$6,340,334	\$5,288,896	\$5,050,082	\$28,707,941
Federal Funds	79,690,883	33,007,048	32,883,357	55,381,948	23,764,587	\$191,844,466
IT Fund	1,723,232	-	1,224,027	2,549,563	-	\$4,272,795
	\$94,430,039	\$38,360,087	\$40,447,718	\$63,220,407	\$28,814,669	\$224,825,202

Phase II of the UHIP project has been plagued with technical failures resulting in delays and errors in eligibility processing and payments to providers for services provided to Medicaid beneficiaries. The State continues to negotiate with system developer Deloitte to ensure a functional eligibility system is procured. EOHHS recently issued a request for proposals for a contractor to help craft the technical specifications for procuring maintenance and operations services for the platform.

The State has twice reached an agreement with Deloitte for expense credits totaling more than \$85.0 million for continued design and development of the system. These credits cover maintenance and operations costs

through FY2018. Further credits and potential disputes over Medicaid payments that have been paid for ineligible members could occur moving forward.

The State and Deloitte continue to address system deficiencies. Areas being fixed include, but are not limited to, additional customer portal improvements, MMIS transaction stabilization, MPP notice fixes, SNAP Able Bodied Adults Without Dependents (ABAWD) functionality, CMS eligibility requirements, and benefit decision notice improvements. According to EOHHS, “the State will consider system substantially complete only when it consistently achieves performance targets related to eligibility accuracy, payment accuracy, cases blocked by system issues and federal compliance.”

CENTRAL MANAGEMENT

EOHHS’ Central Management division is responsible for consolidating and coordinating core functions of the four health and human services agencies, including budget, finance, and legal services.

Central Management	General Revenue
FY2018 Enacted	\$26,992,150
<i>Targets and Adjustments</i>	
Budget Implementation Investments	636,944
Centralized Services Charges	1,000,000
Contract Savings	831,736
Statewide COLA	(704,264)
Home Modification Program	393,256
Enhanced Medicaid Claiming Technical Assistance	(250,000)
DD Consent Decree	(250,000)
Interdepartmental Cost Allocation for Gov. Position	150,000
VRI Savings	(112,186)
FY2019 Enacted	\$28,659,176

Budget Implementation Investments

\$1.0 million

The Budget includes a number of investments in Central Management to implement budget savings initiatives in the Medical Assistance program. These investments are briefly summarized below. Analyses of the savings initiatives are under the Medical Assistance program section of this brief.

- **LTSS Eligibility:** The Budget makes changes to long-term services and supports (LTSS) asset verification, resource testing, and retroactive eligibility. The Budget includes \$250,000 for 2.0 Principal Human Services Policy and Systems Specialists to implement the LTSS savings initiatives.
- **Revenue Maximization:** The Budget includes \$250,000 for 2.0 Principal Human Services Policy and Systems Specialists to implement several “revenue maximization” initiatives.
- **Dual Eligible LTSS Redesign:** The Budget includes \$375,000 for 3.0 Principal Human Services Policy and Systems Specialists to restructure the delivery system for individuals with both Medicare and Medicaid eligibility (dual eligible) who have chronic or disabling conditions. EOHHS plans to redesign the delivery system with performance incentives to reduce administrative and risk share costs.
- **Non-Emergency Medical Transportation:** EOHHS plans to restructure the NEMT program to incentive cost-effective transportation solutions, including making changes to vendor payment methods, rate cuts, and other rebates. The Budget includes \$125,000 for implementation costs.

Centralized Services Charges

\$831,736

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset

management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$189,479
Capital Asset and Management	483,017
Human Resources	159,240
Total	\$831,736

Contract Savings ***(\$704,264)***

The Budget reduces general revenue funding by \$704,264 to reflect savings from the expiration of one-year contracts that end in FY2018.

Statewide COLA ***\$393,256***

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$393,256 within the Office.

Home Modification Grant Program ***(\$250,000)***

The Budget includes an additional \$250,000 in general revenue funding for the Liveable Home Modification Grant program. The program, which started in FY2018, allocates grant funding for home modification projects that allow people to stay in their homes longer and decreases nursing home stays. Improvements include bathroom modifications, wheelchair ramps, stability rails, etc. The Budget provides \$500,000 for the program in FY2019; however the program shifts from EOHHS to the Governor's Commission on Disabilities, resulting in a \$250,000 decrease to the EOHHS budget to reflect the shift.

Enhanced Medicaid Claiming Technical Assistance ***(\$250,000)***

The enacted budget contained funding for technical assistance to DCYF and EOHHS for enhanced Medicaid claiming. The assistance was not used so the funds are removed in both FY2018 and FY2019.

Shift DD Consent Decree ***\$150,000***

The FY2018 Budget as Enacted includes \$450,000 in the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to fund the work of the Consent Decree Monitor that oversees progress towards addressing issues related to employment services for adults with developmental disabilities. The Governor's budget transferred the contract and funding to EOHHS, citing "better monitoring". The Governor later submitted a budget amendment to correct Medicaid match payments for the court monitor related to the BHDDH consent decree. The Budget reduces general revenue funding by \$300,000 and increases federal funds by \$150,000. The enacted budget includes a net \$150,000 general revenue addition for EOHHS for FY2019.

Interdepartmental Cost Allocation for Governor's Office Position ***(\$112,186)***

The Governor's Budget included interdepartmental cost allocations totaling \$794,564 for staff in the Governor's Office that is charged against ten state agencies. The Budget Office stated that these cost allocations reflect Governor's Office staff support to assist these state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, and Justice Reinvestment Initiative, etc. In FY2019, the Budget removes the cost allocations.

VRI Savings**(\$28,460)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire by March 15, 2018. While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Office in FY2019 is \$28,460. The savings are projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

MEDICAL ASSISTANCE

The Medical Assistance program provides medical benefits to low-income, elderly, and disabled individuals. Rhode Island pays for a growing portion of Medicaid services through *managed care* programs, whereby the State contracts with managed care organizations (Neighborhood Health Plan of Rhode Island and United Healthcare of New England) that are paid a fixed monthly fee, or capitation rate, for each enrolled beneficiary. A smaller portion of Medicaid services continue to be paid for through *fee-for-service* programs, whereby providers bill the State Medicaid program directly based on the particular services provided.

Medical Assistance	General Revenue
FY2018 Enacted	\$937,307,806
<i>Targets and Adjustments</i>	
May Caseload Estimating Conference	963,701
Managed Care Organization (MCO) Rates	48,876,726
Dual Eligible / LTSS Redesign	(10,969,477)
Hospital Related Initiatives	(10,297,970)
Non-Emergency Medical Transportation	(5,363,452)
LTSS Eligibility / Estate Recovery	(3,844,021)
Perry Sullivan	(3,009,467)
Home Care Rates	(2,958,020)
Nursing Home Payments	2,940,599
Revenue Maximization	2,837,676
Eliminate State-only Programs	(1,586,085)
FY2019 Enacted	\$954,256,896

May Caseload Estimating Conference**\$48.9 million**

The Caseload Estimating Conference (CEC) estimates human services medical entitlement current and out year expenditures each November and May. These adopted expenditure levels determine the appropriation for entitlement programs. Projections are based on current enrollment trends as well as Medicaid inflation adjustments that are used to prepare projections.

The FY2019 projected medical assistance general revenue expenditures are \$986.2 million, \$48.9 million more than the FY2018 enacted amount.

Managed Care Organization (MCO) Rates**(\$11.0 million)**

The Governor's Budget reduced expenditures to Managed Care Organizations (MCOs) by \$23.9 million in general revenue (\$70.1 million all funds) in FY2019. The changes require negotiations with MCOs and CMS as contracts will need to be amended. The Budget as Enacted eliminated a proposed reduction to

managed care profit margins, and partially restored a proposed cut to medical component rates. After the restorations, the net reduction to MCOs is \$11.0 million in general revenue (\$38.2 million all funds) in FY2019.

MCO Reductions	General Revenue	All Funds
Medical Rate Component	(\$9.1)	(\$32.6)
Administrative Rate Component	(1.9)	(5.6)
Total	(\$11.0)	(\$38.2)

\$ in millions

MCO Medical Component: The Governor proposed cuts to Managed Care Organization (MCO) medical component rates by a combined 3.75 percent, which includes a 1.0 percent “quality withhold” and a 2.75 percent base reduction to the rates. The State plans to establish benchmarks for lowering expenditures for high Medicaid utilizers, reduce cesarean births, and reduce emergency room utilization. The Governor included \$14.9 million in general revenue savings (\$44.0 million all funds) from the initiative. The Budget restores \$5.8 million in general revenues and \$11.4 million in federal funds to lessen the reduction to approximately 1.0 percent.

MCO Administrative Component: The Governor’s Article 14 sought authority to reduce administrative rates paid to Managed Care Organizations (MCOs) by 2.5 percent in FY2019. The Budget includes \$1.9 million in general revenue savings (\$5.6 million all funds) in FY2019.

EOHHS indicates that managed care administrative costs have risen by 65.0 percent since FY2014, while enrollments have increased by 49.0 percent. Spending on MCO administration has increased from \$77.7 million in FY2014 to an anticipated \$128.2 million in FY2019. The Office indicates that the reduction will be an “incentive to MCOs to improve their operational efficiency and to work closely with Medicaid to identify areas of potential improvement to administrative processes.”

The historical trends and any savings underlying this initiative exclude any assumption of impact on Rhody Health Options. This program is addressed in a separate initiative.

Dual Eligible / LTSS Redesign **(\$10.3 million)**

EOHHS proposes two changes to the delivery of long-term services and supports (LTSS).

Restructure Rhody Health Options: Article 14 restructures the delivery system for individuals with both Medicare and Medicaid eligibility (dual eligible) who have chronic or disabling conditions. EOHHS plans to redesign the delivery system with performance incentives to reduce administrative and risk share costs. The Budget includes \$7.3 million in general revenue savings (\$15.4 million all funds) from the initiative. Also proposed are \$625,000 in additional expenditures associated with the program redesign.

Implementation of Community First Choice: The article further supports the redesign of the delivery system for beneficiaries receiving long term care services and supports. It promotes the transition of Medicaid beneficiaries to community-based services wherever appropriate by seeking waiver authority to promote the Community First Choice (CFC) option for seniors and people with physical disabilities and for intellectually or developmentally disabled people living with families or independently. EOHHS estimates that for the targeted population nursing homes cost \$63,833 per year compared to \$33,250 for home and community-based settings (HCBS) The CFC option provides additional funding to support transitions by providing enhanced federal financial participation for certain HCBS expenditures.

Based on an estimated transition of 26 members per month beginning in October 2018, EOHHS estimates \$3.0 million in general revenue savings from reduced nursing home costs and increased HCBS costs to be shifted to federal fund sources.

Hospital Related Initiatives**(\$5.4 million)**

The Governor's proposed budget reduced expenditures related to hospitals by \$14.2 million (\$32.1 million all funds) in FY2019. After restorations, the enacted budget reduced hospital payments by \$5.4 million in FY2019.

Hospital Rate Freeze: Hospitals are reimbursed by Medicaid on a fee-for-service basis and by MCOs for inpatient, outpatient, and emergency services. RIGL 40-8-13.4 allows EOHHS to review these rates annually to make adjustments to the payments by considering factors such as hospital costs, hospital coding, and availability of services to beneficiaries. Increases may not exceed the CMS Prospective Payment System Hospital Price Index, an inflation-based index. The article maintains current rates for inpatient and outpatient services for FY2019.

The November 2017 Caseload Estimating Conference adopted hospital payment figures that were based on estimated 2.8 percent increases for inpatient services and 1.8 percent for outpatient services. The Governor's Budget assumed \$5.3 million in general revenue savings (\$15.5 million all funds) from the initiative. The General Assembly removed the rate freeze, adding \$5.0 million (\$14.3 million all funds) based on updated estimates.

Restructure GME: The State has a Graduate Medical Education (GME) program that provides funding for Rhode Island's academic Level I trauma center hospitals that have a minimum of 25,000 inpatient discharges per year and provide at least 250 interns and residents per year. Currently, Rhode Island Hospital is the only hospital that qualifies for this funding. The FY2018 Budget as Enacted contains \$4.0 million in general revenue funding for the initiative; however, the Governor eliminated this payment in the supplemental budget recommendation.

For FY2019, the Governor amended the GME program to reduce state-only program funding and restructured the program to focus on mental health and substance use treatment at all teaching hospitals. The enacted budget adds \$285,000 in general revenue funding for GME and does not include the proposed program eligibility changes.

Non-Emergency Medical Transportation**(\$3.8 million)**

Article 13 reduces reimbursements and removes state restrictions to align with Title XIX for the non-emergency medical transportation (NEMT) program. EOHHS plans to restructure the NEMT program to incentive cost-effective transportation solutions, including making changes to vendor payment methods, rate cuts, and other rebates.

The State's current NEMT vendor, Logisticare, has a contract that runs through December 31, 2018. The proposed changes would begin January 1, 2019. According to EOHHS, Logisticare has operating margins approaching 20.0 percent. The Budget includes \$3.8 million in general revenue savings (\$9.5 million all funds) from the initiative.

LTSS Eligibility / Estate Recovery**(\$3.0 million)**

The Budget makes changes to long-term services and supports (LTSS) asset verification and resource testing. The Governor had proposed removing retroactive eligibility for certain coverage; however, the General Assembly restored it.

LTSS Automated Asset Verification: Asset verification is a key component to Medicaid eligibility determination. The Office proposes to automate asset verification functions related in long-term services and supports (LTSS) settings. The Office indicates that the current process is manual and caseworkers lack sufficient tools in the field to accurately verify information. The Office plans to purchase and implement an electronic asset verification system, resulting in savings for nursing homes and other LTSS spending.

The Budget assumes \$2.5 million in general revenue savings (\$5.2 million all funds) in FY2019. The estimate assumes that 102 nursing home members and 98 home and community-based services members would be found ineligible each year, equating to approximately 2.0 percent.

LTSS Resource Testing: The Budget amends the law to eliminate “loopholes” related to the treatment of annuities as it relates to asset and income testing. This includes testing for “asset transfers”, or when a Medicaid applicant or beneficiary transfers a liquid financial resource for less than it is worth in the five years preceding the application. Federal law requires that these types of transfers disqualify an applicant for a penalty period before being eligible for Medicaid-funded long-term care. The Budget includes \$539,648 in general revenue (\$1.1 million all funds) savings in FY2019 from the initiative.

Perry Sullivan

(\$3.0 million)

In an effort to rebalance the State’s long term care system in favor of home and community based services over nursing home services, the Long Term Care Service and Financial Reform Act of 2006 (commonly referred to as the Perry/Sullivan provision) requires savings from reduced nursing home usage to be reinvested to strengthen community-based alternatives.

The FY2018 Budget as Enacted includes \$3.0 million in general revenue funding (\$6.2 million all funds) in long-term care fee-for-service and Rhody Health Options programs. These funds have since been applied to pay for Home and Community Care wage increases that were enacted in FY2018. The November Caseload Estimating Conference did not estimate a reduction in nursing home bed days for FY2019, so there is no Perry/Sullivan allocation, resulting in a \$3.0 million decrease from FY2018.

Home Care Rates

\$2.9 million

The Budget increases payment rates for fee-for-service home care services paid through EOHHS, DHS, and BHDDH. In EOHHS, \$2.9 million general revenue and \$3.1 million in federal funds are added. Across all agencies, \$7.0 million is added.

Nursing Home Payments

\$2.8 million

Each October nursing homes are to receive an inflation-based rate increase, tied to the national nursing home inflation index. The November 2017 Caseload Estimating Conference adopted nursing homes payments assuming a 2.75 percent increase in FY2019.

In the enacted budget, nursing home payments increase by \$2.8 million in general revenue funding (\$5.9 million all funds), and reflect the settlement of a court case. The settlement eliminates any retroactive payments or obligations to nursing homes. Going forward, the Budget funds a 1.5 percent base rate increase effective July 1, 2018, and rates will increase another 1.0 percent on October 1, 2018.

Revenue Maximization

(\$1.6 million)

The Budget includes \$1.6 million in general revenue savings (\$2.3 million all funds) from several proposals including: expanding RIte Share beyond the RIte Care program; requiring commercial insurers to maintain coverage of adult disabled children over the age of 26 on their parents’ health insurance plans; and, by maximizing the federal match rate by qualifying certain children as “childless adults” when reaching the age of 19.

Of note, these changes require functionality of the RI bridges (UHIP) system that does not currently exist. EOHHS indicates that “workarounds” may be possible to move forward with the savings initiatives.

Eliminate State-Only Programs

(\$641,120)

The Budget reduces two programs that are not eligible for regular Medicaid match rates. These “State-only” programs include Community Health Teams, and the Recovery Navigation (STOP) Program.

- **Community Health Team:** The Budget eliminates \$362,280 for Community Health Teams for the Carelink contract under the fee-for-service programs. Carelink provides patient-centered medical home services to fee-for-service enrollees.
- **Recovery Navigation (STOP) Program:** The Budget eliminates \$255,465 for the Recovery Navigation Program that is located at the Emmanuel House homeless shelter and operated by The Providence Center. The program is designed to provide intoxicated people a safe and supportive place to stabilize. The goal is to reduce emergency department use. The Recovery Navigation team consists of a registered nurse, case manager, security guard, peer recovery specialists, program manager, intake coordinator, and outreach specialist.

Department of Children, Youth, and Families

Expenditures by Program	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
Central Management	\$12.9	\$10.0	\$13.7	\$3.7	37.1%	\$13.2	\$3.2	32.1%
Child Welfare	172.2	164.2	181.1	16.9	10.3%	173.6	9.4	5.7%
Children's Behavioral Health Services	13.9	11.1	12.3	1.2	10.9%	12.7	1.6	14.1%
Juvenile Correctional Services	23.4	23.6	24.7	1.1	4.7%	28.3	4.7	19.9%
Higher Education Incentive Grants	0.2	0.2	0.2	-	-	0.2	-	-
Total	\$222.7	\$209.0	\$232.0	\$23.0	11.0%	\$227.9	\$18.9	9.0%

Expenditures by Source	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
General Revenue	\$159.8	\$145.9	\$166.5	\$20.7	14.2%	\$161.6	\$15.8	10.8%
Federal Funds	60.3	59.0	61.4	2.4	4.1%	61.7	2.7	4.6%
Restricted Receipts	2.5	3.1	2.9	(0.2)	-7.8%	2.7	(0.5)	-14.5%
Other Funds	0.1	1.1	1.2	0.2	14.3%	1.9	0.9	81.0%
Total	\$222.7	\$209.0	\$232.0	\$23.0	11.0%	\$227.9	\$18.9	9.0%

Authorized FTE Levels 628.5 616.5 616.5 - - 631.5 15.0 2.4%

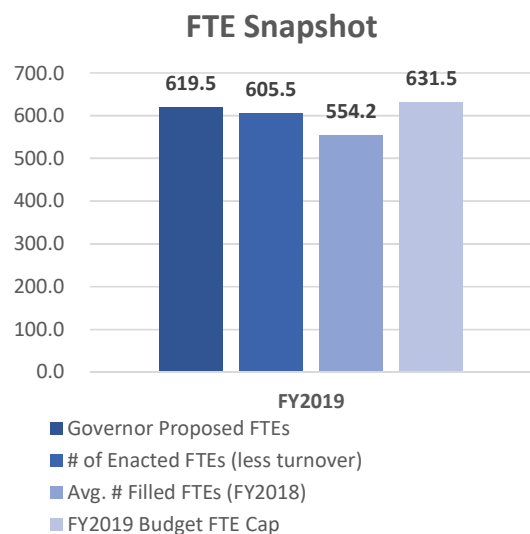
\$ in millions. Totals may vary due to rounding.

The Department of Children, Youth, and Families (DCYF) is charged with implementing a statewide program to protect and support vulnerable children and families. The Department develops and evaluates services which provide opportunities for children to reach their full potential. DCYF has three major operational divisions: Child Welfare (including child protective services, family services, and adoption support), Children's Behavioral Health Services, and Juvenile Corrections (including the Rhode Island Training School for Youth and juvenile probation). The Department annually supports an average of 3,500 children and their families, and indirectly serves thousands more through community-based programs.

MAJOR ISSUES AND TRENDS

The FY2019 Budget as Enacted includes \$227.9 million from all funds for the Department of Children, Youth, and Families. This includes \$161.6 million from general revenues, \$61.7 million from federal funds, \$2.7 million from restricted receipts, and \$1.9 million from RICAP funds. General revenue funding increases by \$15.8 million (10.8 percent) relative to the FY2018 Budget as Enacted.

The Budget increases the Department's FTE authorization by 15.0 FTE positions, from 616.5 FTEs in FY2018 to 631.5 FTEs in FY2019. This increase accounts for the addition of seven positions for the Voluntary Extension of Care program, the removal of four vacant case management positions from the Child Welfare program, and the transfer of 12.0 FTE positions from the Executive Office of Health and Human Services (EOHHS). The FY2018 Budget as Enacted consolidated the Department's financial staff within EOHHS; however, these positions remained funded in DCYF and have been added back to the Department.



In January 2018, the State of Rhode Island and the Department of Children, Youth, and Families agreed to settle a long-standing class action lawsuit. Children’s Rights Inc., a child advocacy group, filed suit in 2007 and demanded systemic reforms to the State’s child welfare system. The lawsuit cited numerous deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. Over the last decade, these inadequacies have resulted in several incidences of child abuse, neglect, and death in Rhode Island. The agreement reached in 2018, known as the Children’s Rights Settlement, outlined a number of new screening and reporting requirements to be met by the Department and overseen by the Office of the Child Advocate.

In addition to the Children’s Rights Settlement, the Department experienced a dramatic increase in caseload during FY2018. Relative to FY2017, the average number of child abuse reports per month increased by 41.2 percent and the average number of removals by Child Protective Services increased by 64.6 percent. This resulted in a dramatic uptick in the number of out-of-home placements, from a year-end average of 1,768 children in FY2017 to 2,024 in FY2018, a year-over-year increase of 14.5 percent.

The Department’s FY2018 budget was constrained by caseload increases, coupled with an effort to transform services for youth in state care. For many years, the Department was over-reliant on congregate care, or group homes, and has been working to minimize its use of these settings. In order to achieve a reduction in congregate care, the Department has invested in various other programs. This includes working with providers of family preservation services in order to avoid removing children from their homes. This is a preventive effort to reduce the number of children in need of residential placements. In the case of removals, the Department prioritizes kinship foster homes and has been working to license more foster families in order to provide more appropriate out-of-home settings. DCYF has also implemented stricter policies regarding congregate care placements and invested in adoption and guardianship programs in order to promote permanent placements for children who cannot return to their families. Over the last decade, the Department has successfully reduced its congregate care census from a year-end average of 965 in FY2009 to 427 in FY2018, despite an increase in total caseload over the same time period.

The Department’s efforts to transform its system of care ultimately drove a deficit in FY2018. Historically, the Department has been held to budget targets which have proved unachievable and have required a supplemental budget. DCYF’s revised budget for FY2018 was \$23.0 million more than enacted. For FY2019, the Governor and General Assembly added \$102,551 and \$18.8 million, respectively, from all funds in order to address this structural deficit.

CENTRAL MANAGEMENT

The Central Management program is provided by the Office of the Director and Support Services. Central Management components are primarily administrative and work to improve overall services and maximize operational efficiency. These functions provide coordination and oversight, fiscal management, accountability supports, facility management, legal services, and youth development services.

Central Management	General Revenue
FY2018 Enacted	\$7,157,480
<i>Target and Other Adjustments</i>	<i>92,486</i>
Centralized Service Charges	980,323
Contracted Services	603,639
Personnel	(166,328)
Statewide COLA	116,077
FY2019 Enacted	\$8,783,677

Centralized Service Charges**\$980,323**

The FY2019 Budget includes \$980,323 in general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$1,493
Capital Asset Management	304,377
Human Resources	674,453
Total	\$980,323

Contracted Services**\$603,639**

The FY2019 Budget adds \$603,639 from general revenues for contracted services within Central Management. This reflects the program's utilization of services through two staffing agencies, RI Temps and ADIL. These temporary staff members provide administrative assistance, primarily for clerical and legal services. These contracted services also help to ensure that Title IV-E requirements are met in order to preserve federal revenue collections.

Personnel**(\$166,328)**

The Department is transferring staff positions between divisions in order to increase operational efficiency. It is anticipated that this initiative will reduce overtime department-wide and result in general revenue savings of \$166,328 within Central Management in FY2019. This initiative is based on the Department's request. Savings are partially offset by increased expenditures in other programs.

Statewide COLA**\$116,077**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$116,077 within Central Management.

CHILD WELFARE

The Child Welfare division has two major sub-programs:

- **Child Protective Services (CPS):** CPS reviews and responds to reports of child abuse and neglect. CPS staff includes child protective investigators who specialize in the investigation of these reports. If a child is deemed to be at imminent risk of harm, he or she may be removed from the home and placed in the care of the State for up to 48 hours, pending petitions before the Rhode Island Family Court.
- **Family Services Unit (FSU):** Staff members within Family Services provide ongoing social services and case management to children and families who become involved with DCYF due to abuse, neglect, substance abuse, or behavioral health issues.

The Child Welfare program also includes adoption and guardianship services as well as residential care for children who are removed from their homes. Residential services include kinship and non-kinship foster care, congregate care (group homes and out-of-state placements), and independent living.

The FY2019 Budget as Enacted includes \$119.6 million from general revenues to support Child Welfare. This is \$9.0 million more than the FY2018 Budget as Enacted and \$12.3 million more than the Governor's proposal. Actual expenditures in FY2017 were \$119.4 million.

Child Welfare	General Revenue
FY2018 Enacted	\$110,574,755
<i>Target and Other Adjustments</i>	<i>256,550</i>
Funding Increase	15,414,318
Foster Care	3,825,666
Increased Federal Claiming	(3,500,000)
Congregate Care Reduction	(2,450,961)
Institutional Services Reduction	(1,887,759)
Personnel	(1,429,611)
Targeted Contract Reductions	(1,242,252)
Statewide COLA	639,964
Family Preservation Services	(630,526)
Voluntary Extension of Care	(1,568)
FY2019 Enacted	\$119,568,576

Funding Increase **\$15.4 million**

The FY2019 Budget includes a base increase of \$15.4 million in general revenue funding relative to the FY2018 Budget as Enacted. This funding is included based on the Department's request to address upward caseload trends and transform its service array. This funding is reduced by several savings initiatives, which are discussed individually below, for a net general revenue increase of \$9.0 million.

Foster Care **\$3.8 million**

- **Foster Care Capacity (\$2.0 million increase):** The General Assembly added \$2.0 million from general revenues in FY2019 to increase foster care capacity in Rhode Island. This funding supports the Department's demonstrated need for more specialized foster care settings, which provide care for children with special physical, behavioral, or mental health needs. In many cases, the Department will place high-need children in out-of-state congregate care settings due to a lack of appropriate in-state options. The Department is working to provide more services in Rhode Island, which complements efforts to reduce congregate care and is also more cost effective. During FY2018, specialized foster care placements increased by 34.5 percent while out-of-state placements fell by 16.0 percent. This investment will help the Department achieve savings in congregate care.
- **Rate Increase (\$1.1 million increase):** The FY2019 Budget includes funding to help alleviate the financial burden on families who care for foster children. DCYF reimburses foster families on a per diem basis, with varying rates depending on the type of foster care and age of the child. DCYF also provides a clothing stipend three times per year. The Department recently assessed its average foster care rates based on the United States Department of Agriculture's estimated daily cost of raising a child. The analysis concluded that FY2018 rates did not adequately reimburse families for the expenses they incurred while fostering children. This offered a disincentive for some families. Based on these findings, the Budget includes a general revenue increase of \$1.1 million (\$1.4 million all funds) in FY2019 to match the reimbursement rates in Massachusetts.

Per Diem Foster Care Rates			
Age	FY2018	FY2019	Change
0-3 years	\$17.95	\$21.92	22.1%
4-11 years	\$19.26	\$24.71	28.3%
12+ years	\$21.01	\$26.26	25.0%

Note: Rates exclude clothing stipends.

- **Home Studies (\$742,147 increase):** The Budget includes \$742,147 from general revenues to support foster home studies, which are required as part of the licensing process. The funding supports the Department's efforts to facilitate licensure, particularly for kinship placements. DCYF prioritizes placing children with relatives and is able to do so even if they are not licensed. However, the Department cannot leverage Title IV-E funds until a license is issued. By completing more home studies, the Department can license more families and maximize federal funds, offsetting general revenue expenditures. This will also enhance efforts to increase capacity and reduce congregate care.

Increased Federal Claiming

(\$3.5 million)

The Budget includes general revenue savings totaling \$3.5 million for FY2019 related to improved Title IV-E and Medicaid claiming for services provided by the Department. The initiative assumes that improving federal claiming processes will increase the collection of federal matching funds, offsetting general revenue expenditures. There is no all funds impact from this initiative.

- **Increased Title IV-E Claiming (\$2.0 million savings):** Title IV-E of the Social Security Act allows states to access federal funding to cover expenses for eligible foster children. Eligibility is primarily based on income and parental deprivation, and DCYF is working to address historical challenges in determining case eligibility. The Department is entering into an income data sharing agreement with the Department of Labor and Training (DLT) to allow for more efficient income determination. Additionally, the Department is working with judges to include certain language in Family Court orders. This language is necessary to support Title IV-E expenditures. These efforts are expected to increase IV-E matching funds by \$2.0 million, resulting in an equivalent amount of general revenue savings in FY2019.
- **Increased Medicaid Claiming (\$1.5 million savings):** DCYF will increase engagement efforts with providers of community-based services through its Contracts and Compliance and Management and Budget divisions to decouple potential Medicaid-eligible services from bundled rates. The Department is also working to develop a level of programming that meets Medicaid claiming requirements. Furthermore, the Medicaid waiver application included a new opportunity to leverage funds for youth in voluntary placements. The FY2019 Budget as Enacted assumes \$1.5 million in general revenue savings attributable to increased Medicaid claiming.

Congregate Care Reduction

(\$2.5 million)

Congregate care, which includes group homes, emergency shelters, and out-of-state residential placements, is the least desirable and most cost prohibitive setting for a child in state care. DCYF has been working to minimize reliance on these settings. As part of this effort, the Department has:

- Collaborated with the Family Court to ensure access to home-based services.
- Continued the Director's Approval Process (DAP), which requires referral and approval for congregate care placements.
- Established a Level of Need (LoN) tool to determine each child's treatment needs and to ensure referrals to home- and community-based placements instead of congregate care.

- Increased efforts to identify kinship foster placements for children and youth.

According to the Department, as of January 2018, the average cost for congregate care placements was \$364.56 per child per day, compared to \$119.47 per diem for specialized foster care and \$20.04 per diem for DCYF and kinship foster placements. At the end of FY2017, 25.3 percent of out-of-home placements were in congregate care settings. As of July 2018, the Department had reduced these placements to 19.0 percent despite a 21.5 percent increase in caseload. The Department's goal is to reduce congregate care placements to 15.0 percent in FY2019. The Budget includes general revenue savings of \$2.5 million (\$3.3 million all funds) assuming that DCYF reaches its 15.0 percent target.

Institutional Services Reduction

(\$1.9 million)

The Department is working to move towards a more appropriate and cost-effective array of services for children in state care. In November 2017, the Department submitted a Corrective Action Plan to address its FY2018 deficit, attributing a portion to an increase in the average per diem rate for out-of-home placements from \$274.06 to \$346.15. The plan included a goal to reduce these rates by 12.5 percent by aligning rates between providers who offer similar services. The Department has since engaged with many of its providers. Some have agreed to reduce rates or taper off programs that are duplicative or no longer necessary within the service array. The Budget includes general revenue savings of \$1.9 million (\$3.1 million all funds) in FY2019 related to continued renegotiations for institutional services.

Personnel

(\$1.4 million)

The Department requested a reduction in salary and benefit expenditures due to anticipated turnover based on trends experienced in FY2018. The Department is also transferring staff positions between divisions in order to increase operational efficiency. It is anticipated that this initiative will reduce overtime department-wide, resulting in some general revenue savings within Child Welfare in FY2019. Furthermore, the Budget eliminates four vacant case management positions from the program. General revenue savings related to personnel total \$1.4 million in FY2019.

Targeted Contract Reductions

(\$1.2 million)

The Budget includes general revenue savings of \$1.2 million (\$1.4 million all funds) related to direct service contract reductions. DCYF aims to reduce the use of or, in some cases, terminate specific contracts that are underutilized or do not align with the Department's priorities. Unlike institutional service reductions, these contract renegotiations are not unique to institutional placements and will impact a wide range of the Department's direct services.

Statewide COLA

\$639,964

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$639,964 within the Child Welfare program.

Family Preservation Services

(\$630,526)

The Department invests in family preservation services through several providers. These are intensive intervention services for families in crisis which aim to keep families intact in order to avoid the trauma and cost of removing children from their homes. The Budget includes general revenue savings totaling \$630,526 (\$1.1 million all funds) from shifting some of these services from the Preserving Families Network (PFN) program at \$85.90 per day to the Enhanced Family Support Services (EFSS) program at \$32.58 per day. This change was effective January 1, 2018, and the Department will be able to realize a full

year of savings in FY2019. According to the Department, both programs have similar success rates; thus, this shift is not expected to adversely affect families who receive these services.

Voluntary Extension of Care

(\$1,568)

Article 15 of the FY2019 Budget as Enacted creates the Voluntary Extension of Care (VEC) program. This program will reform and replace the existing programs related to aftercare for youth, ages 18 to 21, who are transitioning out of the foster care system. Prior to FY2019, DCYF care ended on a young adult's eighteenth birthday. With the new program, these individuals can elect to remain in state care until age 21 with the Family Court retaining oversight. Implementation of VEC is expected to save \$1,568 from general revenues in FY2019, although expenditures will increase in future years.

The FY2008 Budget as Enacted lowered the age limit of foster care from 21 to 18, after which the Department began contracting with community providers for aftercare services to support youth exiting foster care. Since FY2010, DCYF has held a Consolidated Youth Services (CYS) contract with Foster Forward to administer the Youth Establishing Self Sufficiency (YESS) program. The contract, funded through general revenues, totaled \$1.7 million in FY2018 and provided funding to help youth progress into their independent lives. YESS assisted an annual average of 180 individuals in locating housing, employment, and/or educational programs and provided funding to cover some living expenses.

The Department's goal is to offer similar services through the VEC program, where eligible individuals will also qualify for Title IV-E reimbursement. The language in Article 15 mirrors that of the Fostering Connections to Success and Increasing Adoptions Act of 2008, which will allow the Department to maximize federal matching funds. DCYF projects that 90.0 percent of enrollees will meet the income requirement for this funding. Additionally, unlike the YESS program, youth in the VEC program will be able to enroll or terminate participation in the program at any time between ages 18 and 21.

The FY2019 Budget as Enacted assumes termination of the \$1.7 million CYS contract, with a plan to use the funds in order to administer the program in-house. The program is expected to save \$1,568 in general revenue in FY2019, although federal funds expenditures will increase by \$916,633.

Analyst Note: According to the Department, the administration of the VEC program will not adhere to the plan included in the enacted budget. The CYS contract was set to expire on June 30, 2018, with the new VEC program in place as of July 1, 2018. However, the contract was renegotiated for \$1.2 million and extended until June 30, 2019. This will allow youth in the YESS program to continue receiving services from Foster Forward while DCYF brings aftercare programs back under its purview. With the remaining \$460,703, DCYF will provide housing stipends and pay \$35 per hour for enhanced case management services from Foster Forward. This will help the Department meet its initial staffing needs. The program does not require any additional funding for new staff, as the Department intends to consolidate existing personnel from other units. As of August 2018, the Department projects that the program may exceed the budgeted cost by approximately \$45,000 in FY2019.

CHILDREN'S BEHAVIORAL HEALTH SERVICES

The Children's Behavioral Health Services program designs, implements, and monitors a statewide system of care for children and youth requiring mental health services, including those children who are involved with the Department due to abuse, neglect, or delinquency. The Department seeks to support all children and youth with developmental disabilities or emotional disturbances in the least restrictive settings possible.

Children's Behavioral Health Services	General Revenue
FY2018 Enacted	\$5,099,171
<i>Target and Other Adjustments</i>	
Medicaid Billing	70,553
Personnel	1,090,172
Statewide COLA	624,595
FY2019 Enacted	\$6,944,545

Medicaid Billing**\$1.1 million**

The Budget increases general revenue expenditures by \$1.1 million in FY2019 based on a demonstrated increase in the program's direct bills for Medicaid. This is primarily associated with increased utilization of Bradley group homes, which serve children and youth with high-end mental health needs. There are five residential programs run by Bradley Hospital with per diems ranging from \$467 to \$616. These services are billed to Medicaid but are paid through two DCYF accounts—one is funded by general revenues and the other by federal funds. The portion of total service costs paid by each account is based on the Federal Medical Assistance Percentage (FMAP). The additional funding is included to reflect an increase in total service costs based on utilization as well as an increase in the average per diem rate during FY2018. Federal funding for these services also increases based on the current FMAP rate of 52.3 percent for FY2019.

Personnel**\$624,595**

The Department is transferring staff positions between divisions in order to increase operational efficiency. It is anticipated that this initiative will reduce overtime department-wide and result in additional general revenue expenditures of \$624,595 within Children's Behavioral Health Services in FY2019. This initiative is based on the Department's request. These additional expenses are offset by savings in other programs.

Statewide COLA**\$60,054**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$60,054 within the Children's Behavioral Health Services program.

JUVENILE CORRECTIONAL SERVICES

Juvenile Correctional Services include two major programs for youth:

- **Rhode Island Training School for Youth (RITS):** The RITS is a secure correctional facility for adjudicated juvenile offenders as well as those awaiting trial. The facility holds 72 beds for male residents and 24 beds for female residents. The School is a 24-hour, 365-day operation providing housing, food, clothing, medical care, education, vocational training, and other programs and services to meet the needs of its residents. As of July 2018, there were 52 youth detained at the Training School, a year-over-year decrease of 35.0 percent.
- **Juvenile Probation and Parole:** Juvenile Probation supervises all youth placed on probation by the Family Court. Each youth is evaluated to determine their risk for recidivism. Staff members then create and enforce individualized plans for compliance. As of July 2018, there were 340 youth in the juvenile probation program, a year-over-year reduction of 22.7 percent.

Juvenile Correctional Services	General Revenue
FY2018 Enacted	\$22,824,456
<i>Target and Other Adjustments</i>	149,218
Centralized Service Charges	2,446,761
Statewide COLA	471,847
Personnel	224,961
FY2019 Enacted	\$26,117,243

Centralized Service Charges **\$2.4 million**

The FY2019 Budget includes \$2.4 million in general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. These include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$1,537,489
Capital Asset Management	909,272
Human Resources	-
Total	\$2,446,761

Statewide COLA **\$471,847**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$471,847 within Juvenile Corrections.

Personnel **\$224,961**

The FY2019 Budget includes additional general revenue expenditures totaling \$224,961 for salaries and benefits within Juvenile Corrections. This is consistent with the FY2018 Revised Budget and is based on the Department's demonstrated need for additional personnel funding. Funding will support DCYF's intent to fill vacancies at the Training School, including juvenile program workers, probation staff, and teachers.

HIGHER EDUCATION INCENTIVE GRANTS

The Postsecondary Tuition Assistance Program provides tuition assistance for former foster youth to attend a wide range of post-secondary institutions. This program is funded by state higher education incentive grants and federal Educational and Training Vouchers (ETVs). General revenue funding for the incentive program is set by statute at \$200,000 per year.

Higher Education Incentive Grants	General Revenue
FY2018 Enacted	\$200,000
<i>Target and Other Adjustments</i>	-
FY2019 Enacted	\$200,000

In the 2016-2017 academic year, a total of 69 students in DCYF care were awarded higher education incentive grants. Of the awarded students, 63.9 percent attended a Rhode Island public institution: 19

attended the Community College of Rhode Island, 14 attended the University of Rhode Island, and 11 attended Rhode Island College.

CAPITAL PROJECTS

The FY2019 Budget as Enacted includes a total of \$1.2 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2018, \$1.9 million in FY2019, and \$2.3 million in FY2020 through FY2023. Projects include:

- Upgrades and improvements at the Training School, including roof repairs, sprinkler head replacements, and the installation of a new security system. The Budget includes financing of \$550,000 in FY2018 and \$1.9 million in FY2019 for these improvements. The total project cost is \$5.8 million.
- Acquisition and installation of a generator at the Training School. The Department initially requested three units but revised its request to one. The Budget includes \$650,000 in RICAP funds in FY2018 for this equipment.

Department of Health

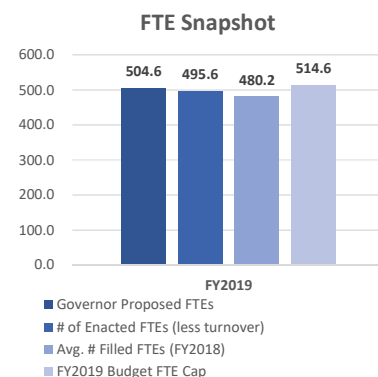
Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$4.8	\$9.4	\$12.8	\$3.4	36.0%	\$12.3	2.9	30.8%
Community Health and Equity	98.2	104.7	101.7	(3.0)	-2.8%	103.7	(0.9)	-0.9%
Customer Services	11.1	11.6	11.4	(0.2)	-2.0%	12.1	0.5	4.4%
Environmental Health	11.6	12.7	12.8	0.1	0.8%	13.3	0.6	4.8%
Health Laboratories and Medical Examiner	11.9	11.6	12.1	0.5	4.4%	12.6	0.8	6.9%
Policy, Information and Communications	3.1	4.1	5.2	1.1	26.3%	4.7	0.6	14.4%
Preparedness, Resp, Infectious Dis, & Emergency Services	13.7	15.6	15.0	(0.7)	-4.2%	15.4	(0.2)	-1.4%
Total	\$154.4	\$169.6	\$170.8	\$1.2	0.7%	\$174.1	\$4.2	2.5%
Expenditures By Source								
General Revenue	\$25.5	\$24.9	\$26.6	\$1.7	6.9%	\$29.0	\$4.1	16.5%
Federal Funds	92.7	105.4	100.3	(5.1)	-4.8%	101.2	(4.2)	-4.0%
Restricted Receipts	36.1	39.4	43.9	4.5	11.5%	43.9	4.5	11.5%
Other Funds	-	-	-	-	-	-	-	-
Total	\$154.3	\$169.6	\$170.8	\$1.2	0.7%	\$174.1	\$4.5	2.6%
Authorized FTE Levels	503.6	493.6	506.6	13.0	2.6%	514.6	21.0	4.3%

\$ in millions. Totals may vary due to rounding.

The mission of the Rhode Island Department of Health (RIDOH) is to prevent disease and to protect and promote the health and safety of the people of Rhode Island. Since Rhode Island has no local health departments, the Department coordinates public health activities across the State. The Department's responsibilities include licensing and regulation, collection and analysis of health data, disease surveillance, prevention, and control, vital records, and state laboratories. The Department also houses the Office of the Medical Examiner, the agency responsible for investigating and certifying suspicious or unexplained deaths.

MAJOR ISSUES AND TRENDS

The FY2017 Enacted Budget authorized the reorganization of the Department of Health. The Department's programs and subprograms were reconfigured for efficiency and to maximize service delivery based upon the Department's strategic objectives. The reorganization created new divisions as well as eliminated functions that were determined to be inconsistent with its current mission and goals. In FY2019, the Department's divisions include: Central Management; Community Health and Equity; Customer Service; Environmental Health; Health Laboratories and Medical Examiner; Policy, Information, and Communication; and Preparedness, Response Infectious Disease, and Emergency Medical Services.



The Budget includes \$1.6 million within the Information Technology Investment Fund under the Department of Administration to fund an upgrade to the electronic vital records system. To partially offset the costs of the project, the Budget includes the following fee increases:

- Walk-in certified records request, \$20 to \$22
- Mail-in certified records request, \$20 to \$25
- Duplicate records, \$15 to \$18
- Municipal cost allocation for certified copies, \$6 to \$8

There is an increase of 13.0 FTE positions within the Department of Health. These additional positions are related to drug overdose prevention and intervention and are mostly funded through federal and restricted

receipts. In addition, the Budget adds a 1.0 Senior Human Services Policy System Analyst to implement REAL-ID and adds 7.0 FTE positions reflecting the decentralization of finance positions that were previously consolidated in the Executive Office of Health and Human Services.

CENTRAL MANAGEMENT

Central Management provides overall leadership, management, and administrative functions for the Department. The Division includes four subprograms: Executive Functions, Management Services, Academic Center, and Health Equity Institute.

Central Management	General Revenue
FY2018 Enacted	\$789,523
<i>Target and Other Adjustments</i>	<i>2,190</i>
Centralized Service Charges	1,290,017
Statewide COLA	14,576
FY2019 Enacted	\$2,096,306

Central Management	Other Fund Changes
Federal Fund Adjustments	\$381,833
VRI Savings	(\$22,186)

Centralized Service Charges **\$1.3 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on prior-year use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear. In addition, there is an increase of \$13,804 in federal funds for centralized Information Technology Services, an increase of \$1.5 million in restricted receipts for centralized Information Technology Services and \$557,315 for centralized Human Resource services.

Centralized Service Charges	Amount
Information Technology	\$0
Capital Asset and Management	1,122,316
Human Resources	167,701
Total	\$1,290,017

Federal Fund Adjustments (federal funds) **\$381,833**

The Budget increases federal funds \$381,833 within the Central Management Program as compared to the FY2018 Budget as Enacted. The following table illustrates the various major federal fund adjustments.

Federal Awards	FY2018 Enacted	FY2019 Enacted	Change
CSHCN Integrated Services	\$280,182	\$0	(\$280,182)
Girls Empowerment Mentoring Support	-	400,343	400,343
Maternal And Child Health Block Grant	1,904,184	2,043,887	139,703
Maternal And Child Health Federal Medicaid	346,762	399,990	53,228
OMH State Partnership Program	199,571	201,900	2,329
PPHF Prevention Block Grant	743,030	771,936	28,906
Refugee Cash And Medical Assistance	102,159	113,986	11,827
Refugee Preventive Health Discretionary Grant	70,485	96,164	25,679
Total	\$3,646,373	\$4,028,206	\$381,833

VRI Savings (restricted receipts) (\$22,186)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the restricted receipt savings projected across the program is \$22,186. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

COMMUNITY HEALTH AND EQUITY

The Division of Community Health and Equity aims to eliminate health disparities, assure healthy child development, control disease, and strive for healthy communities. The division includes four centers: chronic care and disease management, health promotion and wellness, perinatal and early childhood health, and preventive services. The Community Health and Equity division was created in FY2017, by shifting functions from the previous division of Community and Family Health and Equity.

Community Health and Equity	General Revenue
FY2018 Enacted	\$691,032
<i>Target and Other Adjustments</i>	862
Wise Woman Heart Disease and Stroke Program	(60,000)
Statewide COLA	6,478
FY2019 Enacted	\$638,372

Community Health and Equity	Other Fund Changes
Federal Fund Adjustments	(\$4,219,725)
Restricted Receipt Adjustments	2,671,838
Centralized Service Charges	675,163

Wise Woman Heart Disease and Stroke Program (\$60,000)

The Budget eliminates \$60,000 in general revenue-funded operating, contract, and grant expenses for the Wise Woman Heart Disease and Stroke Program as part of an overall 10.0 percent budget reduction. The program is funded with general revenue and federal funds. In 2013, the Department used the state-funded program to obtain a federal grant to expand the Wise Woman program in more health centers. The Wise Woman program provides chronic disease risk factor screenings, lifestyle interventions, and health care referrals.

The State received a federal award of \$838,404 as part of the FY2013 Budget as Enacted, covering a federal 5-year award period of July 1, 2013, to June 30, 2018. The amount listed in the state's database is the authorized federal fund drawdown and does not reflect cumulative federal awards. The federal award ends June 30, 2018.

The State provided \$60,000 per year from FY2013 to FY2018 as the state-match to the federal award. The Department will apply in the new federal award competitive cycle; however, the federal award requirements are unknown at this time. The Department states that the loss of the general revenue portion will reduce the federal match availability.

Statewide COLA**\$6,478**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$6,478 within the Community Health and Equity division.

Federal Fund Adjustments (federal funds)**(\$4.2 million)**

The Budget decreases federal funds \$4.2 million within the Community Health and Equity Program as compared to the FY2018 Budget as Enacted. The following table illustrates the various major federal fund adjustments.

Federal Fund Adjustments	FY2018	FY2018	Change	FY2019	Change
	Enacted	Revised		Enacted	
Office of Supplemental Nutrition - WIC - Benefits	\$17,800,000	\$16,250,000	(\$1,550,000)	\$17,300,000	(\$500,000)
Immunization	15,810,689	14,749,312	(1,061,377)	15,690,244	(120,445)
ACA Maternal Infant & Early Childhood Home Visit	7,486,276	601,938	(6,884,338)	-	(7,486,276)
Office of Supplemental Nutrition - WIC - Admin.	7,312,581	7,303,123	(9,458)	7,930,125	617,544
Maternal Infant And Early Childhood Home Visiting	-	6,162,682	6,162,682	5,648,401	5,648,401
RI Public Health Actions To Prevent Obesity	3,926,215	4,167,936	241,721	4,129,787	203,572
ACS MCH Home Visiting Expansion	3,424,976	-	(3,424,976)	-	(3,424,976)
Prescription Drug Overdose Prevention	1,802,818	2,667,491	864,673	2,696,906	894,088
PPHF Women's Cancer Screening Program	1,554,506	1,545,035	(9,471)	1,528,836	(25,670)
Chronic Disease Prevention and Health	1,483,881	1,490,786	6,905	1,463,963	(19,918)
PPHF Chronic Disease Prevention And Control	1,162,338	1,314,129	151,791	1,215,956	53,618
Non-PPHF Chronic Disease Prevention and Control	1,068,509	944,662	(123,847)	985,940	(82,569)
Family Planning - Federal Funds	1,059,204	1,138,160	78,956	1,116,164	56,960
All Other Items	7,898,298	8,153,015	254,717	7,881,616	(16,682)
Total	\$71,790,291	\$66,488,269	(\$5,302,022)	\$67,587,938	(\$4,202,353)

Centralized Service Charges (federal funds)**\$415,154**

The Budget increases federal and restricted receipt expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on prior-year use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear. The amount added for the restricted receipt portion is \$260,009.

Centralized Service Charges	Federal Amount	Restricted Receipt Amount
Information Technology	\$415,154	\$260,009
Capital Asset and Management	-	-
Human Resources	-	-
Total	\$415,154	\$260,009

Restricted Receipt Adjustments (restricted receipts)**\$2.7 million**

The Budget increases restricted receipt expenses \$2.7 million within the Community Health and Equity Program as compared to the FY2018 Budget as Enacted. The following table illustrates the various major restricted receipt adjustments.

Restricted Receipt Adjustments	FY2018	FY2018	Change	FY2019	Change
	Enacted	Revised		Enacted	
Adult Immunizations	\$13,248,149	\$14,686,865	\$1,438,716	\$15,183,905	\$1,935,756
Cancer Screening Program Donations	-	15,000	15,000	15,000	15,000
Infant - Child Immunization	16,989,181	17,150,614	161,433	17,629,188	640,007
Newborn Screening Program	1,965,273	1,930,843	(34,430)	2,046,348	81,075
Total	\$32,202,603	\$33,783,322	\$1,580,719	\$34,874,441	\$2,671,838

CUSTOMER SERVICES

Created in the FY2017 Enacted Budget, the Division of Customer Services has licensure and regulatory responsibilities of health care professionals and facilities, and is comprised of four centers: Professional Licensing, Professional Boards and Commissions, Vital Records, and Health Facilities Regulation. The division encompasses portions of the former Environmental and Health Services Regulation division, and the Public Health Information division.

Customer Services	General Revenue
FY2018 Enacted	\$6,324,375
<i>Target and Other Adjustments</i>	<i>3,840</i>
Real-ID Program	325,534
Personnel	(102,796)
Contract Services	200,101
Statewide COLA	133,661
Centralized Service Charges	118,859
Operating Expense Adjustments	42,621
FY2019 Enacted	\$7,046,195

Customer Service REAL-ID Program **\$325,534**

The Budget increases general revenue by \$325,534 to fund additional staff and equipment to implement REAL-ID, particularly to establish an Office of Vital Records satellite office at the main Division of Motor Vehicles office in Cranston. The purpose of the office is to provide customers accessibility to certified birth certificates onsite when they apply for a REAL-ID. The Department will hire a new 1.0 Senior Human Services Policy System Analyst and a temporary Genealogical Clerk, in addition to purchasing computer supplies, IT support, and office supplies. The Department projects revenue receipts of \$1.2 million over three years from fees charged to customers requesting vital records.

Contract Service Changes **\$200,101**

The Budget includes a net increase of \$200,101 in general revenue for various contract service expenses. The majority of the increase is for contracted Information Technology Support Services reflecting a restoration of \$125,000 for licensing software maintenance. This item was reduced as savings in the FY2018 Budget as Enacted with the assumption of it being restored in the FY2019 Revised Budget. The second major item reflects an increase of \$91,181 for temporary clerical services by RI Temps. The increase is a result of a legal settlement with the state collective bargaining unit, AFSCME Council 94, which requires temporary positions to be paid at the first step of the equivalent FTE position. The additional funding was not included in the FY2018 Budget as Enacted due to timing of the settlement but is reflected in the FY2019 Budget as Enacted.

Contract Services	FY2018 Enacted	FY2018 Revised	Change	FY2019 Enacted	Change
Clerical Services	\$120,253	\$136,530	\$16,277	\$211,434	\$91,181
IT System Support	4,900	4,900	-	125,000	120,100
All Other Contract Expenses	87,150	89,030	1,880	75,970	(11,180)
Total	\$212,303	\$230,460	\$18,157	\$412,404	\$200,101

Centralized Service Charges**\$118,859**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on prior-year use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$118,859
Capital Asset and Management	-
Human Resources	-
Total	\$118,859

Personnel**(\$102,796)**

The Budget includes a net decrease of \$102,796 in general revenue for personnel costs. This reflects a decrease of \$261,410 for lower salary and benefit costs for vacant positions than what was previously budgeted in the FY2018 Budget as Enacted. Offsetting the decrease is the restoration of \$158,614 in general revenue, reversing the Governor's proposal to transfer of 2.0 FTE positions from the Department of Health to the Department of Business Regulation to support the Governor's proposal to transfer administration of several professional license categories. The positions are a 1.0 Beauty Shop Inspector position and 1.0 Health Services Licensing Aid II position.

Operating Expense Adjustments**\$42,621**

The Budget includes a net operating expense increase of \$42,621 in general revenue within the Customer Service Program as compared to the FY2018 Budget as Enacted. The following table illustrates the various major adjustments.

Operating Expenses	FY2018 Enacted	FY2018 Revised	Change	FY2019 Enacted	Change
Software Maintenance Agreements	\$225,946	\$104,832	(\$121,114)	\$235,946	\$10,000
Postage and Postal Services	104,750	64,000	(40,750)	44,000	(60,750)
Telecommunication Overhead	60,837	86,300	25,463	86,300	25,463
Records Center Overhead	10,000	50,500	40,500	45,192	35,192
Computer Supplies/Software & Equipment	4,600	19,545	14,945	19,545	14,945
All Other Adjustments	100,615	124,753	24,138	118,386	17,771
Total	\$506,748	\$449,930	(\$56,818)	\$549,369	\$42,621

ENVIRONMENTAL HEALTH

The Environmental Health division was created in FY2017, combining parts of the former Environmental and Health Services Regulation and the Healthy Homes divisions. The division is responsible for licensing and regulating activities related to the provision of clean and safe food and drinking water, as well as environmental hazards like lead, radon, and asbestos in homes and businesses.

Environmental Health	General Revenue
FY2018 Enacted	\$5,100,209
<i>Target and Other Adjustments</i>	<i>48,804</i>
Centralized Service Charges	442,223
Statewide COLA	112,686
VRI Savings	(13,994)
FY2019 Enacted	\$5,689,928

Environmental Health	Other Fund Changes
Drinking Water and Food Protection	\$110,469
Centralized Service Charges	\$442,223

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on prior-year use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear. In addition, there is an increase of \$152,026 in federal funds and \$3,854 in restricted for centralized service charges.

Centralized Service Charges	Amount
Information Technology	\$442,223
Capital Asset and Management	-
Human Resources	-
Total	\$442,223

Statewide COLA **\$112,686**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$112,686 within the Environmental Health division.

VRI Savings **(\$13,994)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the program is \$13,994. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent. There are additional corresponding savings of \$49,075 in federal funds.

Restricted Receipt Fund Changes**\$110,469**

- **Drinking Water and Food Protection:** The Budget increases restricted receipts by \$110,469 within the Environmental Health division as compared to the FY2018 Budget as Enacted, reflecting increased grant awards from the federal Environmental Protection Agency for the Drinking Water and Food Protection program.

HEALTH LABORATORIES AND MEDICAL EXAMINER

In FY2017, the State Health Laboratories and Medical Examiner divisions merged. The new division provides laboratory services to state and municipal agencies, health care providers, and the general public, for the purposes of public health, environmental protection, and forensic science. The laboratory performs approximately 250,000 analyses each year, largely on a fee-for-service basis, and collects approximately \$1.8 million in fees, which are deposited into the State's general fund.

The Medical Examiner investigates and certifies the cause of death in the case of all known or suspected homicides, suicides, accidents, sudden infant deaths, drug related deaths, medically unattended or unexplained deaths, and deaths which may be evidence of an epidemic or other threat to the public health. The Division also provides expert testimony in criminal and civil cases.

Health Laboratories and Medical Examiner	General Revenue
FY2018 Enacted	\$9,531,063
<i>Target and Other Adjustments</i>	
Medical Examiner Funding Restoration	(10,835)
Statewide COLA	500,000
Centralized Service Charges	193,302
Laboratory Medical Supplies	173,833
FY2019 Enacted	\$10,495,828

Medical Examiner Funding Restoration**\$500,000**

The Budget restores \$500,000 in general revenue in FY2019 that was included in the FY2018 Budget as Enacted as a one-time savings shift of general revenue (\$250,000 Laboratory and \$250,000 Medical Examiner's Office) to restricted receipts under the assumption that the State Health Laboratories and Medical Examiner Division would reallocate some administrative costs associated with federal grant administration to restricted receipts. The Budget restores funding into the appropriate accounts.

Statewide COLA**\$193,302**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$193,302 within the Health Laboratories and Medical Examiner division.

Centralized Service Charges**\$173,833**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on prior-year use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear. In addition, there is an increase of \$1,263 in federal funds for Information Technology charges.

Centralized Service Charges	Amount
Information Technology	\$173,833
Capital Asset and Management	-
Human Resources	-
Total	\$173,833

Laboratory Medical Supplies**\$108,465**

The Budget includes \$108,465 in general revenue for laboratory supplies, specifically HIV laboratory supplies, including test kits. The Division of Health Laboratories performs approximately 250,000 analyses annually. It also conducts surveillance testing for early detection of contagious diseases such as insect-borne and sexually transmitted diseases. The Department indicates that while test volumes per disease remain fairly constant year after year, the costs to perform them have increased. Previously federal funds were used by the Department to purchase these kits, but the federal appropriation decreased requiring the State to fund the testing or risk having the laboratory cut services in testing and delay the reporting of these diseases.

POLICY INFORMATION AND COMMUNICATION

A new Policy Information and Communication division was created, in FY2017. The Division is responsible for public health communications; data collection, analysis, and dissemination; coordination of the Department's legislative and regulatory functions; and ensuring standards of care are maintained in new and existing healthcare facilities. The division includes four centers: Public Health Communications, Health Data and Analysis and Public Informatics, Health Systems Policy and Regulation, and Legislative and Regulatory Affairs.

Policy, Information and Communication	General Revenue
FY2018 Enacted	\$837,790
<i>Target and Other Adjustments</i>	<i>23,019</i>
Centralized Service Charges	186,030
Statewide COLA	19,802
FY2019 Enacted	\$1,046,839

Centralized Service Charges**\$186,030**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on prior-year use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear. In addition, there is an increase of \$23,719 in federal funds for Information Technology charges.

Centralized Service Charges	Amount
Information Technology	\$186,030
Capital Asset and Management	-
Human Resources	-
Total	\$186,030

Statewide COLA**\$19,802**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0

percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$19,802 within the Policy Information and Communication division.

PREPAREDNESS, RESPONSE, INFECTIOUS DISEASE, AND EMERGENCY MEDICAL SERVICES

The Preparedness, Response, Infectious Disease, and Emergency Medical Services division was created in FY2017. The division includes four centers that previously existed within two divisions of the department: Emergency Preparedness and Response; Infectious Disease and Epidemiology; HIV, Hepatitis, STD, and TB Epidemiology; and, Emergency Medical Services.

The division prepares for and responds to catastrophic events, disasters, and emergencies. It also monitors and works to prevent the spread of infectious diseases, and licenses and regulates emergency medical services in the state.

Preparedness, Response, Infections Disease, and Emergency Services	General Revenue
FY2018 Enacted	\$1,619,131
<i>Target and Other Adjustments</i>	<i>44,220</i>
Medicaid Health Systems Transformation	247,900
Centralized Service Charges	64,520
Statewide COLA	36,008
VRI Savings	6,651
FY2019 Governor	\$1,975,771

Environmental Health	Other Fund Changes
Drinking Water and Food Protection	\$110,469

Medicaid Health Systems Transformation **\$247,900**

The Budget restores funding to the Division of Preparedness, Response, Infectious Disease, and Emergency Medical Services (PRIDEMS), reflecting unachieved savings proposed in the FY2018 Budget as Enacted.

The Department participates in the Executive Office of Health and Human Services (EOHHS) Health Systems Transformation (HST) project. The Center for Medicare and Medicaid Services (CMS) approved EOHHS' general HST proposal, which includes DOH; however, CMS did not approve the savings proposal. This requires the restoration of general revenue funding in FY2019 for the salary of the Division Director/Medical Director/State Epidemiologist (0.7 FTE position) and a Directly Observed Therapy Worker (0.5 FTE position). The Department states that if the claiming manual is not approved, the Department plans to continue to fund these salaries via general revenue as they are critical to the function of the Division and Department.

Centralized Service Charges **\$64,520**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on prior-year use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear. In addition, there is an increase of \$44,590 in federal funds for Information Technology charges.

Centralized Service Charges	Amount
Information Technology	\$64,520
Capital Asset and Management	-
Human Resources	-
Total	\$64,520

Statewide COLA**\$36,008**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$36,008 within the Preparedness, Response, Infectious Disease, and Emergency Medical Services division.

VRI Savings**(\$6,651)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the program is \$6,651. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent. There are additional corresponding savings of \$10,378 in federal funds.

Federal Fund Adjustments (federal funds)**(\$610,872)**

The Budget increases federal funds \$610,872 within the Central Management Program as compared to the FY2018 Budget as Enacted. The following table illustrates the various major federal fund adjustments.

Federal Fund Awards	FY2018 Enacted	FY2019 Enacted	Change
Adult Viral Hepatitis Prevention Coordination	\$140,396	\$137,730	(\$2,666)
Bioterrorism - Disease Prevention	934,168	676,034	(258,134)
Bioterrorism - HRSA	1,137,400	1,120,517	(16,883)
Bioterrorism - Laboratories	1,100,351	1,051,363	(48,988)
Bioterrorism Preparedness Response	3,072,498	2,814,329	(258,169)
Chemical Bioterrorism	450,497	448,629	(1,868)
ELC-Building & Strengthening Epidemiology	328,208	230,194	(98,014)
EMS - Children Partnership Grants	142,901	254,311	111,410
Epi & Lab Capacity for Infectious Diseases	3,624,178	3,593,103	(31,075)
HIV Prevention	819,515	812,611	(6,904)
HIV/aids Surveillance & Seroprevalence	212,039	192,193	(19,846)
HPP Ebola Preparedness And Response Activities	326,549	556,549	230,000
Medicaid Administration Reimb.-Federal Share	470,723	230,278	(240,445)
PHEP Supplement for Ebola Virus Disease	102,155	-	(102,155)
Ryan White Hiv Care Cooperative Agreement	475,459	715,229	239,770
Tuberculosis Control	240,822	286,166	45,344
Venereal Disease Control	451,098	298,849	(152,249)
Total	\$14,028,957	\$13,418,085	(\$610,872)

Department of Human Services

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$9.0	\$7.9	\$8.7	\$0.8	10.1%	\$8.7	\$0.8	10.1%
Child Support Enforcement	8.7	11.0	11.2	0.2	1.8%	10.0	(1.0)	-9.1%
Elderly Affairs	16.6	19.6	20.8	1.2	6.1%	20.9	1.3	6.6%
Health Care Eligibility	17.3	14.0	17.3	3.3	23.6%	15.5	1.5	10.7%
Individual and Family Support	115.5	124.7	132.3	7.6	6.1%	140.8	16.1	12.9%
Rhode Island Works	90.3	93.3	91.6	(1.7)	-1.8%	99.2	5.9	6.3%
State Funded Programs	269.9	283.6	281.8	(1.8)	-0.6%	283.3	(0.3)	-0.1%
Supplemental Security Income Program	18.7	18.5	20.0	1.5	8.1%	20.0	1.5	8.1%
Veterans Affairs	80.6	42.1	45.3	3.2	7.6%	34.4	(7.7)	-18.3%
Total	\$626.6	\$614.7	\$629.0	\$14.3	2.3%	\$632.8	\$18.1	2.9%

Expenditures By Source								
General Revenue	\$90.6	\$91.1	\$100.9	\$9.8	10.8%	\$98.0	\$6.9	7.6%
Federal Funds	529.1	515.6	520.9	5.3	1.0%	521.1	5.5	1.1%
Restricted Receipts	2.4	3.4	2.4	(1.0)	-29.4%	8.9	5.5	161.8%
Other Funds	4.6	4.6	4.8	0.2	4.3%	4.8	0.2	4.3%
Total	\$626.7	\$614.7	\$629.0	\$14.3	2.3%	\$632.8	\$18.1	2.9%

Authorized FTE Levels	937.1	981.1	981.1	-	0.0%	1,020.1	39.0	4.0%
-----------------------	-------	-------	-------	---	------	---------	------	------

\$ in millions. Totals may vary due to rounding.

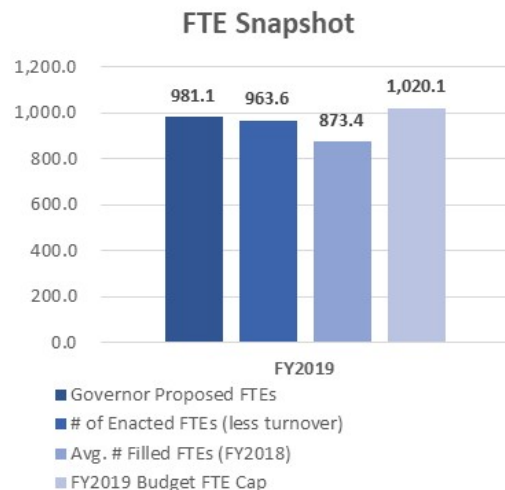
The Department of Human Services (DHS) administers programs and services that support the needs of children and families, adults and children with disabilities, veterans, and the elderly. These services include health care, child care, cash assistance, and other supportive services for working parents and families.

MAJOR ISSUES AND TRENDS

The FY2019 Budget includes total funding of \$632.8 million, an \$18.1 million increase from the FY2018 Budget as Enacted, including a general revenue increase of \$6.9 million. The FY2019 Budget includes \$4.8 million in expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The Budget also includes an additional \$1.2 million in general revenue related to adjustments from the May 2018 Caseload Estimating Conference, mainly within the State's Supplemental Security Income.

The Budget authorizes 1,020.1 FTE positions for FY2019, an additional 39.0 FTEs above the FY2018 Budget as Enacted. The additional positions reverse the FY2018 decision to shift the Department's finance staff to the Executive Office of Health and Human Services.

The Unified Health Infrastructure Project (UHIP) is the largest information technology (IT) project undertaken by the State intended to fully integrate health and human service programs and establish a State-based health insurance exchange, HealthSource RI. The project was developed in two phases. Phase I, launched in 2013, created an online portal for purchasing commercial health insurance and income-based Medicaid eligibility. Phase II of UHIP,



launched in September of 2016, was intended to expand the system to serve as a portal through which residents apply for and enroll in other health and human service programs such as Child Care, SNAP, GPA, and SSI programs.

Phase II of the UHIP project has been plagued with technical failures resulting in delays in eligibility and payments to providers and individuals. These challenges led to the Governor's decision to seek the resignation of the Director of DHS, the Director of Information Technology, and the Secretary of Health and Human Services. The Governor has replaced these key positions with acting leaders, published an analysis of the current conditions of the project, and proposed short-term and long-term solutions to improve the performance of the system. The costs of the project, which is projected to total \$491.7 million through FY2019, are shared across the Executive Office of Health and Human Services (EOHHS), DHS, and HealthSource RI (HSRI).

The Budget includes an additional \$7.0 million in restricted receipts for an anticipated UHIP settlement from Deloitte Consulting, the primary developer of the system. Currently, it is unclear how the settlement will be collected and a designated restricted receipt account has not been created.

Caseload Estimating Conference

Every November and May, the State revises cash assistance caseload forecasts in order to estimate entitlement program spending for both the current and the following fiscal year. The May 2018 Caseload Estimating Conference adopted estimates dictate the entitlement program appropriations included in the FY2019 Budget as Enacted.

Overall spending for cash assistance programs, which includes RI Works, child care subsidies to working families, Supplemental Security Income (SSI) state supplement, and General Public Assistance (GPA), is estimated to be \$115.7 million in FY2019, an increase of \$3.8 million from the FY2018 Enacted level. The major contributor to this increase is due to an anticipated increase of 1,315 people utilizing SSI, and an increase of 279 people using the RI Works program.

Cash Assistance Program - May 2018 Adopted Estimates			
	FY2018 Enacted	FY2019 Adopted	Change to Enacted
Rhode Island Works	\$22.9	\$25.3	\$2.4
Federal Funds	22.9	25.3	2.4
Child Care	\$69.0	\$69.3	\$0.3
Federal Funds	58.4	58.6	0.2
General Revenue	10.6	10.7	0.1
SSI- State Supplement	\$18.6	\$20.0	\$1.4
General Revenue	18.6	20.0	1.4
General Public Assistance	\$1.4	\$1.1	(\$0.3)
General Revenue	1.4	1.1	(0.3)
Total	\$111.9	\$115.7	\$3.8
Federal Funds	81.3	83.9	2.6
General Revenue	30.6	31.8	1.2

\$ in millions. Totals may vary due to rounding.

CENTRAL MANAGEMENT

Central Management, which includes the Office of the Director, supervises, coordinates, and monitors all departmental functions within DHS. This division also includes the Office of Policy Analysis, Research, and Development; the Operations Management Unit; the Collections, Claims, and Recoveries Unit; and the Fraud Investigation Unit.

Central Management	General Revenue
FY2018 Enacted	\$3,410,108
<i>Target and Other Adjustments</i>	<i>(1,830)</i>
Personnel	406,881
Crossroads	200,000
Centralized Service Charges	116,704
Statewide COLA	16,070
FY2019 Enacted	\$4,147,933

Personnel **\$406,881**

The Budget increases general revenue by \$406,881 in Central Management due to adjustments in the Department's personnel cost allocation and the hiring of additional personnel. The FY2018 Budget consolidated financing staff from DHS into the Executive Office of Health and Human Services (EOHHS). The FTE positions were shifted but financing for the positions remained at DHS to maximize federal financing participation. In FY2018 the funding for finance positions was cost allocated to other programs within the Department. The FY2019 Budget reverses the centralization of finance staff and shifts 39.0 FTE positions back to DHS from EOHHS. The Budget also adjusts the funding for these positions to be reallocated back into the Central Management program, causing an increase in personnel costs. The Department also hired additional personnel, within their authorized FTE cap, in Financial Management.

Crossroads **\$200,000**

The Budget includes \$500,000 in general revenue to support Crossroads Rhode Island, a \$200,000 increase over the FY2018 Enacted level. Crossroads Rhode Island is a non-profit organization that helps homeless or at-risk individuals and families secure stable housing.

Centralized Service Charges **\$116,704**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$74,323
Capital Asset and Management	-
Human Resources	42,381
Total	\$116,704

Statewide COLA **\$16,070**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$889,138 within the Department of Human Services, \$16,070 of this increase is included in the Central Management program.

CHILD SUPPORT ENFORCEMENT

The Office of Child Support Enforcement assists families by ensuring payment of court-ordered child support payments. The Office provides the following services: location of non-custodial parents, establishment of paternity, establishment and modification of child support orders, and enforcement, through the use of license suspensions, tax refund intercepts, and liens. Collections recovered for families that receive state support through Rhode Island Works or Medicaid are retained by the State; other collections are distributed directly to families.

Child Support Enforcement	General Revenue
FY2018 Enacted	3,081,319
<i>Target and Other Adjustments</i>	<i>4,905</i>
Child Support Enforcement	(1,240,271)
Centralized Service Charges	95,571
Statewide COLA	15,351
FY2019 Enacted	\$1,956,875

Child Support Enforcement**(\$1.2 million)**

The Budget decreases general revenue by \$1.2 million due to a new savings initiative related to increased Medicaid match. Medicaid is currently unable to ask for information about non-custodial parents on the enrollment application, which has led to decreased collections. The initiative aims to establish paternity during Medicaid enrollment, leading to an increase in Medicaid collections (federal funds) and a decrease in general revenue spending.

Centralized Service Charges**\$95,571**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$70,142
Capital Asset and Management	-
Human Resources	25,429
Total	\$95,571

Statewide COLA**\$15,351**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$889,138 within the Department of Human Services, \$15,351 of this increase is included in the Child Support Enforcement program.

ELDERLY AFFAIRS

The Division of Elderly Affairs (DEA) provides comprehensive services, advocacy, and public policy dedicated to the needs of older Rhode Islanders, adults with disabilities, their caregivers, and families. Elderly Affairs implements a system of community-based care for individuals sixty years and older as well as adults with disabilities. The Division is responsible for developing and implementing a State Plan on Aging under the federal Older Americans Act. The Division oversees the Aging and Disability Resource Center (called “The Point”) and a network of community information specialists who provide referrals to services and other resources to elders and adults with disabilities.

Elderly Affairs	General Revenue
FY2018 Enacted	\$6,592,188
<i>Target and Other Adjustments</i>	<i>(23,992)</i>
Centralized Service Charges	668,545
Senior Support Services	400,000
Long Term Care Rebalancing - Home Care Rates	183,000
Statewide COLA	38,552
FY2019 Enacted	\$7,858,293

Centralized Service Charges**\$668,545**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$236,334
Capital Asset and Management	245,733
Human Resources	186,478
Total	\$668,545

Senior Support Services**\$400,000**

The Budget doubles general revenue support for programs designed to increase senior independence and engagement in the community. Funds are distributed to municipalities using on a per-capita distribution formula which is based on the number of seniors, age 65 and older, this information is provided by the U.S Census Bureau. Currently there are 48 Senior Centers in the State, each municipality determines how the allocated funds are distributed among their Senior Centers. Senior Centers provide seniors with social interaction, stimulation and a sense of community, helping seniors from becoming isolated. Senior Centers also provide exercise opportunities and health screenings, allowing seniors to remain active and healthy as they age. The following table illustrates that amount of additional funding each municipality would receive.

Municipality	Population Age 65+	2018 Awards	2019 Awards	Change from 2018
Barrington	2,860	\$7,169	\$14,441	\$7,271
Bristol	3,876	9,905	19,570	9,665
Burrillville	2,196	5,493	11,088	5,595
Central Falls	1,395	3,495	7,044	3,548
Charlestown	1,652	4,016	8,341	4,325
Coventry	5,179	12,833	26,149	13,316
Cranston	12,770	31,107	64,477	33,370
Cumberland	6,026	14,784	30,426	15,642
East Greenwich	2,175	5,262	10,982	5,720
East Providence	8,021	20,178	40,499	20,321
Exeter	870	1,555	4,393	2,838
Foster	834	2,000	4,211	2,211
Glocester	1,527	3,557	7,710	4,153
Hopkinton	1,260	3,407	6,362	2,955
Jamestown	1,189	2,702	6,003	3,301
Johnston	5,626	14,237	28,406	14,169
Lincoln	3,536	8,470	17,854	9,384
Little Compton	912	2,430	4,605	2,174
Middletown	2,596	6,343	13,108	6,765
Narragansett	3,221	8,618	16,263	7,646
Newport	3,514	9,213	17,743	8,529
New Shoreham	192	562	969	407
North Kingstown	4,184	10,452	21,126	10,674
North Providence	5,959	15,543	30,088	14,545
North Smithfield	2,311	6,584	11,669	5,085
Pawtucket	8,268	21,712	41,746	20,034
Portsmouth	3,629	9,265	18,323	9,058
Providence	15,239	40,310	76,944	36,634
Richmond	962	2,145	4,857	2,712
Scituate	1,953	4,747	9,861	5,114
Smithfield	3,642	8,830	18,389	9,559
South Kingston	5,195	12,742	26,230	13,488
Tiverton	3,534	8,721	17,844	9,122
Warren	1,981	4,972	10,002	5,030
Warwick	15,194	37,882	76,717	38,834
West Greenwich	625	1,612	3,156	1,544
West Warwick	4,524	11,991	22,842	10,851
Westerly	4,476	11,164	22,600	11,435
Woonsocket	5,340	13,989	26,962	12,974
Total	158,443	\$400,000	\$800,000	\$400,000

Source: Department of Elderly Affairs

Long Term Care Rebalancing – Home Care Rates **\$183,000**

The Budget increases general revenue expenditures by \$183,000 relating to a wage increase for home health and personal care attendants provide home care and long term services to seniors. The Budget also includes an additional \$192,924 in federal funds for this rate increase.

Statewide COLA **\$38,552**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$889,138 within the Department of Human Services, \$38,552 of this increase is included in the Division of Elderly Affairs.

HEALTH CARE ELIGIBILITY

Health Care Eligibility is responsible for determining Medicaid eligibility. This includes the determination of eligibility for medical benefits for certain low-income individuals and/or families with dependent children, and individuals who meet eligibility criteria within the following populations: RI Works participants; SSI participants; Children with Special Health Care Needs; children in foster care or subsisted adoption within the Department of Children, Youth, and Families; low income families; and aged, blind, or disabled individuals.

Health Care Eligibility	General Revenue
FY2018 Enacted	\$6,045,119
<i>Target and Other Adjustments</i>	
Personnel	310,008
Centralized Service Charges	(951,461)
Statewide COLA	560,859
FY2019 Enacted	\$6,072,355

Personnel **(\$951,461)**

The Budget is reduced by \$951,461 in personnel costs within the Health Care Eligibility program due a shift in the Department's cost allocation plan. This shift is primarily due to the reallocation of personnel costs from Healthcare Eligibility to Individual and Family Support (IFS). The Department has deemed IFS as the "one stop shop" for Department-wide case management and eligibility determinations due to the implementation of UHIP, the new integrated eligibility system.

Centralized Service Charges **\$560,859**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$431,922
Capital Asset and Management	128,937
Human Resources	-
Total	\$560,859

Statewide COLA **\$107,830**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0

percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$889,138 within the Department of Human Services, \$107,830 of this increase is included in the Health Care Eligibility program.

INDIVIDUAL AND FAMILY SUPPORT

The Division of Individual and Family Support (IFS), also referred to as the Division of Economic Support, operates the Department's economic benefits and work support programs, including the federal Supplemental Nutrition Assistance Program (SNAP), the Emergency Food Assistance Program, child care subsidies, the Rhode Island Works cash assistance program, Supplemental Security Income (SSI), and General Public Assistance (GPA).

The Division also provides services to individuals with disabilities, operating the Office of Rehabilitation Services (ORS), which includes the State's vocational rehabilitation program, services for the blind and visually impaired, and disability determination.

Individual and Family Support	General Revenue
FY2018 Enacted	\$20,663,169
<i>Target and Other Adjustments</i>	<i>(45,934)</i>
Centralized Service Charges	1,081,560
Personnel	538,122
Statewide COLA	293,245
FY2019 Enacted	\$22,530,162

Individual and Family Support	Other Funds
UHIP Anticipated Settlement (restricted receipts)	\$6,952,634

Centralized Service Charges **\$1.1 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$565,110
Capital Asset and Management	423,211
Human Resources	93,239
Total	\$1,081,560

Personnel **\$538,122**

The Budget adds \$538,122 in personnel costs within the Individual and Family Support (IFS) Program due to a shift in the Department's cost allocation plan. This shift is primarily due to the reallocation of personnel costs from Healthcare Eligibility to IFS. The Department has deemed the Individual and Family Support program to be the "one stop shop" for Department-wide case management and eligibility determinations due to the implementation of the new integrated eligibility system, UHIP. The increase is also attributed to an increase personnel within the Supplemental Nutrition Assistance Program (SNAP). The Department has experienced a backlog in SNAP cases resulting in fewer benefits being distributed. To mitigate the backlogs the Department intends to hire additional Eligibility Technicians.

Statewide COLA **\$293,245**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase

general revenue expenditures by \$889,138 within the Department of Human Services, \$293,245 of this increase is included in the Individual and Family Support program.

UHIP Anticipated Settlement (restricted receipts) \$7.0 million

The Budget includes \$7.0 million in restricted receipts from an anticipated United Health Infrastructure Project (UHIP) settlement from the primary software developer, Deloitte Consulting. The additional restricted receipts are intended to fund personnel and operational costs associated with UHIP. As of July 2017, Deloitte has credited the State \$85.6 million for delayed functionality of the system.

Analyst Note: The Governor had not set up a separate restricted receipt account for the anticipated settlement. It is unclear how the funds will be collected from Deloitte as there are currently no settlements pending, Deloitte is still working on fixing and improving the UHIP system.

RHODE ISLAND WORKS

Rhode Island Works provides cash assistance and employment support services, including child care assistance, to enable working parents with children to support their families. Applicants may have up to \$1,000 in resources (excluding a home) and one vehicle per adult, each month a typical family of three would receive about \$554 in assistance. Rhode Island Works (RIGL 40-5.2-5) replaced the Family Independence Program in 2008. This program is funded through the federal Temporary Assistance to Needy Families (TANF) program.

Rhode Island Works	General Revenue
FY2018 Enacted	\$10,612,819
<i>Target and Other Adjustments</i>	
Caseload Estimating Conference - Child Care Assistance	57,167
FY2019 Enacted	\$10,669,986

Rhode Island Works	Other Fund Changes
Caseload Estimating Conference - Rhode Island Works (federal funds)	\$2,437,242
Family Child Care Provider Union Contract (federal funds)	860,715
Child Care Tiered Reimbursement (federal funds)	3,370,542

Caseload Estimating Conference – Child Care Assistance \$57,167

Rhode Island provides child care assistance to low-income families (typically, families earning less than 180.0 percent of the federal poverty level, or \$36,756 annually for a family of three, are eligible). General revenue funding is estimated to increase by \$57,167 million in FY2019. The CEC adopted a FY2019 estimate of 9,300 child care subsidies, 122 less than the FY2018 Enacted level, at a general revenue cost of \$10.7 million (\$69.3 million all funds).

Federal Funds Changes \$6.7 million

The Budget includes a net increase of \$6.7 million in federal funds, including the following:

- **Caseload Estimating Conference:** The May 2018 Caseload Estimating Conference (CEC) adopted a RI Works caseload estimate of 10,025 persons at a monthly cost of \$193 per person, an increase of 279 persons and \$13 per person from the FY2018 Enacted level. The total federal fund cost of the RI Works program in FY2019 is \$25.3 million, an increase of \$2.4 million from the FY2018 Enacted level. The RI Works program is primarily funded through the federal Temporary Assistance to Needy Families (TANF) grant.
- **Family Child Care Provider Union Contract:** The Budget increases by \$860,715 due to negotiations with the home based child care providers union. Of the increase, \$635,595 is due to negotiated raises for three years including, a 2.5 percent increase retroactive to January 2018, 2.5 percent in January

2019 and 1.5 percent in January 2020. The remaining \$225,120 is due to new state requirements that allow home based child care provider union members to accrue sick time. Pursuant to RI General Laws 28-57, employers with 18 or more employees shall allow those employees to accrue up to 24 hours of sick time in calendar year 2018, 32 hours in calendar year 2019, and 40 hours in each calendar year thereafter

- **Child Care Tiered Reimbursement:** The Budget increases by \$3.4 million related to funding tiered reimbursement rates for licensed child care provider centers. The Governor included \$1.5 million from general revenues to fund the tiered reimbursement rates, the Budget instead shifts the funding to federal funds, specifically the Child Care Development Block Grant. The Budget also includes an additional \$1.9 million in federal funds to expand the tiered reimbursement rate initiative to include pre-school aged children, for a total of \$3.4 million in federal funds.

Article 15 includes changes to tiered child care rates, licensed child care centers providing care for infant and toddlers, and pre-school aged children would be changed to a tiered system reflective of the quality rating the provider has achieved within the State's Quality Rating System, BrightStars. Pursuant to the Article, no rate would be below \$193 for licensed child care centers or \$169 for family child care homes.

Pursuant to the Article, infant/toddler care licensed child care centers will be reimbursed 2.5 percent above \$193.64, the FY2018 weekly amount, for tier one, 5.0 percent for tier two, 13.0 percent for tier three, 20.0 percent for tier four, and 33.0 percent for tier five. For pre-school aged children, licensed child care centers will be reimbursed 2.5 percent above \$161.71, the FY2018 weekly rate, for tier one, 5.0 percent for tier two, 10.0 percent for tier three, 13.0 percent for tier four, and 21.0 percent for tier five. The below table shows the weekly reimbursement rates as described in the Article. Changes to the rates must be made by the General Assembly.

Infant/Toddler Rates			Pre-School Children Rates		
	Increased	Increased		Increased	Increased
Tier	Reimbursement Percentage	Reimbursement Amount	Tier	Reimbursement Percentage	Reimbursement Amount
1	2.5%	\$198.48	1	2.5%	\$165.75
2	5.0%	\$203.32	2	5.0%	\$169.80
3	13.0%	\$218.81	3	10.0%	\$177.88
4	20.0%	\$232.37	4	13.0%	\$182.73
5	33.0%	\$257.54	5	21.0%	\$195.67

In 2009, under RIGL 42-12-23.1, Rhode Island launched BrightStars, a Quality Rating and Improvement System for child care programs. BrightStars assess programs on 8-10 quality standards, and use that data to assign a quality rating between one to five Stars. Quality standards used to assess child care centers include staff qualifications, curriculum, and family engagement.

STATE FUNDED PROGRAMS

State Funded Programs incorporates two different programs, General Public Assistance (GPA) and The Supplemental Nutrition Assistance Program (SNAP). Only one of these programs, in fact, is state-funded.

GPA is a state-funded program (RIGL 40-6-3) that provides basic cash assistance to adults between the ages of 19 and 64 with very limited income and resources who have an illness, injury, or medical condition that is expected to last 30 days or more and prevents them from working. GPA also includes the hardship contingency fund, intended as the benefit of last resort for Rhode Islanders who do not qualify for Rhode Island Works or SSI. This benefit and funding level is directed by statute and does not typically fluctuate from year to year.

SNAP, or “food stamps”, is a federal nutrition program that provides food assistance to low-income households. SNAP benefits (\$282.1 million in FY2019) are fully federally funded. SNAP’s benefit disbursements are budgeted within this program, however, administrative responsibility of SNAP, as well as corresponding budgetary resources, are maintained by the Individual and Family Support program.

State Funded Programs	General Revenue
FY2018 Enacted	\$1,558,951
<i>Target and Other Adjustments</i>	
Caseload Estimating Conference	(375,071)
FY2019 Enacted	\$1,183,880

Caseload Estimating Conference—General Public Assistance **(\$375,071)**

Estimators at the May 2018 Caseload Estimating Conference (CEC) projected that in FY2019, 270 people would receive general public assistance (GPA) at a monthly cost of \$137.00 per person. Expenditures for monthly cash payments, indigent burials, and the GPA hardship contingency fund are projected to be \$1.2 million in FY2019, a \$375,071 general revenue decrease from FY2018 enacted levels. This decrease is due to the estimated monthly payment decreasing from the FY2018 enacted level of \$146.28 to \$137.00 in FY2019.

SUPPLEMENTAL SECURITY INCOME

The Supplemental Security Income (SSI) program is a federal income support program that provides basic cash assistance to individuals aged 65 or older and to adults and children with serious disabilities. Individuals eligible for SSI are also eligible for Medical Assistance (Medicaid) and SNAP (food stamps). Like all but four states (Arizona, North Dakota, Mississippi, West Virginia), Rhode Island pays beneficiaries a state supplement to the SSI benefit (RIGL 40-6-27).

The federal government, through the Social Security Administration, pays a basic benefit to SSI recipients. The actual monthly benefit depends on the recipient’s income; generally, the more income an individual earns, the lower the monthly benefit. Like most states, Rhode Island provides a supplemental state-funded payment to each recipient of the federal payment. The State also makes a state-only payment to some individuals who exceed the federal income eligibility requirements.

The total payment (state and federal) is set at a specific level and is recalculated each year as the federal benefit is adjusted so that the benefit keeps pace with inflation. As of January 1, 2018, the federal SSI payment was increased 2.0 percent based on the cost of living adjustment (COLA) calculated by the Bureau of Labor and Statistics. The state portion of the SSI payment remained the same at \$39.92 for individuals and \$79.38 for couples. Currently, the maximum monthly payment is \$774.92 for an individual and \$1,182.38 for a couple.

For SSI recipients in an assisted living residence, a majority of the payment goes to the facility and the resident retains up to \$20.00 of the payment as a personal needs allowance.

In order to be eligible for SSI, an individual must be age 65 or older, blind, or disabled. For the purposes of determining eligibility for SSI, “disabled” means that an individual over the age of 18 has a medically determinable physical or mental impairment that results in an inability to perform any “substantial gainful activity” and that is either expected to result in death or to last for a year or more. For a child, it is a condition that results in “marked and severe functional limitations” and is expected to either result in death or to last for a year or more.

SSI-eligible individuals must also have “limited resources,” defined as less than \$2,000 in resources for an individual or child, and less than \$3,000 in resources for a couple. Certain assets and resources are not included in the resource calculation, including the individual’s home, household goods and personal effects, burial plots, and a single vehicle.

Supplemental Security Income Program	General Revenue
FY2018 Enacted	\$18,548,119

<i>Target and Other Adjustments</i>	-
Caseload Estimating Conference - SSI	1,473,881
FY2019 Enacted	\$20,022,000

Caseload Estimating Conference—SSI **\$1.5 million**

The May 2018 Caseload Estimating Conference (CEC) SSI estimate reflects total general revenue costs of \$20.0 million (including \$72,000 in fees associated with the SSI program) in FY2019, which represents an increase of \$1.5 million from the enacted level. This is based upon a SSI caseload estimate of 35,000 individuals in FY2019, an increase of 1,315 above the FY2018 Enacted level, with individuals receiving an estimated average monthly payment of \$47.50, \$1.50 above the FY2018 Enacted level.

VETERANS AFFAIRS

The Division of Veterans Affairs serves Rhode Island's veteran population of approximately 70,000. The program operates the Rhode Island Veterans Home, a state-run nursing facility in Bristol, Rhode Island, and the Veterans Cemetery in Exeter, Rhode Island.

Veterans Affairs	General Revenue
FY2018 Enacted	\$20,601,826

<i>Target and Other Adjustments</i>	233,026
Centralized Service Charges	2,305,359
Statewide COLA	418,090
FY2019 Governor	\$23,558,301

Veterans Affairs	Other Funds Changes
Veteran's Home Construction Project (federal funds)	(\$10,588,000)

Centralized Service Charges **\$2.3 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$156,311
Capital Asset and Management	1,784,569
Human Resources	364,479
Total	\$2,305,359

Statewide COLA **\$418,090**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$889,138 within the Department of Human Services, \$418,090 of this increase is included in the Veterans Affairs program.

Veterans Home Construction Project (federal funds) **(\$10.6 million)**

The Budget decreases federal funds by \$10.6 million in FY2019 due to the completion of the Veterans Home. The Veterans Home, located in Bristol, was complete in October of 2017. The new home is a 260,000 square-foot facility with six interconnected "neighborhoods" that include a community living

center and clusters of private rooms around the common areas. Each neighborhood is also staffed with 24-hour caregivers. The Veterans home cost a total of \$121.0 million from FY2017 through FY2019, including \$60.5 million in federal funds and \$60.5 million in general obligation bonds.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

Expenditures by Program	2017	2018	2018	Change from		2019	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$1.4	\$1.7	\$2.7	\$1.0	60.7%	\$2.7	\$1.1	63.7%
Hospital & Community System Support	1.7	2.3	3.0	0.7	29.7%	2.9	0.6	25.7%
Behavioral Healthcare	21.9	28.2	28.7	0.5	1.9%	27.6	(0.6)	-2.0%
Services for the Developmentally Disabled	258.9	256.9	272.1	15.2	5.9%	271.7	14.8	5.8%
Hospital & Community Rehabilitation Services	115.0	108.0	121.9	13.8	12.8%	117.5	9.5	8.8%
Total	\$398.9	\$397.1	\$428.4	\$31.3	7.9%	\$422.5	\$25.4	6.4%

Expenditures by Source								
General Revenue	\$182.3	\$176.4	\$191.9	\$15.5	8.8%	\$188.1	\$11.6	6.6%
Federal Funds	204.7	204.3	224.4	20.1	9.9%	226.2	21.9	110.7%
Restricted Receipts	5.4	8.5	6.0	(2.5)	-29.7%	5.1	(3.4)	59.6%
Other Funds	6.5	7.9	6.0	(1.8)	-23.3%	3.1	(4.8)	39.4%
Total	\$398.9	\$397.1	\$428.4	\$31.3	7.9%	\$422.5	\$25.4	6.4%

Authorized FTE Levels	1,352.4	1,319.4	1,319.4	-	-	1,302.4	(17.0)	-1.3%
-----------------------	---------	---------	---------	---	---	---------	--------	-------

\$ in millions. Totals may vary due to rounding.

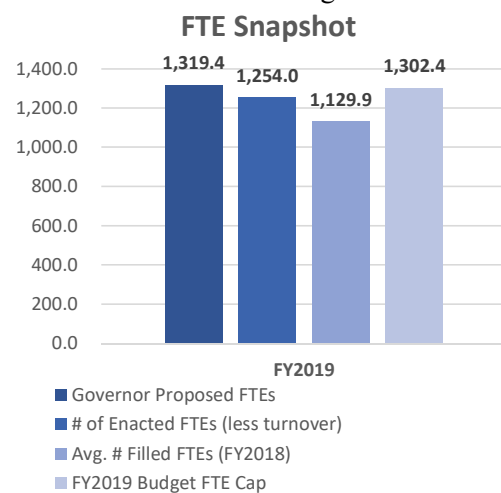
The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) provides a comprehensive system of care for individuals living with substance use disorders, developmental disabilities, and mental or physical illnesses. BHDDH administers a coordinated system of mental health promotion and substance abuse prevention through contracted, community-based programs and provides direct services at the Eleanor Slater Hospital and Rhode Island Community and Living Supports (RICLAS) facilities. BHDDH delivers services to more than 50,000 vulnerable individuals annually.

MAJOR ISSUES AND TRENDS

The FY2019 Budget as Enacted includes \$422.5 million from all funds for the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals. This includes \$188.1 million from general revenues, \$226.2 million from federal funds, \$5.1 million from restricted receipts, and \$3.1 million from RICAP funds. General revenue funding increases by \$11.6 million (6.6 percent) relative to the FY2018 Budget as Enacted.

The Budget reduces the Department's FTE authorization by 17.0 FTE positions, from 1,319.4 FTEs in FY2018 to 1,302.4 FTEs in FY2019. This reduction accounts for the elimination of 50.0 unfunded vacancies and the addition of 33.0 FTE positions related to a transfer from the Executive Office of Health and Human Services (EOHHS). The FY2018 Budget as Enacted consolidated the Department's financial staff within EOHHS; however, these positions remained funded in BHDDH and have been added back to the Department.

The State of Rhode Island was sued by the federal government in 2014 for violating the Olmstead Decision of the Americans with Disabilities Act. The United States Department of Justice concluded that the State's services for individuals with developmental disabilities were not adequately integrated within the community. The State subsequently entered into a



consent decree, which requires BHDDH to foster more supportive and less isolated employment opportunities for individuals with intellectual or developmental disabilities. These employment placements must be typical jobs that pay at least minimum wage and support employment for 20 hours or more per week. The consent decree requires funding, sustained until FY2024, to support a reformed system of care within the Division of Developmental Disabilities. BHDDH has continued its efforts to maintain compliance with federal standards, enhance federal funding opportunities, and match clients with the most appropriate and accessible services possible.

The Department's efforts to transform its system of care ultimately drove a deficit in FY2018. Historically, the Department has been held to budget targets which have proved unachievable and have required a supplemental budget. BHDDH's revised budget in FY2018 was \$31.3 million more than enacted. For FY2019, the Governor and General Assembly added \$3.7 million and \$21.7 million, respectively, from all funds in order to address this structural deficit.

CENTRAL MANAGEMENT

The Office of the Director provides overall management and policy direction for the Department. The program oversees most functions within BHDDH except for the Eleanor Slater Hospital, where day-to-day operations are managed by an Executive Director appointed by the BHDDH Director. The program's functions include Management and Administration, Legislative Affairs, Constituent Affairs, Advocacy, Hospital Appeals, Strategic Planning, Community and Provider Involvement, and Public Education. The program also centralizes emergency management, asset management and capital projects, performance improvement, and funds development for the Department.

Central Management	General Revenue
FY2018 Enacted	\$1,655,306
<i>Target and Other Adjustments</i>	<i>20,069</i>
Centralized Service Charges	521,061
Reduction of Expenses	(175,301)
Personnel	(81,067)
Statewide COLA	34,949
FY2019 Enacted	\$1,975,017

Centralized Service Charges **\$521,061**

The FY2019 Budget includes \$521,061 in general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$252,809
Capital Asset Management	268,252
Human Resources	-
Total	\$521,061

Reduction of Expenses **(\$175,301)**

The Department proposed reducing expenditures within the Central Management program in order to attain mandated cuts for FY2019. Much of these expenses are operational and will not allow the Department to invest in projects that have been delayed in prior years due to budget constraints, including computer and

software upgrades. The Budget includes general revenue savings of \$175,301 related to operational expense reductions, citing this as the least disruptive savings proposal.

Personnel **(\$81,067)**

The FY2018 Revised Budget included an initiative to transfer two positions from Central Management to the Behavioral Healthcare Services program. The two positions were improperly allocated to Central Management and were moved in order to align expenses with the correct accounts. This initiative is expected to carry forward general revenue savings of \$81,067 within Central Management in FY2019, offset by increased expenditures in Behavioral Healthcare Services.

Statewide COLA **\$34,949**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$34,949 within the Central Management program.

HOSPITAL AND COMMUNITY SYSTEM SUPPORT

The Hospital and Community System Support program provides the financial management function for the entire Department, including the hospital and community patient care facilities. Operational areas within the program include Budget Development, Program Analysis, Business Services, Accounting and Financial Control, Federal Grants, Contract Management, Revenue Collection, Billing and Accounts Receivable, Patient Resources and Benefits, Rate Setting, and Financial Reporting.

Hospital & Community System Support	General Revenue
FY2018 Enacted	\$2,067,954
<i>Target and Other Adjustments</i>	26,052
Centralized Service Charges	665,982
Reduction of Expenses	(190,139)
Statewide COLA	44,566
FY2019 Enacted	\$2,614,415

Centralized Service Charges **\$665,982**

The Budget includes \$665,982 in general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. These include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$307,851
Capital Asset Management	198,569
Human Resources	159,562
Total	\$665,982

Reduction of Expenses **(\$190,139)**

The Department proposed reducing expenditures within the Hospital and Community System Support program in order to attain mandated cuts for FY2019. Much of these expenses are operational and will not allow the Department to invest in projects that have been delayed in prior years due to budget constraints, including computer and software upgrades. The Budget includes general revenue savings of \$190,139 related to operational expense reductions, citing this as the least disruptive savings proposal.

Statewide COLA**\$44,566**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$44,566 within the Hospital and Community System Support program.

BEHAVIORAL HEALTHCARE SERVICES

The Division of Behavioral Healthcare Services is comprised of two subprograms: Integrated Mental Health Services and Substance Use Disorder Treatment and Prevention Services. The Division plans, coordinates, and administers a comprehensive system of mental health promotion and substance abuse prevention, intervention, and treatment activities. The program, primarily funded through federal grants, provides screening, early interventions, referrals, clinical treatment services, and recovery support activities. The program coordinates with other statewide departments and agencies, including criminal justice, public healthcare, child welfare, education, and other allied human service entities.

Behavioral Healthcare Services	General Revenue
FY2018 Enacted	\$2,543,780
<i>Target and Other Adjustments</i>	<i>27,379</i>
Behavioral Healthcare Link	650,000
Centralized Service Charges	248,989
Personnel	82,675
Statewide COLA	57,493
FY2019 Enacted	\$3,610,316

Behavioral Healthcare Services	Other Fund Changes
Pass-Through Appropriations	\$1,278,000
Department of Health Cooperative	100,000
Centers of Excellence	Informational

Behavioral Healthcare Link**\$650,000**

In September 2017, the Department issued a Request for Proposal (RFP) to potential providers for the Behavioral Healthcare Link (BH Link) initiative. The Department has since contracted with Horizon Healthcare Partners to launch BH Link at a location in East Providence. This will be a statewide resource providing 24-hour assessment, treatment, and referral for individuals in behavioral health crises, offering a cost-effective alternative to an emergency department or correctional facility. BH Link is designed to provide emergency intake services; individuals needing comprehensive behavioral health or addiction support must seek care in a specialized facility. The Budget includes \$650,000 from general revenues in FY2019 for BH Link, primarily for initial staffing needs, supported by approximately \$600,000 from federal substance abuse and mental health block grant funds. Article 13 also includes language to permit a Medicaid match for some services, which will require a bundled rate. BHDDH estimates that it will be able bill Medicaid approximately \$1.2 million from all funds in the first year.

Analyst Note: According to the Department, as of August 2018, the architectural design was completed and the building permits were requested, although construction had not yet begun. Provided that there are no disruptions in the construction plan, the Department intends to launch BH Link in October 2018.

Centralized Service Charges**\$248,989**

The Budget includes \$248,989 in general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. These include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$248,989
Capital Asset Management	-
Human Resources	-
Total	\$248,989

Personnel**\$82,675**

The FY2018 Revised Budget included an initiative to transfer two positions from Central Management to the Behavioral Healthcare Services program. The two positions were improperly allocated to Central Management and were moved in order to align expenses with the correct accounts. This initiative is expected to increase general revenue expenditures by \$82,675 within the Behavioral Healthcare Services program in FY2019, offset by savings in Central Management.

Statewide COLA**\$57,493**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$57,493 within the Behavioral Healthcare Services program.

Pass-Through Appropriations (federal funds)**\$1.3 million**

Article 1 of the FY2019 Budget as Enacted provides \$23.5 million in federal fund expenditures to the Behavioral Healthcare Services program. Of this federal funding, the Budget specifies that \$1.3 million shall be passed through to community-based programs as follows:

- **Municipal Substance Abuse Task Forces:** The Budget appropriates \$900,000 to provide funding for municipal-level substance abuse task forces throughout Rhode Island.
- **National Alliance on Mental Illness of Rhode Island (NAMI of RI):** The Budget appropriates \$128,000 to provide funding for NAMI of RI, a nonprofit organization which provides peer recovery support for individuals with mental illnesses.
- **The Providence Center:** The Budget appropriates \$250,000 of the program's \$1.1 million Social Services Block Grant to The Providence Center. This funding will be used to coordinate with Oasis Wellness and Recovery Center to provide support services for individuals with behavioral health issues.

Department of Health Cooperative (federal funds)**\$100,000**

The Department has entered in to a Memorandum of Understanding with the Department of Health to implement the Prescription Drug Overdose: Prevention for States program. This program is funded through the Center for Disease Control and Prevention (CDC) and supports the State's efforts to prevent prescription drug abuse and overdose. This funding will help support a peer recovery program.

Centers of Excellence (federal funds)**Informational**

In FY2017, the State was awarded a three-year, \$3.0 million Medication Assisted Treatment (MAT) grant from the United States Substance Abuse and Mental Health Services Administration (SAMHSA). The grant provides \$1.0 million per year to launch six Centers of Excellence (COEs) throughout Rhode Island. The primary goal of this initiative is to provide medical and psychiatric treatment options for individuals with Opioid Use Disorders (OUDs) in communities which are disproportionately affected by opioid abuse. COEs combine evidence-based therapy practices and medications, such as methadone, to provide comprehensive

treatment for individuals with OUDs. The grant also supports engagement with community-based primary care providers to improve patient outcomes. Currently, there are four COE-certified organizations in the State operating COEs in fourteen locations, including: Providence, Cranston, Johnston, Woonsocket, North Kingstown, Westerly, and Newport. The Department's goal is to aid in the recovery of 2,300 individuals and reduce the number of overdose deaths in Rhode Island by 30.0 percent over the three-year period.

SERVICES FOR THE DEVELOPMENTALLY DISABLED

The Division of Developmental Disabilities (DD) supports a statewide network of private and public programs for adults living with intellectual or developmental disabilities. These supports include several levels of residential care, community placements, day programs, and respite programs. The goal of the program is to provide access to appropriate services in the least restrictive environment for the developmentally disabled. The program manages a population that ranges from those previously institutionalized at the Ladd School, prior to the closure of the facility in 1994, to those with mild functional disabilities in need of daytime supports and vocational training in order to thrive within the community.

The program serves approximately 4,400 individuals through state-run programs and private, community-based providers. The program consists of 24-hour, nursing-level facilities; the state-run group home system, otherwise known as Rhode Island Community Living and Supports (RICLAS); and a private residential provider network. As of June 2018, approximately 1,597 individuals were served in residential placements, including 369 in Shared Living Arrangements (SLAs) and 1,228 in group home settings. DD clients are also served through day programs, supportive employment, and programs that provide support to allow individuals to continue living with their families. Many individuals are served by more than one program.

The FY2019 Budget as Enacted includes \$126.3 million from general revenues to support the Division of Developmental Disabilities. This is \$2.7 million more than the FY2018 Budget as Enacted and \$9.6 million more than the Governor's proposal. Actual expenditures in FY2017 were \$125.1 million.

Services for the Developmentally Disabled	General Revenue
FY2018 Enacted	\$123,584,106
<i>Target and Other Adjustments</i>	<i>(159,008)</i>
Funding Increase	11,087,752
Validation of Assessment Tool	(3,577,514)
L9 Supplemental Authorizations	(3,373,384)
Centralized Service Charges	1,725,356
Residential Service Rebalancing	(1,227,804)
Health Homes	(1,021,450)
RICLAS Special Care Facilities	(912,000)
Consent Decree	750,000
RICLAS Rightsize Service Supports	(460,115)
Workers' Compensation Reduction	(450,687)
Statewide COLA	365,501
Long Term Care Rebalancing	301,692
Court Monitor Transfer	(225,000)
VRI Savings	(88,725)
FY2019 Enacted	\$126,318,720

Funding Increase

\$11.1 million

The FY2019 Budget includes a base increase of \$11.1 million in general revenue funding relative to the FY2018 Budget as Enacted. This funding is included based on the Department's request to address upward caseload trends and transform its service array in accordance with the consent decree. This funding is

reduced by several savings initiatives, which are discussed individually below, for a net general revenue increase of \$2.7 million.

Validation of Assessment Tool

(\$3.6 million)

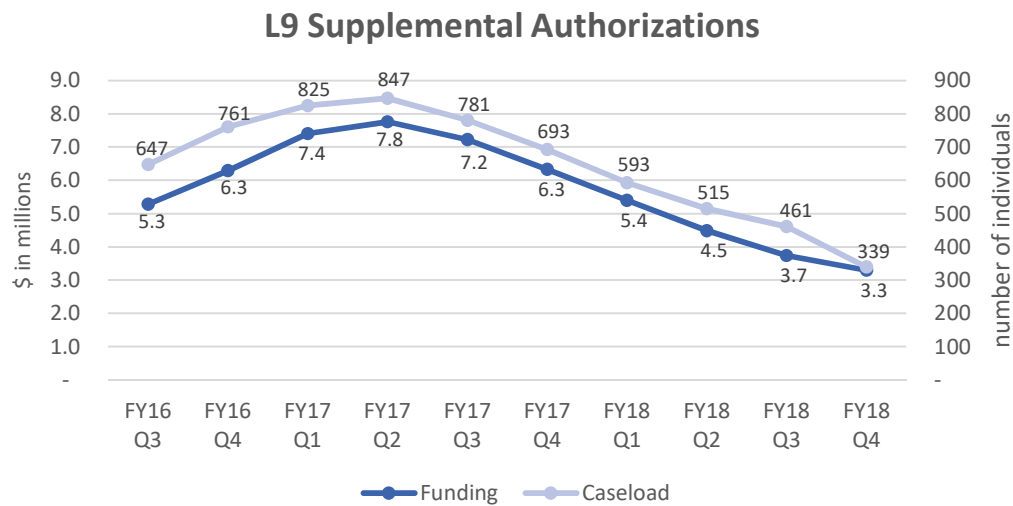
The Supports Intensity Scale (SIS) is a nationally-utilized interview process designed to measure the needs of individuals with intellectual or developmental disabilities. The SIS measures needs in personal, work, and social activities and identifies the services and funding an individual requires in order to succeed in their community. The framework consists of five tiers, A through E, with the letter A corresponding to the lowest intensity and cost. Individuals must be evaluated every three years.

The Department implemented a new version of the tool, the SIS-A, in October of 2016 and began reassessing all clients. For some individuals, the SIS-A produced different results than the SIS method. Namely, the SIS-A classified individuals into higher tiers and drastically increased service costs. SIS-A reassessments were the primary driver of the Department’s FY2018 deficit. The Budget assumes savings in FY2019 from halting the use of the SIS-A tool if individuals have already been assessed with the SIS. The Department will only use the tool for new clients and required anniversary reassessments. This will allow the Department to analyze the algorithm in order to determine its validity. This initiative is expected to save \$3.6 million in general revenues in FY2019.

L9 Supplemental Authorizations

(\$3.4 million)

The L9 process allows providers or families to request enhanced funding in addition to an individual’s allocation based on their SIS tier level. The Department has proposed instituting more stringent standards for approval in order to reduce the number of individuals authorized for supplemental services. Historically, the number of approvals has been a contributing factor in the Division’s deficit. In FY2018, the Department implemented a policy to deny any requests that do not address emergency need, short-term stabilization, transition supports, hospitalization risk, or court-ordered services. The Department saw a drastic reduction in these authorizations between FY2017 and FY2018, depicted in the graph below.



The Department expects these trends to continue, resulting in \$3.4 million in general revenue savings (\$6.9 million all funds) in FY2019.

Centralized Service Charges

\$1.7 million

The Budget includes \$1.7 million in general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. These include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$422,100
Capital Asset Management	1,192,117
Human Resources	111,139
Total	\$1,725,356

Residential Service Rebalancing**(\$1.2 million)**

The State of Rhode Island is heavily reliant on group home residential options, which are both the most restrictive and most expensive settings for DD clients. Approximately 42.3 percent of individuals receiving direct services from the Division reside in a group home. During FY2018, the Department reduced the overall group home census by 56 individuals and intends to reduce it by 110 more in FY2019. The Division will achieve savings by:

- Transitioning individuals from group homes to more desirable and cost-effective settings, including family-based supports, independent living, and SLAs
- Limiting backfilling when group home vacancies arise and supporting providers in consolidating and closing group homes as needed
- Reducing licensure of existing group homes to align with bed capacity, group home census, and federal Home and Community Based Services (HCBS) rules.

The Budget includes general revenue savings of \$1.2 million (\$2.5 million all funds) in FY2019 related to residential service rebalancing.

Health Homes**(\$1.0 million)**

Section 7 of Article 13 authorizes collaboration between EOHHS and BHDDH for the development of a health home initiative for conflict-free case management. New federal rules for conflict-free case management, effective in FY2020, stipulate that service providers cannot also act as case managers. Health homes aim to coordinate all aspects of care, including psychiatry, primary care, specialty care, medication, and wellness. Health homes are responsible for case management but do not provide direct services. The proposal also includes an alternative payment method, shifting from fee-for-service to a value-based methodology which is cost-effective and provides a more person-centered payment structure, consistent with the Department's goals. The FY2019 Budget as Enacted includes funding to assist with the administrative costs of the new payment methodology. The initiative projects general revenue savings from fully realizing a 90.0 percent Medicaid match, partially offset by increased administrative expenses. The net impact for FY2019 includes general revenue savings of \$1.0 million (\$1.4 million all funds).

Analyst Note: As of August 2018, the Department was collaborating with EOHHS and the Governor's Office regarding the Health Homes initiative. The launch date was part of this discussion but remained unclear, although the Department assured that the program would begin during FY2019.

RICLAS Special Care Facilities**(\$912,000)**

Rhode Island Community Living and Supports (RICLAS) is the State's publicly-operated group home system. Currently, RICLAS operates two Special Care Facilities which provide enhanced nursing supports to residents. Each facility has three wings with five beds per wing. The national Centers for Medicare and Medicaid Services (CMS) issued new standards addressing how states can use Medicaid funds to pay for home- and community-based services. This policy change effectively prohibited institutional placements for individuals with intellectual or developmental disabilities. The two RICLAS Special Care Facilities do not meet the new standards and, thus, must be phased out by FY2020. One of the six wings was closed prior to FY2017. The FY2018 Revised Budget included closure of three more wings, which were successfully closed as of April 2018, and the remaining two wings are scheduled to close in FY2019. As these wings are closed, personnel will be shifted to other group homes, reducing overtime expenses. The Budget includes general revenue savings of \$912,000 (\$2.0 million all funds) in FY2019 from this initiative.

Consent Decree **\$750,000**

The FY2019 Budget as Enacted includes \$750,000 from general revenues (\$1.5 million all funds) to support technical and other assistance for community-based agencies to ensure compliance with the consent decree. This is an effort to facilitate the transition towards a more integrated array of services for individuals with developmental disabilities. The Budget also specifies that 3.0 of the Department's total FTE authorization must be designated for a quality improvement team to enhance the program's mission. This team will consist of 1.0 Data Analyst and 2.0 Programming Services Officers.

RICLAS Rightsize Service Supports **(\$460,115)**

BHDDH currently operates with both public and private residential services. The Department has established a policy that clients should only be admitted into the state-run system in emergency situations. Privatization is cost effective and simultaneously allows the Department to adhere to its commitment to quality and choice. The FY2019 Budget assumes savings from transitioning services at two state-run apartment complexes, Bear Hills and Washington Hills, to the privately-operated, community-based system. This initiative is expected to save \$460,115 in general revenues (\$945,571 all funds) in FY2019.

Workers' Compensation Reduction **(\$450,687)**

This initiative seeks to reduce workers' compensation claims by actively managing employees on leave. This involves establishing a joint management team comprised of Human Resources employees from the Department of Administration and BHDDH. The team will work to bring RICLAS employees back to work as soon as they are able. This will reduce the Department's overtime costs and is expected to save \$450,687 in general revenues (\$1.0 million all funds) within the DD program in FY2019.

Statewide COLA **\$365,501**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$365,501 within the Division of Developmental Disabilities.

Long Term Care Rebalancing **\$301,692**

The Budget includes \$3.4 million from general revenues (\$7.0 million all funds) to increase fee-for-service home care rates in EOHHS, BHDDH, and the Department of Human Services (DHS) as proposed in Article 13. This includes an increase of \$301,692 from general revenues (\$620,000 all funds) within BHDDH in FY2019 for services provided to developmentally disabled adults.

Court Monitor Transfer **(\$225,000)**

The FY2018 Budget as Enacted included \$225,000 from general revenues (\$450,000 all funds) within BHDDH to fund the work of the consent decree court monitor. The monitor oversees progress related to employment services and community integration for adults with developmental disabilities. The FY2019 Budget includes a transfer of the contract and funding to EOHHS citing "better monitoring". There is no change to the funding allocated for the monitor work, it merely shifts from BHDDH to EOHHS.

VRI Savings **(\$88,725)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

The VRI is expected to result in general revenue savings of \$88,725 within the Division of Developmental Disabilities in FY2019. The savings are to be achieved by either leaving retiree positions vacant or filling positions at a reduced rate of 50.0 to 75.0 percent.

HOSPITAL AND COMMUNITY REHABILITATION SERVICES

The Hospital and Community Rehabilitation Services program, or Eleanor Slater Hospital (ESH), provides a continuum of treatment and residential options for psychiatric and developmentally disabled clients. Hospital facilities are licensed by the Department of Health (DOH) and accredited by the Joint Commission for the Accreditation of Healthcare Organizations (JCAHO). ESH has two campuses: the Pastore Center in Cranston, with 306 licensed beds and an average of 128 patients, and the Zambarano Campus in Burrillville, with 189 licensed beds and an average of 95 patients. The Pastore campus provides long-term psychiatric services while the Zambarano campus focuses on rehabilitative care. Hospital funding levels and FTE authorization dictate actual bed utilization and census.

The FY2018 Budget as Enacted assumed savings from a reorganization project at Eleanor Slater Hospital, funded through Rhode Island Capital Plan (RICAP) funds. The goal of the project was to reduce expenses by renovating inefficient buildings, consolidating staff, and transferring patients into lower-cost settings. The Department was not able to achieve FY2018 savings due to a delay; however, by continuing consolidation efforts, BHDDH will be able to achieve some efficiency savings in FY2019. The FY2019 Budget includes \$29.9 million in RICAP funds through FY2021 for renovations on both campuses. Article 16 of the Budget also acts as a joint resolution for the issuance of \$22.0 million in certificates of participation (COPs) to support additional upgrades required in order to maintain hospital accreditation.

Hospital & Community Rehabilitation Services	General Revenue
FY2018 Enacted	\$46,597,476
<i>Target and Other Adjustments</i>	<i>829,780</i>
Centralized Service Charges	3,923,726
Personnel	2,997,247
Adolph Meyer Unit Consolidation	(1,000,000)
Statewide COLA	860,400
Workers' Compensation Reduction	(491,693)
Transfer of Patients	(234,330)
Hospital License Fee	179,617
VRI Savings	(88,725)
FY2019 Enacted	\$53,573,498

Centralized Service Charges **\$3.9 million**

The Budget includes \$3.9 million in general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. These include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$509,505
Capital Asset Management	3,106,063
Human Resources	308,158
Total	\$3,923,726

Personnel**\$3.0 million**

The Department requested an additional \$4.4 million from general revenues (\$10.7 million all funds) to support personnel at Eleanor Slater Hospital, primarily due to the consolidation project delay. The Budget includes the funding in FY2019, but also incorporates \$1.4 million in general revenue savings (\$3.0 million all funds) related to personnel expense reductions. BHDDH expects that turnover trends from FY2018 will continue into FY2019, reducing expenditures for salaries and benefits at the Hospital. This results in a net general revenue increase of \$3.0 million (\$7.8 million all funds) for personnel within the program.

Adolph Meyer Unit Consolidation**(\$1.0 million)**

The Budget includes general revenue savings of \$1.0 million (\$2.1 million all funds) related to the closure of one unit of the Adolph Meyer facility and the consolidation of another. Savings result from reduced overtime levels for Certified Nursing Assistants (CNAs). The amount included in the FY2019 Budget is the annualized savings based on a change made during FY2018.

Statewide COLA**\$860,400**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$860,400 within the Hospital and Community Rehabilitation Services program.

Workers' Compensation Reduction**(\$491,693)**

This initiative seeks to reduce workers' compensation claims by actively managing employees on leave. This involves establishing a joint management team comprised of Human Resources employees from the Department of Administration and BHDDH. The team will work to bring ESH employees back to work as soon as they are able. This will reduce the Department's overtime costs and is expected to save \$491,693 in general revenues (\$1.0 million all funds) at the Hospital in FY2019.

Transfer of Patients**(\$234,330)**

The Department is working to transfer patients out of Eleanor Slater Hospital and into Mental Health Psychiatric Rehabilitative Residences (MHPRRs). This will allow the Department to shift staffing levels and save \$234,330 in general revenues (\$481,566 all funds) in FY2019.

Hospital License Fee**\$179,617**

The Budget increases general revenue expenditures by \$179,617 in FY2019 related to an increase in the hospital license fee. The fee, paid by private- and state-run hospitals, increases from 5.856 percent in FY2018 to 6.0 percent in FY2019.

VRI Savings**(\$88,725)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. The VRI is expected to result in general revenue savings of \$88,725 within the Hospital and Community Rehabilitation Services program in FY2019. The savings are to be achieved by either leaving retiree positions vacant or filling positions at a reduced rate of 50.0 to 75.0 percent.

CAPITAL PROJECTS

The FY2019 Budget as Enacted includes a total of \$6.0 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2018, \$3.1 million in FY2019, and \$14.4 million in FY2020 through FY2023. The Budget also includes an additional \$29.9 million from RICAP funds in the Department of Administration's capital budget related to the hospital reorganization project. Projects include:

- Department-wide asset protection. This includes upgrades to HVAC and septic systems, roof repairs, and other renovations. Projects span administrative, hospital, group home, day program, and substance abuse treatment facilities. Projects total \$4.6 million in FY2018 and \$2.3 million in FY2019.
- Upgrades to the fire alarm and sprinkler systems at the Department's residential, workshop, day program, and outpatient facilities within Behavioral Healthcare Services and the Division of Developmental Disabilities. Projects total \$150,000 in FY2018 and \$300,000 in FY2019.
- Continuation of the Access to Independence program, which provides funding for individuals to modify their homes in order to continue living with their families. The Budget includes \$500,000 in FY2018 and \$500,000 in FY2019 for this project.

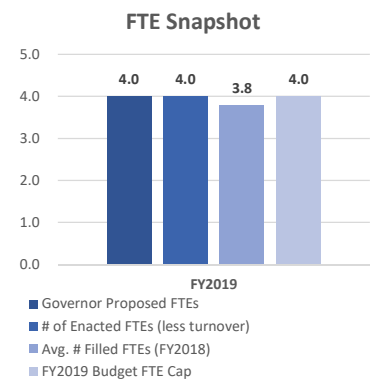
Governor's Commission on Disabilities

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Governor's Commission on Disabilities	\$669,119	\$842,190	\$871,081	\$28,891	3.4%	\$1,387,275	\$545,085	64.7%
Expenditures By Source								
General Revenue	\$418,544	\$454,938	\$482,316	\$27,378	6.0%	\$1,002,537	\$547,599	120.4%
Federal Funds	211,435	343,542	335,167	(8,375)	-2.4%	335,167	(8,375)	-2.4%
Restricted Receipts	39,140	43,710	53,598	9,888	22.6%	49,571	5,861	13.4%
Operating Transfers from Other Funds	-	-	-	-	-	-	-	-
Grand Total	\$669,119	\$842,190	\$871,081	\$28,891	3.4%	\$1,387,275	\$545,085	64.7%
Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-

The Governor's Commission on Disabilities advocates for people with disabilities, expands economic opportunities for businesses owned by or employing people with disabilities and their families, and ensures that people with disabilities have access to government. The Commission is responsible for coordinating compliance by state agencies with federal and State disability rights laws.

MAJOR ISSUES AND TRENDS

The Budget for FY2019 includes \$1.4 million, of which \$1.0 million is general revenue. This reflects an all funds increase of \$545,085 from the FY2018 Budget as Enacted. The increase reflects an additional \$547,599 in general revenues, a decrease of \$8,375 in federal funds, and an increase of \$5,861 in restricted receipts.



Governor's Commission on Disabilities	General Revenue
FY2018 Enacted	\$454,938
<i>Target and Other Adjustments</i>	12,484
Livable Home Modification Grant Program	500,000
Centralized Service Charges	25,135
Statewide COLA	9,980
FY2019 Enacted	\$1,002,537

	Other Fund Changes
Handicapped Accessibility Capital Projects	Informational

Livable Home Modification Grant Program **\$500,000**

The Budget shifts \$250,000 in general revenue to the Governor's Commission on Disabilities (GCD) from the Executive Office of Health and Human Services (EOHHS), and adds \$250,000 to provide a total appropriation of \$500,000 to support the Livable Home Modification Grant Program. In addition, the amendment to Article 1 adds the following proviso language; "provided that this will be used for home modification and accessibility enhancements to construct, retrofit, and/or renovate residences to allow individuals to remain in community settings. This will be in consultation with the Executive Office of Health and Human Services."

The program, which started in FY2018, allocates grant funding for home modification projects that allow people to stay in their homes longer and decreases nursing home stays. Improvements include bathroom modifications, wheelchair ramps, stability rails, etc. The Budget provides \$500,000 for the program in FY2019.

The GCD has administered the Home Modification grant program since January 2017. The FY2018 Budget as Enacted included \$250,000 for the program under the EOHHS budget. In January 2018, EOHHS transferred the \$250,000 to the Governor's Commission on Disabilities. EOHHS did not want to operate the program and the State Budget Office authorized a \$250,000 red balance for the GCD in FY2018. To date, the GCD approved 40 projects and have completed 13 projects and has 27 modification projects underway.

Centralized Service Charges **\$25,315**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$19,539
Capital Asset and Management	-
Human Resources	5,776
Total	\$25,315

Statewide COLA **\$9,980**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$9,980 within the Commission on Disabilities.

Handicapped Accessibility Capital Projects (RICAP funds) **Informational**

All handicapped accessibility capital projects are consolidated into the Department of Administration to improve project coordination and oversight; however, the Commission still has a role in determining and prioritizing specific handicapped accessibility projects. The projects involve renovations to State-owned structures to comply with the federal Americans with Disabilities Act (ADA) accessibility standards. The project and funds were originally under the Governor’s Commission of Disabilities budget.

The Budget provides a total of \$5.1 million in Rhode Island Capital Plan (RICAP) funds for ADA and accessibility renovations at state buildings, including \$1.1 million in FY2018 and \$1.0 million in FY2019. Another \$3.0 million is proposed for fiscal years 2020 through 2023.

Commission on the Deaf and Hard of Hearing

Expenditures By Program	FY2017	FY2018	FY2018	Change from	FY2019	Change from		
	Spent	Enacted	Revised	Enacted	Enacted	Enacted		
Commission on the Deaf and Hard of Hearing	\$493,573	\$627,910	\$583,933	(\$43,977)	-7.0%	\$603,178	(\$24,732)	-3.9%
Total	\$493,573	\$627,910	\$583,933	(\$43,977)	-7.0%	\$603,178	(\$24,732)	-3.9%

Expenditures By Source								
General Revenue	\$421,448	\$498,710	\$454,733	(\$43,977)	-8.8%	\$523,178	\$24,468	4.9%
Restricted Receipts	72,125	129,200	129,200	-	-	\$80,000	(\$49,200)	-38.1%
Total	\$493,573	\$627,910	\$583,933	(\$43,977)	-7.0%	\$603,178	(\$24,732)	-3.9%

Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-
-----------------------	-----	-----	-----	---	---	-----	---	---

The Commission on the Deaf and Hard of Hearing (CDHH) advocates and coordinates the promotion of an environment in which deaf and hard of hearing persons in Rhode Island are afforded equal opportunity in all aspects of their lives. The CDHH develops policy and recommends programs and legislation to enhance cooperation and coordination among agencies and organizations that now serve, or have the potential to serve, the deaf and hard of hearing.

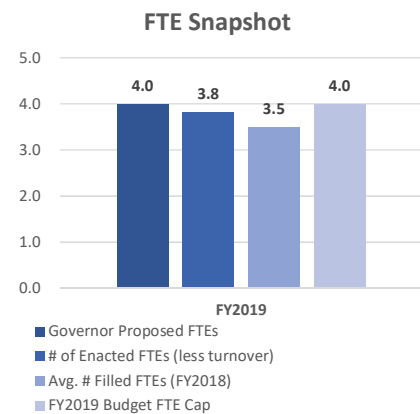
The Budget provides 4.0 FTE positions in FY2019 and FY2018, consistent with the enacted budget.

MAJOR ISSUES AND TRENDS FOR FY2019

The Budget includes \$603,178, including \$523,178 in general revenue, for the CDHH. This is a decrease of \$24,732 (3.9 percent) from the enacted budget. The decrease is due primarily to a reduction in restricted receipts to reflect the completion of the project to install an assistive listening system in the State House. The increase in general revenue is primarily due to the decentralization of statewide services provided by, and previously centralized in, the Department of Administration.

In FY2016, the Commission began a project, funded by restricted receipts, to install an assistive listening system in the State House. The project entailed installing and upgrading assistive listening systems in the Governor's State Room and public hearing rooms throughout the State House in order to comply with Americans with Disabilities Act accessibility requirements. The project was completed in FY2018.

The CDHH requested an increase of \$87,691 in general revenue in FY2019 for a new 1.0 FTE Parent Advocate and Resource Specialist. Rhode Island was the first state in the country to mandate a newborn hearing screening; however, the State has not developed a comprehensive strategic plan for children who are deaf or hard of hearing. The 2017 General Assembly established a commission to evaluate the current status of early intervention services in the State for children ages zero to three. This position would work with parents, state agencies, and organizations to support children who are deaf or hard of hearing at school, daycare or home; however, neither the funding nor the FTE position are included in the Budget.



Commission on the Deaf and Hard of Hearing	General Revenue
FY2018 Enacted	\$498,710
<i>Target and Other Adjustments</i>	3,867
Personnel Expenditures	(20,602)
Centralized Service Charges	18,830
Statewide COLA	11,711
Interpreters and CART Service	7,662
Operating Expenses	3,000
FY2019 Enacted	\$523,178

Commission on the Deaf and Hard of Hearing	Other Fund Changes
Emergency and Public Communications Access Program (restricted receipts)	(\$49,200)

Personnel Expenditures **(\$20,602)**

The Budget includes a decrease in personnel expenditures of \$20,602 to reflect the savings associated with the Executive Director declining medical, dental, and vision insurance in FY2019.

Centralized Service Charges **\$18,830**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$18,830
Capital Asset and Management	-
Human Resources	-
Total	\$18,830

Statewide COLA **\$11,711**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$11,711 within the Commission on the Deaf and Hard of Hearing.

Interpreters and CART Services **\$7,662**

The Budget provides an increase of \$7,662 for sign language interpreters and Communication Access Real-time Translation (CART) services, also known as real-time captioning.

Operating Expenses **\$3,000**

The Budget provides an increase of \$3,000 in operating expenses for the lease of a copier.

Emergency and Public Communications Access Program (restricted receipts) **(\$49,200)**

The Emergency and Public Communications Access Program (EPCAP) seeks to improve emergency communication and communication access within state departments, and to support emergency responder

training. Operations of this program are funded by an annual \$80,000 transfer of restricted receipts from the Public Utilities Commission (PUC) to the Emergency and Public Communications Access Fund.

The Budget decreases expenditures from the EPCAP by \$49,200, to \$80,000 for FY2019. The decrease is due to the completion of a project to install assistive listening devices in State House rooms to comply with the Americans with Disabilities Act. This project was completed in FY2018.

Office of the Child Advocate

Expenditures by Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$612,107	\$926,120	\$962,536	\$36,416	3.9%	\$1,195,963	\$269,843	29.1%
Expenditures by Source								
General Revenue	\$470,981	\$781,499	\$728,558	(\$52,941)	-6.8%	\$969,922	\$188,423	24.1%
Federal Funds	141,126	144,621	233,978	89,357	61.8%	226,041	81,420	56.3%
Total	\$612,107	\$926,120	\$962,536	\$36,416	3.9%	\$1,195,963	\$269,843	29.1%
Authorized FTE Levels	7.0	8.0	8.0	-	-	10.0	2.0	25.0%

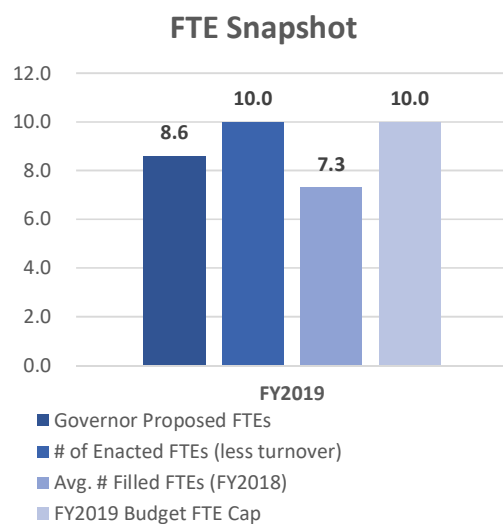
The Office of the Child Advocate (OCA) is mandated by statute to protect the legal, civil, and special rights of all children in the care of the Department of Children, Youth, and Families (DCYF). The Office strives to improve conditions and circumstances through monitoring, compliance, and advocacy. The OCA receives federal funding through the Victims of Crime Act (VOCA) to provide public education and support services for victims and their families. The Office is responsible for yearly monitoring of group homes and residential programs licensed by DCYF, as well as random site visits at the Rhode Island Training School. The Office also provides oversight for contract compliance by providers. The 2016 Assembly amended the Office's statute, further requiring the Child Advocate to investigate any child fatality or near fatality if:

- The child is involved with, or the child's family previously received services from, the Department.
- The incident involves child abuse or neglect, even if the child's family had no prior contact with DCYF.
- A household member or daycare provider has been the subject of a child abuse or neglect investigation within 12 months of the incident.

MAJOR ISSUES AND TRENDS

In January 2018, the State of Rhode Island and the Department of Children, Youth, and Families agreed to settle a long-standing class action lawsuit. Children's Rights Inc., a child advocacy group, filed suit in 2007 and demanded systemic reforms to the State's child welfare system. The lawsuit cited numerous deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. Over the last decade, these inadequacies have resulted in several incidences of child abuse, neglect, and death in Rhode Island. The agreement reached in 2018, known as the Children's Rights Settlement, outlined a number of new screening and reporting requirements to be met by the Department and overseen by the Office of the Child Advocate. This decision significantly increased the Office's responsibility to monitor DCYF.

The FY2019 Budget includes \$1.2 million from all funds for the Office of the Child Advocate. This includes \$969,922 from general revenues, an increase of \$188,423 (24.1 percent) relative to the FY2018 Budget as Enacted. The Budget adds 2.0 FTE positions in FY2019, increasing the Office's authorization from 8.0 to 10.0 FTEs.



Office of the Child Advocate	General Revenue
FY2018 Enacted	\$781,499
<i>Target and Other Adjustments</i>	
Centralized Service Charges	(4,568)
Personnel	96,122
Statewide COLA	78,373
FY2019 Enacted	\$969,922

Centralized Service Charges **\$96,122**

The Budget includes \$96,122 in expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$25,913
Capital Asset Management	70,209
Human Resources	-
Total	\$96,122

Personnel **\$78,373**

The Budget authorizes and fully funds 2.0 additional FTE positions in FY2019 within the Office of the Child Advocate. This includes 1.0 Senior Information and Public Relations Specialist and 1.0 Planning and Program Development Specialist. These new staff are necessary due to the OCA's recent increase in workload, which has hindered the current staff's ability to address issues proactively. Both positions will assist with the Office's statutorily mandated services and additional responsibilities under the Children's Rights Settlement. These positions increase general revenue expenditures by \$78,373 in FY2019. The remaining salary and benefit expenses, totaling \$78,399, are funded through the federal VOCA grant.

Statewide COLA **\$18,496**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$18,496 within the Office of the Child Advocate.

Office of the Mental Health Advocate

Expenditures by Program	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
Central Management	\$540,899	\$549,563	\$633,473	\$83,910	15.3%	\$653,260	\$103,697	18.9%
Expenditures by Source								
General Revenue	\$540,899	\$549,563	\$633,473	\$83,910	15.3%	\$653,260	\$103,697	18.9%
Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-

The Office of the Mental Health Advocate (OMHA) is statutorily mandated to protect the legal, civil, and special rights of people with mental illness in Rhode Island. This includes providing legal representation at involuntary commitment proceedings, monitoring policies and procedures at inpatient treatment facilities and community-based mental health programs, proposing and evaluating legislation, and litigating civil and treatment rights disputes. The Office also advocates for improvements in the mental health system by monitoring and evaluating the quality of services available to clients and combating the stigmatization and discrimination associated with mental illness. The Office seeks to close gaps in the programs administered by mental health providers, including shortcomings in services related to emergency hospitalizations, psychiatric care for prison inmates, and homelessness among individuals with chronic mental illness.

MAJOR ISSUES AND TRENDS

The FY2019 Budget includes \$653,260 from general revenues, an increase of \$103,697 (18.9 percent) relative to the FY2018 Budget as Enacted. The Office is funded entirely through general revenues.

The Budget authorizes and fully funds 4.0 FTE positions in FY2019, consistent with the FY2018 Budget as Enacted. The 4.0 FTE positions include 1.0 Mental Health Advocate, 2.0 Staff Attorneys, and 1.0 Administrative Assistant. As of the pay period ending July 7, 2018, all positions are filled.

Office of the Mental Health Advocate	General Revenue
FY2018 Enacted	\$549,563
<i>Target and Other Adjustments</i>	6,572
Centralized Service Charges	83,629
Statewide COLA	13,496
FY2019 Enacted	\$653,260

Centralized Service Charges **\$83,629**

The Budget includes \$83,629 in expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	Amount
Information Technology	\$13,420
Capital Asset Management	70,209
Human Resources	-
Total	\$83,629

Statewide COLA

\$13,496

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$13,496 within the Office of the Mental Health Advocate.

Elementary and Secondary Education

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Administration of the Comprehensive Education Strategy	\$219.0	\$227.7	\$233.3	\$5.6	2.5%	\$239.1	\$11.4	5.0%
Central Falls School District	39.1	39.9	39.9	-	0.0%	40.8	0.9	2.2%
Davies Career and Technical Center	17.2	23.3	19.6	(3.6)	-15.6%	22.5	(0.7)	-3.2%
Rhode Island School for the Deaf	7.2	7.4	7.7	0.4	5.2%	8.0	0.6	8.3%
Metropolitan Career and Technical School	10.1	11.8	12.2	0.4	3.6%	9.6	(2.2)	-18.5%
Education Aid	865.6	910.8	913.5	2.7	0.3%	938.2	27.4	3.0%
School Construction Aid	80.0	80.0	80.0	-	0.0%	80.0	-	0.0%
Teacher Retirement	100.4	101.8	101.8	(0.1)	-0.1%	106.1	4.3	4.2%
Total	\$1,338.6	\$1,402.6	\$1,408.0	\$5.4	0.4%	\$1,444.2	\$41.7	3.0%
Expenditures By Source								
General Revenue	\$1,113.3	\$1,161.1	\$1,161.3	\$0.3	0.0%	\$1,188.6	\$27.6	2.4%
Federal Funds	193.8	203.5	209.3	5.8	2.9%	214.5	11.0	5.4%
Restricted Receipts	27.9	30.4	33.1	2.6	8.7%	35.8	5.3	17.5%
Other Funds	3.7	7.6	4.3	(3.3)	-43.2%	5.4	(2.2)	-29.1%
Total	\$1,338.6	\$1,402.6	\$1,408.0	\$5.4	0.4%	\$1,444.2	\$41.7	3.0%
Authorized FTE Levels	325.1	325.1	325.1	-	-	321.1	(4.0)	-1.2%

\$ in millions. Totals may vary due to rounding.

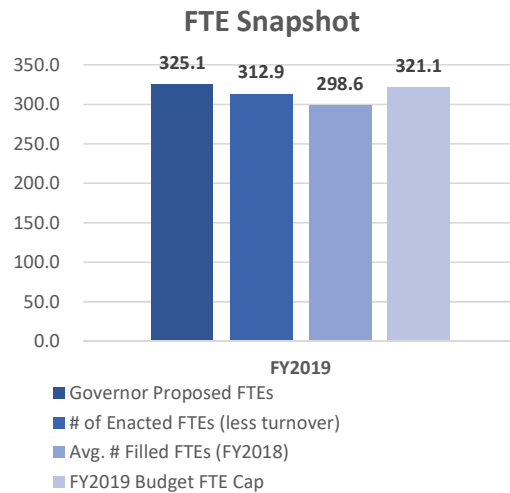
The Rhode Island Department of Elementary and Secondary Education, under the leadership of the Board of Education, is responsible for a strategic plan defining goals and objectives for elementary and secondary education; preparation and presentation annually of an educational budget for the Department of Elementary and Secondary Education, subordinate boards and agencies, and State aid to local school districts; approval of the basic subjects and courses of study to be taught, and instructional standards required to be maintained in the public elementary and secondary schools of the State; and, adoption of standards and qualifications for the certification of teachers and provision for the issuance of certificates.

MAJOR ISSUES AND TRENDS

The Budget fully funds the eighth year of the education funding formula and provides funding for categorical aid accounting for most of the \$27.6 million general revenue increase in FY2019. Generally the aid categories are level funded or reduced relative to the FY2018 Enacted Budget; however, the Early Childhood Education, English Learners, and stabilization funds are increased. Other general revenue increases include \$319,192 for the statewide COLA, \$100,000 for Child Opportunity Zones, \$100,000 for the 3rd Grade Reading Initiative, and \$4.3 million for teacher retirement. The decrease in other funds is due primarily to the completion in FY2018 of the Rhode Island Capital Plan (RICAP) funded Advanced Manufacturing project at Davies to provide updated technology and infrastructure to train students in advanced manufacturing. There is also a \$1.1 million increase in other funds to reflect the use of Permanent School Funds to provide the FY2019 increase in Early Childhood Education.

The Department requested an increase of \$443,181 in FY2019 and \$354,748 in FY2018 for general revenue funded salaries and benefits at the School for the Deaf (School). The requested increase was primarily due to unachieved turnover. In June 2017, the School had 56.2 of the 60.0 available FTE positions filled, leaving a vacancy of 3.2 FTEs, or 5.3 percent. However, at the end of August, the School filled all of its available FTE positions, limiting the ability of the School to attain the \$317,000 in programed turnover savings and exceeding budgeted personnel costs. As of June 25, 2018, the School continues to have a full complement of staff. The Budget does not provide the requested increase; consequently, the Department and the School will have to fund the increase within the enacted appropriation.

The Budget provides 321.1 FTE positions across the Elementary and Secondary Education system, including 135.1 FTE positions at the Department of Elementary and Secondary Education, 126.0 FTE positions at Davies, and 60.0 FTE positions at the School for the Deaf. In FY2019, this level represents an decrease of 4.0 FTEs relative to the FY2018 Budget as Enacted, including a decrease of 6.0 unidentified vacant FTEs partially offset by an increase of 1.0 federally funded FTE at the Department to administer the RI Commission for National and Community Service program and 1.0 FTE Director of School Construction Services funded through a newly created restricted receipt account for “School Construction Services”. The FTE level in FY2018 is consistent with the budget as enacted.



ADMINISTRATION OF THE COMPREHENSIVE EDUCATION STRATEGY (ACES)

The Administration of the Comprehensive Education Strategy (ACES) program encompasses the offices of Accelerating School Performance, Educator Excellence and Instruction Effectiveness, Fiscal Integrity and Efficiencies, and Legal. Through these offices, the Department provides leadership and support for the entire elementary and secondary education system in Rhode Island.

Administration of the Comprehensive Education Strategy	General Revenue
FY2018 Enacted	\$20,106,907
<i>Target and Other Adjustments</i>	
School Construction Personnel	265,167
Statewide COLA	(486,883)
Cost Allocation for Governor's Office	319,192
Centralized Service Charges	(116,229)
3rd Grade Reading Initiative	115,102
Child Opportunity Zones (COZs)	100,000
Advanced Placement (AP) Test Waivers for Low Income Students	100,000
	25,000
FY2019 Enacted	\$20,428,256

Administration of the Comprehensive Education Strategy	Other Fund Changes
RI Commission for National and Community Service (federal funds)	\$3,500,493
School Construction Services (restricted receipts)	697,171

School Construction Personnel (\$486,883)

The Budget shifts \$486,883 in personnel costs for the 3.0 FTE positions currently responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account. The restricted receipts will be funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. Article 9 shifts the payment of expenses for the School Building Authority, which is located within the Department of Elementary and Secondary Education, from the Department to RIHEBC. There is no limit on the amount or type of expenses that will be funded; however, Article 9 limits the fee that RIHEBC can imposed on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond.

Analyst Note: Currently, RIHEBC only charges municipalities for the out-of-pocket costs at closing, such as underwriters and bond counsel. The need to raise funds for the expenses of the School Building Authority may require the extension of the fee currently charged to non-profit borrowers to include municipalities. Since fees charged to the borrower are generally tolled into the bond issuance, the expenses paid may accrue interest.

Statewide COLA**\$319,192**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$319,192 within the Department.

Cost Allocation for Governor's Office**(\$116,229)**

The FY2018 Budget included an interdepartmental transfer representing 50.0 percent of the salary and benefits of a Deputy Chief of Staff in the Governor's Office who works on education policy issues. The Budget included interdepartmental cost allocations totaling \$794,564 for staff in the Governor's Office that is charged against ten state agencies. The Budget Office stated that these cost allocations reflect Governor's Office staff support to assist these state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, and Justice Reinvestment Initiative, etc. In FY2019, the Budget removes the cost allocations.

Centralized Service Charges**\$115,102**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$115,102
Capital Asset and Management	-
Human Resources	-
Total	\$115,102

3rd Grade Reading Initiative**\$100,000**

The Budget provides \$100,000 in general revenue for curriculum support to double the statewide reading proficiency of 3rd graders from 37.0 percent in 2015 to 75.0 percent in 2025. Half of the appropriation is to be allocated to purchase material and coaching for early childhood programs working to bring the Boston Public School curriculum to more classrooms across the State. The remaining \$50,000 will be used toward recommendations contained in the Unified Curriculum in RI Report (June 2017). In 2016, the General Assembly passed legislation requiring the Board of Education, in conjunction with the Commissioner of Elementary and Secondary Education and the Commissioner of Postsecondary Education, to conduct a study of the alignment of the core curriculum used by the various school districts throughout the state with the goals and objectives of the state's colleges and universities. The goal of the study is to provide a unified approach for education in the state. The funds will be used to help districts learn about quality literacy and math curriculum materials in grades K-8 and to work with districts that have recent purchases of lower quality materials to help supplement those weaker materials.

Child Opportunity Zones (COZs)***\$100,000***

The Budget provides an additional \$100,000 for COZs for total general revenue funding of \$345,000. COZs provide integrated education, health, and social services to students attending public school in ten communities across Rhode Island. Located near schools, COZs provide families with educational programs, information, support, services, and referrals. COZs are currently located in Bristol/Warren, Central Falls, Cranston, North Kingston, Middletown, Newport, Pawtucket, Providence, Westerly, and Woonsocket.

Advanced Placement (AP) Test Waivers for Low Income Students***\$25,000***

The Budget includes \$25,000 in general revenue to reduce financial barriers that may prevent students from taking the AP test by providing subsidized rates to low-income students. The general revenue is in addition to the \$55,000 of federal funds previously included in the Department's budget, to provide a total of \$80,000 for AP tests. Studies by the United State Department of Education have shown that students who complete AP courses are more likely to graduate from college within in five years and have higher grade point averages. Students who take the credit-bearing exit exam are even better prepared for college than those who only complete the coursework. The Department is projecting a 30.0 percent increase in participation due to increased outreach to students and parents. The funding will provide approximately 2,100 tests at a subsidized rate of \$38 per test. According to the Department, either the school district or the student will still be responsible for a \$15 fee per test. The tests generally cost \$94.

RI Commission for National and Community Service (federal funds)***\$3.5 million***

In 2017, the General Assembly passed legislation creating the Rhode Island Commission for National and Community Service, a.k.a. Serve Rhode Island, to be housed within and supported by the Department. The Commission was created to continue the work of the Serve Rhode Island nonprofit corporation to carry out the state objectives of the federally enacted National and Community Service Act of 1990. The Commission is primarily responsible for the administering the annual AmeriCorps State grant process, developing new AmeriCorps programs in the State, providing training and technical assistance to AmeriCorps members, monitoring the AmeriCorps grant portfolio, and recognizing and promoting community volunteers. 1.0 federally-funded FTE position, from the current authorization level, will perform the administrative duties of the Commission.

School Construction Services (restricted receipts)***\$697,171***

Article 2 creates a new School Construction Services restricted receipt account that is exempt from the 10.0 percent indirect cost recovery charge. The account is created to pay the expenses of the School Building Authority, which is housed in the Department of Elementary and Secondary Education. Article 9 requires that the restricted receipt account will be funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. Article 9 shifts the payment of expenses for the School Building Authority, which is located within the Department of Elementary and Secondary Education, from the Department to RIHEBC. There is no limit on the amount or type of expenses that will be funded. The Budget provides \$697,171 in this account to provide \$486,883 for the cost of the 3.0 FTE positions currently responsible for the administration of the school construction program, \$161,630 funding for a 1.0 FTE Director of School Construction Services, from the current authorization level, and about \$48,658 for non-personnel overhead expenses. The new position will help with the anticipated increase in school housing applications due to the recent release of the statewide facilities study and the proposed \$250.0 million general obligation bond referendum.

Analyst Note: Currently, RIHEBC only charges municipalities for the out-of-pocket costs at closing, such as underwriters and bond counsel. The need to raise funds for the expenses of the School Building Authority may require the extension of the fee currently charged to non-profit borrowers to include municipalities; however, Article 9 limits the fee that RIHEBC can impose on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond. Since fees charged to the borrower are generally tolled into the bond issuance, the expenses paid may accrue interest.

CENTRAL FALLS SCHOOL DISTRICT

The State of Rhode Island assumed control of the Central Falls School District in 1991 when it was determined that the City of Central Falls could not afford to meet its contractual, legal, and regulatory obligations related to school funding because its tax base had sustained little or no growth over several years. Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District.

Since FY2012, Central Falls has been funded according to the education funding formula. The Budget provides \$40.8 million for the Central Falls School Department in FY2019. This includes the formula distribution as well as \$8.4 million in funding through the Central Falls Stabilization Fund, excluding aid received through other education aid categories. (See Education Aid in the Special Report section of this publication for further detail.)

Central Falls	General Revenue
FY2018 Enacted	\$39,878,367
<i>Target and Other Adjustments</i>	
Central Falls Stabilization	1,529,194
Funding Formula Adjustment	(654,622)
FY2019 Enacted	\$40,752,939

Central Falls Stabilization

\$1.5 million

The Budget funds this category at \$8.3 million in FY2019, an increase of \$1.5 million from the enacted level. Of the increase, \$355,000 is for costs associated with a 2.5 percent cost of living adjustment for teachers in Central Falls in FY2019. Central Falls schools are currently 100.0 percent state funded, with the State providing both the local and state contributions calculated through the formula. Generally, the costs outside the foundation aid formula, such as transportation, facility maintenance and retiree health benefits, are paid by the district. This program was created due to concerns regarding the city's capacity to meet the local share of education costs. Previously the statute required Central Falls to pay its share of the local contribution prior to receiving stabilization funds. However, the 2012 General Assembly amended the statute to provide for an annual review of the respective shares and to allow stabilization funds to be provided without the district having to pay the entire local share as determined from the education funding formula. Although Central Falls has been working with the Department to reduce expenditures over the last several years, the district has not been able to reduce costs enough to keep pace with the phase in of the funding formula. Also, charter school tuitions have been increasing resulting in a corresponding increase in district expenses. Consequently, the stabilization fund has been used to replace aid lost through the implementation of the funding formula and local payments to public schools of choice. To date, Central Falls has been unable to absorb any educational costs.

Funding Formula Adjustment

(\$654,622)

Since FY1993, the State has been responsible for 100.0 percent of the education expenditures for the Central Falls School District; however, beginning in FY2012, the district's state funding has been determined

through the new funding formula. In FY2019, the district will receive a reduction of \$654,622 in funding formula aid; however, the stabilization aid and other categorical aid provide for a net increase of \$852,473 over the previous fiscal year.

DAVIES CAREER AND TECHNICAL CENTER

The Davies Career and Technical School provides a high school education program in occupational areas for students in grades nine through twelve. The school provides an integrated academic and vocation curriculum with up-to-date technology programs to provide a solid foundation for students entering postsecondary education or the community. Davies operates as a local education agency and is governed by a Board of Trustees.

The Budget provides \$13.7 million in general revenue funding for the Davies Career and Technical School, an increase of \$300,029 from the FY2018 Budget as Enacted, due to an increase of \$328,529 for the statewide COLA partially offset by a decrease of \$28,500 for turnover savings projected for the Voluntary Retirement Incentive (VRI). (See Education Aid in the Special Report section of this publication for further detail.)

Davies Career and Technical School	General Revenue
FY2018 Enacted	\$13,358,058
<i>Target and Other Adjustments</i>	
Funding Formula Adjustment	(770,970)
Davies Stabilization Fund	742,470
Statewide COLA	328,529
FY2019 Enacted	\$13,658,087

Funding Formula Adjustment **(\$770,970)**

The Davies School receives funding from state and federal sources; however, beginning in FY2012, it receives its State funding as determined through the new funding formula. In FY2019, the Davies School will receive a reduction of \$770,970 in funding formula aid. Instead of being entirely State funded, the sending districts now pay a portion of the tuition for each student from their district. Furthermore, Davies is now responsible for the cost of transporting students to and from their sending districts. The estimated cost for transportation is about \$600,000 annually.

Davies Stabilization Fund **\$742,470**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to Davies for costs associated with a stand-alone high school offering both academic and career and technical coursework. The Budget provides an additional \$742,470 million (\$3.9 million total) in FY2019 to offset decreases in aid through the phase-in of the funding formula; increases in state retirement expenses, since the teachers at Davies are part of the state system; and the losses in revenues associated with the per-pupil reduction in local tuition rates.

Statewide COLA **\$328,529**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$328,529 within the Davies.

RHODE ISLAND SCHOOL FOR THE DEAF

The Rhode Island School for the Deaf (RISD) is a public school which offers educational programs to approximately 160 deaf and hard of hearing youth (and their families) from birth through age 21 in the elementary program, junior and senior high school, and early intervention and preschool programs.

School for the Deaf	General Revenue
FY2018 Enacted	\$6,269,979
<hr/>	
<i>Target and Other Adjustments</i>	<i>69,198</i>
<i>Statewide COLA</i>	<i>131,057</i>
FY2019 Enacted	\$6,470,234

Statewide COLA**\$131,057**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$131,057 within the RISD.

METROPOLITAN CAREER AND TECHNICAL SCHOOL

The Metropolitan Career and Technical School (Met School) is a career and technical public school district with two campuses in Providence and a third in Newport. It provides a comprehensive education which includes internships, individual learning plans, advisory, and a college transition program for students in grades nine through twelve.

The Budget provides \$9.3 million in general revenue funding for the Met, level funded with the FY2018 Budget as Enacted. This includes \$1.4 million for the Met School Stabilization Fund. The Met School is governed by a board, appointed by the Board of Education but operated independently. Also, unlike Davies, the employees at the Met School are not state employees. (See Education Aid in the Special Report section of this publication for further detail.)

Metropolitan Career and Technical School	General Revenue
FY2018 Enacted	\$9,342,007
<hr/>	
<i>Target and Other Adjustments</i>	<i>-</i>
Funding Formula Adjustment	(639,309)
Met School Stabilization Fund	639,309
FY2019 Enacted	\$9,342,007

Funding Formula Adjustment**(\$639,309)**

The Met School was formerly 100.0 percent state funded; however, beginning in FY2012, it received its general revenue funding through the new funding formula. In FY2019 the Met School will receive a reduction of \$639,309 in funding formula aid. Sending districts pay a portion of the tuition for each student from their district. Furthermore, the Met School is now responsible for the cost of transporting students to and from their sending districts and will no longer be reimbursed by sending districts for transportation costs. Generally, the school provides RIPTA passes to students; however, due to the lack of RIPTA services available to students in Woonsocket, the school contracts for bus service for those students. The total estimated cost to the school is about \$177,000 annually.

Met School Stabilization Fund**\$639,309**

Article 11 of the FY2017 Budget as Enacted established a stabilization fund to provide additional support to the Met School for costs associated with a stand-alone high school offering both academic and career and technical coursework. The \$639,309 increase over the enacted budget (\$1.4 million total) provided in FY2019 is to offset the loss in revenues caused by the per-pupil reduction in local tuition rates and provide a zero net impact on funding relative to FY2018.

EDUCATION AID

The Department provides direct support to schools and school districts, including charter and state-owned schools through this program. This program also provides funding for group home beds, non-public textbook reimbursement, state-level professional development, the early childhood demonstration pilot project, state E-rate reimbursement, and the state's share of the school breakfast program.

Education Aid	General Revenue
FY2018 Enacted	\$890,282,092
<i>Target and Other Adjustments</i>	
Year 8 Funding Formula	-
Categorical Aid	19,702,497
Group Home Aid	2,417,850
	(532,463)
FY2019 Enacted	\$911,869,976

Education Aid	Other Funds
Statewide Transportation (restricted receipts)	\$4,594,963
Early Childhood Education (Permanent School Fund - other funds)	1,120,000

Year 8 Funding Formula**\$19.7 million**

The FY2019 Budget includes an additional \$19.7 million to fund the eighth year of the funding formula, for a total of \$879.0 million, for all the school districts except Central Falls, which is included as a separate budget program, and the state schools.

The funding increase for the eighth year of the education funding formula for all school districts, charter schools, Davies Career & Technical School (Davies), and the Metropolitan Career and Technical School (Met) totals \$17.6 million. The difference is due to the decrease in funding to Central Falls (\$654,622), Davies (\$770,969), and the Met (\$639,356) in FY2019 relative to the FY2018 enacted level.

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, distribution could change annually based on shifts in enrollment. There are no changes in funding methodology for the School for the Deaf, since it is an education program that already has a state, federal and local share.

The formula establishes a per-pupil spending amount (\$9,422 in FY2019) and allocates this funding based on student enrollment. The formula also includes a single factor to adjust the core foundation amount to address the effects of poverty and other factors influencing educational needs. The high need student weight, or student success factor, increases the core foundation amount by 40.0 percent, (\$3,769 in FY2019) for each student eligible for free or reduced lunch. The formula accounts for local revenue generating capacity and overall poverty level by using the EWAV (Equalized Weighted Assessed Valuation) and the concentration of pre-kindergarten through sixth grade students eligible for free or reduced price lunch.

Article 11 of the FY2017 Budget as Enacted changed the threshold for the high-need student weight to a family income at or below 185.0 percent of the federal poverty guidelines. The change is in response to the United States Department of Agriculture no longer requiring districts to collect eligibility data. Since this income level is the same threshold as that used for the free or reduced lunch program, the Department of Elementary and Secondary Education (Department) does not anticipate a change in the eligibility numbers.

The Act includes a multi-year transition plan to ease districts into the new formula, allowing time to adjust for gains or losses in education aid. The plan provides a transition period of ten years for those districts projected to receive less school aid than they did through the aid distribution in FY2011, and seven years for those districts projected to receive more aid. (See Education Aid in the Special Report section of this publication.)

Categorical Aid **\$2.4 million**

When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but according to other methodology to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as enacted added two new aid categories: English Learners and Density Fund. In the FY2019 Budget as Enacted an additional category for School Resource Officer Support was added at a funding level of \$2.0 million. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the relevant sections of this analysis.)

The FY2019 Budget includes funding for all of these categories, except the Regionalization Bonus. Please note that, the \$2.4 million increase in aid represents general revenue only and the table below includes \$1.1 million in permanent school funds for early childhood bringing the total increase in FY2019 up to \$3.5 million.

- **Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$7.4 million in FY2019, an increase of \$600,000 in regional transportation aid over the FY2018 Budget as Enacted.

Categorical	FY2019 Education Aid	
	Change from Enacted	Total Funding
Transportation	\$0.6	\$7.4
Early Childhood	1.1	7.4
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
English Learners	0.3	2.7
Public School Choice Density	(0.4)	0.5
Regionalization Bonus	-	-
School Resource Officer Support	2.0	2.0
Total	\$3.5	\$29.0

\$ in millions. Totals may vary due to rounding.

- **Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. The Budget funds this category at \$7.4 million in FY2019, an increase of \$1.1 million over the FY2018 Budget as Enacted; however, the additional funding is provided from the Permanent School Fund. The additional funds are needed as a match to the fourth, and final year of the federal Pre-Kindergarten Expansion grant (\$4.9 million).

The Permanent School Funds, which are fees collected from auctioneer duties, are only available for one year. The \$1.1 million payment in FY2019 will exhaust much of the reserves in the account. The remaining balance and future collections will be used to provide \$300,000 annually to the Advance Course Network over the next five years.

Analyst Note: Since the Permanent School funds are only available for one year and FY2019 is the last year of the federal grant, in order to maintain the funding for the current 60 pre-kindergarten classrooms, the program will need an additional \$6.0 million from other funding sources in FY2020. It is not clear at this time if the United States Education Department would consider the funding gap a failure to provide the necessary federal match.

- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed five times the combined core instruction and student success factor funding (currently \$65,954 for FY2019). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$4.5 million in FY2019, level with the FY2018 Budget as Enacted.
- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associate with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2019, level with the previous year.
- **English Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. This additional aid is then multiplied by the state share. When the article was originally enacted, the additional the per-pupil weight was \$898 for each identified English learner. In FY2019, the per-pupil weight increases to \$942, to reflect 10.0 percent of the \$9,422 core instruction amount. This amount is then multiplied by the state share ratio. The formula is provided below.

(Per-pupil core instruction amount x number of EL students) x 10.0 percent x state share ratio = additional state support per EL student

This support is then ratably reduced based on the total amount appropriated.

The Article restricted the funds to provide new services to EL students and required that the funds be managed in accordance with requirements enumerated by the Commissioner. The Article also required the Department to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. Distribution is subject to a pro-rata reduction based on the funds available. The Budget provides \$2.7 million in FY2019, an increase of \$250,000 over the previous fiscal year and approximately one-half of the estimated full funding amount.

- **Public School of Choice Density Aid:** Article 11 of the FY2017 Budget as Enacted established a new category of state aid for districts where 5.0 percent or more of the average daily membership enrolls in a public school of choice, such as Davies, the Met, or a charter school. Such districts receive an additional \$175 in FY2017, \$100 in FY2018, and \$50 in FY2019 for each student attending a public school of choice. The per-pupil amount is intended to offset costs that must be paid by a sending district even though students are attending a different school. Examples of such costs include heating, lighting, accounting services, teachers, and building administrator. While these costs can sometimes be reduced when enrollment declines are concentrated in specific schools or classrooms, public school of choice

enrollment are generally scattered across schools and grades within a district. In FY2019, the Budget includes \$478,350 in density aid to be divided among seven qualifying communities: Central Falls, Charlestown, Cumberland, Lincoln, Pawtucket, Providence, and Woonsocket. This represents a decrease of \$432,150 from the FY2018 Budget as Enacted.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget provides no funding in FY2019, the eighth year of funding for the regionalized districts, since no new regional districts have been formed. This category has not been funded since FY2014, as no new regionalized districts have been formed.
- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted establishes a new aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with < 1,200 students, only one resource officer position is eligible for reimbursement. Schools with \geq 1,200 students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget includes \$2.0 million for this category in FY2019.

Group Home Aid

(\$532,463)

The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program, and provided \$15,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$22,000 per bed. Through Article 11 of the FY2017 Budget as Enacted, the per-bed aid increased by \$2,000 for a total of \$17,000 per bed, except for beds associated with the Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which increased by \$4,000 for a total of \$26,000 per bed.

The FY2019 Budget includes \$3.6 million to fund group home beds. This is \$532,463 less than the FY2018 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

Statewide Transportation (restricted receipts)

\$4.6 million

The statewide student transportation program was created to help districts provide transportation for students attending private schools outside their transportation district, special needs students, homeless students, and foster youth with greater service and cost efficiencies. Transportation is provided to students who attend private, parochial, and charter schools, as well as career & technical education centers and other approved programs. This program maximizes the sharing of buses when possible to achieve service and cost efficiencies. This program is entirely funded by participating school districts but managed by the Department. Payments from the participating districts are deposited into a restricted receipt account within the Department for payment to the vendor providing the transportation services. The costs associated with the statewide transportation program are expected to increase in FY2019 due to an increase in rates and in resources and accommodations needed to transport a growing number of students. Due to the federal

McKinney-Vento Homeless Education Assistance Act, districts are required to provide transportation for homeless students to and from their school of origin if it is in the student's best interest. Also, the federal Every Student Succeeds Act requires that students placed in foster care be bused to their district of origin if it is the best interest of the student. Both of these initiatives have led to greater participation in the program and the need to service more locations.

The FY2019 Budget includes an estimated increase in expenditures for the statewide transportation program of \$4.6 million in restricted receipts (\$23.7 million total), relative to the FY2018 Budget as Enacted.

Early Childhood Education (other funds)

\$1.1 million

This Early Childhood Education fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds are distributed through a request for proposals process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. The Budget funds this category at \$7.4 million in FY2019, an increase of \$1.1 million over the FY2018 Budget as Enacted; however, the additional funding is provided from the Permanent School Fund. The additional funds are needed as a match to the fourth, and final year of the federal Pre-Kindergarten Expansion grant (\$4.9 million).

The Permanent School Funds, which are fees collected from auctioneer duties, are only available for one year. The \$1.1 million payment in FY2019 will exhaust much of the reserves in the account. The remaining balance and future collections will be used to provide \$300,000 annually to the Advance Course Network over the next five years.

Analyst Note: Since the Permanent School funds are only available for one year and FY2019 is the last year of the federal grant, in order to maintain the funding for the current 60 pre-kindergarten classrooms, the program will need an additional \$6.0 million from other funding sources in FY2020. It is not clear at this time if the United States Education Department would consider the funding gap a failure to provide the necessary federal match.

SCHOOL CONSTRUCTION AID

In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community's need. For FY2019, the minimum state share is 35.0 percent for school districts and the maximum is 96.7 percent for Central Falls: the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation limiting the approval of new projects between FY2012 and FY2015, to those necessitated by immediate health and safety reasons. Any project requested during the moratorium must be reported to the chairs of the House and Senate Finance Committees. Any project approval granted prior to the adoption of the school construction regulations in 2007, which is currently inactive, did not receive voter approval, or has not been previously financed, is no longer eligible for reimbursement. Article 22 of the FY2015 Budget extends the moratorium from June 30, 2014, to May 1,

2015, limiting the approval of new projects between FY2012 and FY2015 to those necessitated by immediate health and safety conditions.

As part of the 2011 legislation, RIDE was charged with developing recommendations for further cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State’s reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Municipality	Local Savings	State Savings	Total Savings
Burrillville	\$391,582	\$97,896	\$489,478
Central Falls	485,690	121,423	607,113
Cumberland	392,456	98,136	490,592
Johnston	41,684	10,421	52,105
Lincoln	1,590,165	397,541	1,987,706
New Shoreham	329,114	82,278	411,392
North Kingstown	419,141	104,785	523,926
North Providence	492,390	123,098	615,488
Pawtucket	44,094	11,023	55,117
Portsmouth	208,533	52,135	260,668
Providence	5,854,680	1,463,670	7,318,350
South Kingstown	232,603	58,151	290,754
Tiverton	753,270	188,317	941,587
West Warwick	525,572	131,393	656,965
Woonsocket	728,129	182,083	910,212
Total Savings	\$12,489,103	\$3,122,350	\$15,611,453

Article 13 of the FY2014 Budget as Enacted provided an incentive to communities to refinance existing school housing bonds by allowing communities to receive 80.0 percent of the total savings, instead of distributing the savings based on the state share ratio. The increased savings to the communities would only apply to refinancing done between July 1, 2013, and December 31, 2015. The table shows the estimated savings realized through the incentive.

Article 9 of the FY2019 Budget as Enacted provides temporary incentives to encourage district to improve the condition of public school buildings in Rhode Island, establishes a permanent incentive for school safety and security projects, and establishes school maintenance expenditure requirements.

For FY2019, the Budget provides \$80.0 million, level funded with the FY2018 Budget as Enacted. For FY2019, the Department projects expenditures of \$69.4 million in school housing aid, a decrease of \$1.5 million from the FY2018 Budget as Enacted. Generally, the surplus would be deposited into the School Building Authority Capital Fund; however, pursuant to Article 9 of the FY2019 Budget as Enacted, in FY2019 and FY2020 the surplus will be used to provide technical assistance to districts.

School Construction Aid	General Revenue
FY2018 Enacted	\$80,000,000
<i>Target and Other Adjustments</i>	-
School Building Authority Capital Fund	Informational
FY2019 Enacted	\$80,000,000

School Building Authority Capital Fund **Informational**

Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State’s School Building Authority and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School

Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC).

For FY2019, the Budget provides \$10.6 million in general revenue from the surplus construction aid to provide technical assistance to districts. Through Article 9, the FY2019 Budget also shifts the 3.0 FTE positions currently responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and adds 1.0 FTE Director of School Construction Services. The new restricted receipt account, named the “School Construction Services”, will be funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. While there is no limit on the amount or type of expenses that will be funded, the Article limits the fees that RIHEBC can levy on districts to one tenth of one percent (0.001) of the principal amount. The Budget provides \$697,171 in this account to provide for the cost of the 4.0 FTE positions and about \$48,658 for non-personnel overhead expenses. The new position will help with the anticipated increase in school housing applications due to the recent release of the statewide facilities study and the proposed \$250.0 million bond authorization. Proceeds from the bond will be used to capitalize both the traditional school construction program and the School Building Capital Fund as determined by the School Building Authority.

Analyst Note: Since the language of the article specifies that the restricted receipt account can only be used for “personnel” expenditures, the overhead expenses will have to be funded from a different source.

Currently, RIHEBC only charges municipalities for the out-of-pocket costs at closing, such as underwriters and bond counsel. The need to raise funds for the expenses of the School Building Authority may require the extension of the fee currently charged to non-profit borrowers to include municipalities; however, Article 9 limits the fee that RIHEBC can imposed on cities, towns and districts to one tenth of one percent (0.001) of the principal amount of the bond. Furthermore, since fees charged to the borrower are generally tolled into the bond issuance, the expenses paid may accrue interest.

TEACHER RETIREMENT

Since 1949, all teachers are required to become members of the State Retirement System. The State pays 40.0 percent of the employer’s share of the retirement contribution each year. These funds, which are actuarially determined annually, are appropriated to the Department of Education for transfer to the State Retirement Fund.

On November 17, 2011, the General Assembly passed the Rhode Island Retirement Security Act of 2011 (RIRSA) to reform the state and local pension systems. The Act introduces a hybrid pension structure for all State employees, except public safety employees and judges, to shift risk to the employee by combining the attributes of both the defined benefit and defined contribution plans.

Teacher Retirement	General Revenue
FY2018 Enacted	\$101,833,986
<i>Target and Other Adjustments</i>	
Defined Benefit Plan	4,103,402
Defined Contribution Plan	181,021
FY2019 Enacted	\$106,118,409

Defined Benefit Plan**\$4.1 million**

The Budget provides total funding of \$102.2 million for the State's contribution to the teacher retirement defined benefit plan, reflecting a net increase of \$4.1 million from FY2018 Budget as Enacted. The employer contribution rates are actuarially determined annually, and appropriated to the Department of Education for transfer to the State Retirement Fund. For teachers the State pays 40.0 percent of the employer contribution.

Defined Contribution Plan**\$181,021**

The Budget provides \$3.9 million in general revenue for the State's share of the contribution to the new defined contribution portion of the hybrid pension system, reflecting a net increase of \$181,021 from FY2018 Budget as Enacted. The plan includes a mandatory 5.0 percent employee and 1.0 percent employer contribution. For teachers the State pays 40.0 percent of the employer contribution.

CAPITAL PROJECTS

The Budget includes a total of \$3.9 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2019 and \$3.9 million in FY2018, including:

- \$3.3 million in FY2019 and \$400,000 in FY2018 for the advanced manufacturing program at Davies Career and Technical School. This project will be completed in FY2019.
- \$2.6 million in FY2018 to replace and repair the HVAC system for five buildings at the MET School's Peace Street and Public Street campuses. This project will be completed in FY2018.
- \$200,000 in FY2019 and \$324,155 in FY2018 to replace and repair the HVAC system at the Davies Career and Technical School.

Public Higher Education

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Office of Postsecondary Commissioner	\$31.3	\$42.5	\$41.4	(\$1.0)	-2.4%	\$39.3	(\$3.2)	-7.4%
University of Rhode Island	744.4	777.3	779.1	1.8	0.2%	802.8	25.5	3.3%
Rhode Island College	169.8	199.1	200.9	1.8	0.9%	199.9	0.8	0.4%
Community College of R.I.	144.3	161.3	161.3	0.0	0.0%	165.6	4.4	2.7%
Total	\$1,089.8	\$1,180.1	\$1,182.6	\$2.5	0.2%	\$1,207.6	\$27.5	2.3%
Expenditures By Source								
General Revenue	\$198.4	\$220.9	\$220.9	\$0.0	0.0%	\$230.1	\$9.2	4.2%
Federal Funds	14.3	13.9	14.1	0.2	1.5%	7.9	(6.0)	-43.1%
Restricted Receipts	1.2	2.2	2.7	0.5	22.7%	2.7	0.5	23.3%
Other Funds	875.9	943.1	944.9	1.8	0.2%	966.9	23.8	2.5%
Total	\$1,089.8	\$1,180.1	\$1,182.6	\$2.5	0.2%	\$1,207.6	\$27.5	2.3%
Third Party Funded FTE	745.8	739.8	739.8	-	-	788.8	49.0	6.6%
Authorized FTE Levels	3,551.0	3,567.0	3,568.0	1.0	0.0%	3,605.5	38.5	1.1%
Total	4,296.8	4,306.8	4,307.8	11.0	0.3%	4,394.3	97.5	2.3%

\$ in millions. Totals may vary due to rounding.

The major responsibilities of the Board of Education (Board), pertaining to higher education, include the governance of public institutions of higher learning and the regulation of proprietary schools; the preparation of a public higher education budget and capital development program; and the development of policies in pursuit of the primary goals of excellence, opportunity and access, diversity and responsiveness, coordination and accountability in public higher education.

The system of public higher education consists of three major institutions located at eight different campuses across the State of Rhode Island: the University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI).

Prior to January 1, 2013, higher education in Rhode Island functioned under the direction of the Board of Governors for Higher Education. The FY2013 Budget as Enacted established a new Board of Education consisting of 11 members, appointed by the Governor with the advice and consent of the Senate. The Board of Governors for Higher Education and the Board of Regents for Elementary and Secondary Education were abolished as of January 1, 2013.

The FY2015 Budget as Enacted established the Council on Postsecondary Education, which has duties and responsibilities per RIGL 16-59-1 and 16-59-4, much the same as the former Board of Governors for Higher Education.

MAJOR ISSUES AND TRENDS

The FY2019 Budget includes total funding of \$1,207.6 million, representing an increase of \$27.5 million (2.3 percent) over the FY2018 Budget as Enacted, including a general revenue increase of \$9.2 million (4.2 percent). The increase includes \$3.0 million in performance incentive funding to promote alignment between the State's priorities for higher education and institutional practice and policy. This funding will be split evenly among the three institutions. There is also an increase of \$2.0 million in operating support for URI, \$2.1 million for general obligation debt service, and \$598,051 across the system for the statewide COLA.

Based on instruction from the Governor, the FY2019 Budget approved by the Council on Postsecondary Education did not include any increases in in-state tuition or mandatory fees. In FY2016, tuition increased

at all three schools for the first time in three years; however, in FY2017, there was no tuition increase. On March 22, 2018, the Council on Postsecondary Education voted to approve a 2.0 percent increase for in-state tuition at URI and RIC for the upcoming 2018-2019 school year. The increase was requested and approved in response to the Governor's FY2019 Budget recommendation which only provided an increased general revenue appropriation of \$2.0 million for URI and RIC, while the Council had requested \$6.7 million, excluding general obligation debt service. Also, while the Governor's recommendation does provide an increase in tuition for out-of-state tuition, all in-state tuition and mandatory fees were frozen at the FY2018 level. The increase in FY2019 will be the third increase for in-state tuition in the last five years. No tuition increase was proposed for CCRI.

At URI, the increase for in-state undergraduate tuition is \$246 annually, and the technology fee will increase by \$100 for all students. This will bring the total in-state tuition cost to \$12,248 and the technology fee to \$276. Since FY2015, the in-state tuition has increased by \$1,370, or 12.6 percent. The increases will generate about \$2.0 million in tuition and fee revenues for FY2019. The tuition increase will be used toward financial aid for low-income, in-state students and faculty hiring. The revenue from the technology fee will support upgrades to the University's technology infrastructure.

At RIC, the increase for in-state undergraduate tuition is \$153 annually. There is no increase in mandatory fees. The increase will bring the total in-state tuition cost to \$7,790. Since FY2015, the in-state tuition has increased by \$1,260, or 19.3 percent. The increase will provide about \$800,000. The revenue will be used to support additional full-time faculty and further the effort to reduce reliance on adjunct professors, as well as professional advisors to support student completion.

Article 5 of the Budget submits a total of \$367.3 million in ballot referenda to the Rhode Island voters for their approval in November. This includes \$45.0 million for the University of Rhode Island Narragansett Bay Campus and \$25.0 million for the Rhode Island College School of Education and Human Development.

Article 3 of the FY2018 Budget as enacted established the Rhode Island Promise Scholarship program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island (CCRI), less federal and all other financial aid available to the recipient. In order to build a highly educated and skilled workforce, the article is intended to increase the number of students enrolled at the College and the number of students who complete their degrees on time by removing financial barriers. The scholarship program provides two years of tuition and mandatory fees to students at CCRI with no income restrictions. Students are required to maintain a 2.5 or higher grade point average. Other costs, such as room and board, textbooks, meal plans, or travel are not included. In the first year of the program CCRI realized a 43.0 percent increase (477 students) in first-time, full-time students. The Budget fully funds the second year of the program.

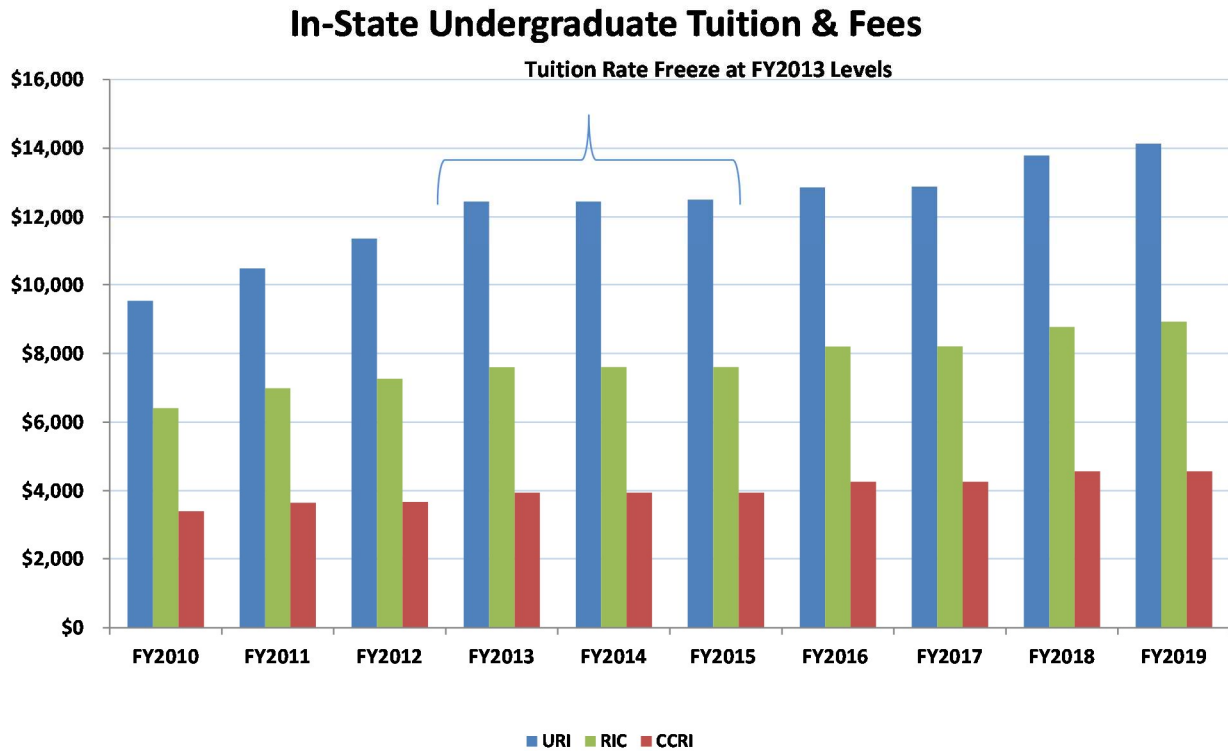
Article 16 serves as a joint resolution for the issuance of up to \$19.8 million in Rhode Island Health and Educational Building Corporation (RIHEBC) revenue bonds for an array of projects at URI. Up to \$11.0 million in bonds may be issued for repaving and reconstruction of major parking facilities, internal roadways, walkways, and associated infrastructure on the University's Kingston, Narragansett Bay, and W. Alton Joes Campuses. Another \$6.5 million in revenue bonds may be issued for the engineering and construction of upgrades and component replacements to five municipal-level Kingston Campus utility systems.

On December 6, 2017, the Council on Postsecondary Education voted to authorize the Commissioner to transfer the Federal Family Education Loan Portfolio to the United States Department of Education. This transfer ends the flow of fee revenue into the Division of Higher Education Assistance (DHEA), and will ultimately lead to the reorganization of the Office of Postsecondary Commissioner (OPC) and DHEA.

RIGL 16-57-10 provides that the intent of the General Assembly is to use the funds to increase financial assistance. Consequently, the Budget limits the amount of guaranty agency reserves that can be used for administration costs to 10.0 percent of the amount appropriated for scholarships and grants. In FY2019, this amount is \$400,000.

Tuition and Fees

Actual tuition and fee rates, by institution, along with a projection for FY2018 and FY2019, are shown in the graph below.



URI	FY2015	FY2016	FY2017 ¹	FY2018	FY2019	Change from FY2018	
In-State Tuition	\$10,878	\$11,128	\$11,128	\$12,002	\$12,248	\$246	2.0%
Out-of-State Tuition	26,444	27,118	27,118	28,252	28,972	720	2.5%
Mandatory Fees	1,628	1,734	1,756	1,790	1,890	100	5.6%
Tuition & Fee Revenue	278,399,179	290,235,215	295,365,473	312,020,573	319,717,063	7,696,490	2.5%
RIC							
In-State Tuition	\$6,530	\$7,118	\$7,118	\$7,637	\$7,790	\$153	2.0%
Out-of-State Tuition	17,228	18,779	18,779	20,150	20,150	-	0.0%
Mandatory Fees	1,072	1,079	1,088	1,139	1,139	-	0.0%
Tuition & Fee Revenue	66,087,376	70,074,560	69,106,634	72,777,194	74,802,793	2,025,599	2.8%
CCRI							
In-State Tuition	\$3,624	\$3,950	\$3,950	\$4,148	\$4,148	\$0	0.0%
Out-of-State Tuition	10,256	11,180	11,180	11,740	11,740	-	0.0%
Mandatory Fees	326	316	316	416	416	-	0.0%
Tuition & Fee Revenue	51,694,330	52,071,850	49,709,600	53,051,747	53,738,904	687,157	1.3%

¹ The increase for URI includes \$2.8 million for on-line program revenue.

URI is projecting an increase in tuition and fee revenue of \$7.7 million, or 2.5 percent, based on an increase in in-state tuition of \$246, or 2.0 percent; out-of-state tuition of \$720, or 2.5 percent; and mandatory fees of \$100, or 5.6 percent. RIC is projecting an increase in tuition and fee revenue based on an increased

enrollment of 1.6 percent and an increase in in-state tuition of \$153, or 2.0 percent. CCRI projects an increase in tuition and fee revenue based on an enrollment increase of 2.5 percent. There is no increase in in-state tuition or mandatory fees at CCRI for FY2019.

State Support for Public Education

When looking at state support for public higher education, many policy makers tend to take a regional approach. For example, if looking at New England, Rhode Island is in the middle of the pack. In FY2015, the most recent data available, Connecticut appropriated \$3,305 more per student FTE than Rhode Island and Massachusetts appropriated \$1,943 more. Based on the FY2015 FTE enrollment of 31,547, the difference in per-student FTE between Rhode Island and Massachusetts is \$61.3 million.

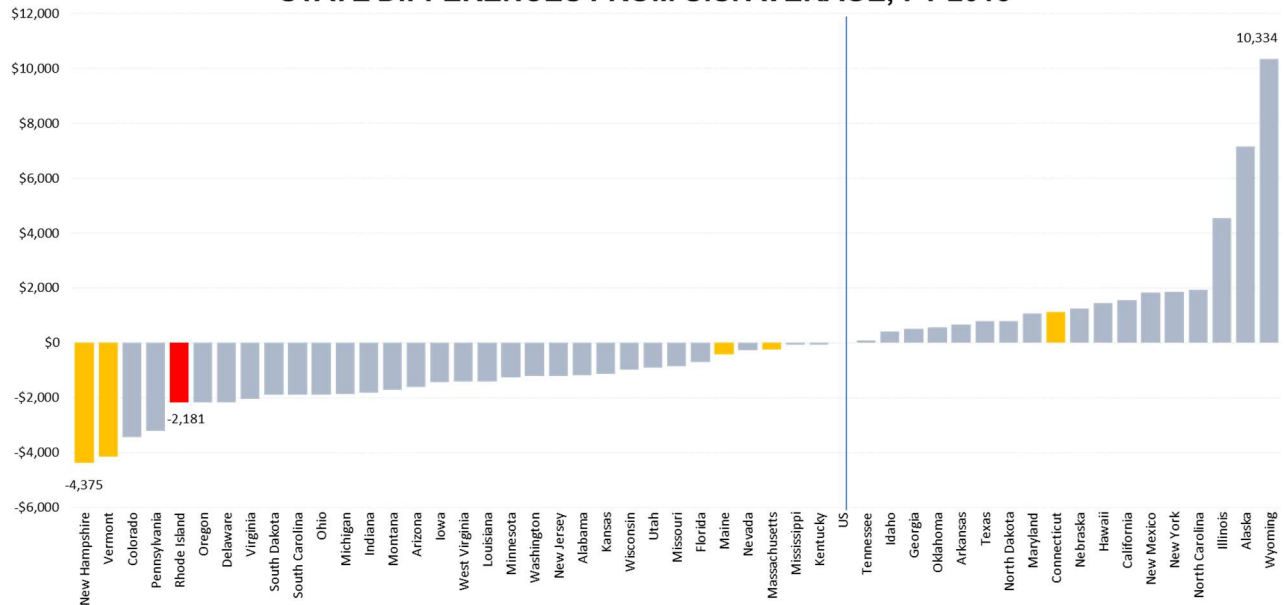
However, on a national perspective in FY2015, the State of Wyoming appropriated \$12,515 more per student FTE than Rhode Island. The following table was provided by the Office of the Postsecondary Commissioner from data collected by the State Higher Education Executive Officers Association (SHEEO). The table illustrates the difference in state appropriations to public higher education based on student FTEs.

FY2015 State Educational Appropriations per FTE

Connecticut	\$8,090
Massachusetts	6,728
Maine	6,546
Rhode Island	4,785
Vermont	2,818
New Hampshire	2,591
Regional Average	\$5,260

Source: State Higher Education Executive Officers (SHEEO)

**EDUCATIONAL APPROPRIATIONS PER FTE (CONSTANT DOLLARS):
STATE DIFFERENCES FROM U.S. AVERAGE, FY 2015**



In FY2019, the three state institutions requested a \$13.8 million increase in the State general revenue support, excluding general obligation debt service. The Council on Postsecondary Education approved an increase of \$9.0 million, and the Governor provided \$3.0 million.

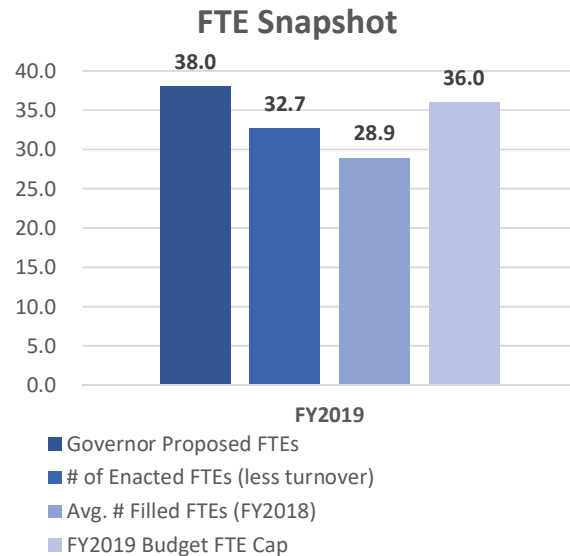
OFFICE OF THE POSTSECONDARY COMMISSIONER

Expenditures By Source	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Revenue	\$6.1	\$14.6	\$13.9	(\$0.6)	-4.3%	\$16.3	\$1.7	11.7%
Federal Funds	14.3	13.9	14.1	0.2	1.5%	7.9	(6.0)	-43.1%
Restricted Receipts	0.7	1.5	2.0	0.5	33.1%	2.0	0.5	33.2%
Other Funds	10.2	12.4	11.3	(1.1)	-8.9%	13.1	0.7	5.2%
Total	\$31.3	\$42.5	\$41.4	(\$1.0)	-2.4%	\$39.3	(\$3.2)	-7.4%

\$ in millions

The mission of the Office of the Postsecondary Commissioner (OPC), formerly the Office of Higher Education, is to support the work of the Board of Education and the Council on Postsecondary Education in providing an excellent, accessible, and affordable system of higher education designed to improve the education attainment of Rhode Island citizens, support economic development, and enrich the civic, social, and cultural life of the residents of the State. The Commissioner works with the presidents of the state higher education institutions to determine the benefits or disadvantages of proposed new programs, departments, courses of study, and policies with the scope and role adopted by the Council on Postsecondary Education. The OPC also supports specific programs, such as early college access and veterans affairs. The FY2016 Budget as Enacted created a new Division of Higher Education Assistance (DHEA) within the Office of the Postsecondary Commissioner and eliminated the Rhode Island Higher Education Assistance Authority. The OPC provides research, policy, and fiscal analysis, and seeks to ensure that higher education in Rhode Island remains economically and geographically accessible.

The Budget provides 36.0 FTE positions for the OPC in FY2019, including 1.0 FTE that is third-party funded. This represents a net decrease of 1.0 FTE positions from the FY2018 Budget as Enacted. The decrease is due to the addition of 2.0 FTE positions for the Westerly Education Center and a decrease of 3.0 FTE positions in the Division of Higher Education Assistance (DHEA). On December 6, 2017, the Council on Postsecondary education voted to authorize the Commissioner to transfer the Federal Family Education Loan Portfolio to the United States Department of Education.



Office of Postsecondary Commissioner	General Revenue
FY2018 Enacted	\$14,578,459
<i>Target and Other Adjustments</i>	
Rhode Island Promise Scholarship Program	190,776
Westerly Higher Education and Job Skills Center - Construction Support	3,245,000
IT Administrative Implementation Fund	(1,250,000)
Nursing Education Center	(686,418)
Interagency Legal Services	355,105
Turnover Savings	203,000
Shepard Building Parking	(150,000)
Administrative Reduction	(114,350)
Interdepartmental Cost Allocation	(100,000)
Statewide COLA	(58,534)
Best Buddies	45,880
FY2019 Enacted	\$16,288,918

Office of Post Secondary Commissioner	Other Fund Changes
Transfer of Guaranty Agency Operations (federal funds)	(\$5,826,382)

Rhode Island Promise Scholarship Program ***\$3.2 million***

The Budget includes an additional \$3.2 million in general revenue (\$6.0 million total) to fund the second year of the Rhode Island Promise Scholarship program (RI Promise). Article 3 of the FY2018 Budget established the program to provide students with two years of tuition and mandatory fees at the Community College of Rhode Island, less federal and all other financial aid available to the recipient. FY2019 represents the second year of the program and the increase will provide for two cohorts of students. In the first year of the program CCRI realized a 43.0 percent increase (477 students) in first-time, full-time students, significantly more than the 25.0 percent increase projected in the enacted budget. This funding level assumes the same 16.0 percent attrition between the fall and spring semesters realized in the first-year cohort.

Westerly Higher Education and Job Skills Center – Construction Support ***(\$1.3 million)***

The Budget includes \$2.0 million in restricted receipts for the Westerly Higher Education and Job Skills Center. This represents a decrease of \$1.3 million in general revenue and an increase of \$495,044 in restricted receipts relative to the FY2018 Budget as Enacted. The general revenue provided in FY2018 comprised the state contribution toward the construction of the building, which was completed in FY2018. The restricted receipts provide for the personnel and operating costs, including 5.0 FTE positions to provide operations and management staff for the new center. The restricted receipts come from an occupancy fee charged for the use of the facility. Electric Boat began using the facility to train employees in January 2017. The facility also provides classroom and laboratory space for existing students in the area, as well as space for collaborative programs with local industries. The job skills center is managed through the Office of the Postsecondary Commissioner.

The Budget includes 2.0 new Business Manager FTE positions at the Westerly Higher Education and Job Skills Center. Since opening in January 2017, the Center has exceeded revenue and employer partnership goals and the new positions will help support the expanded growth. The total cost of \$207,205 in salaries and benefits will be supported with restricted receipts raised through Center operations, no general revenue is involved.

Westerly Higher Education and Job Training Center								
	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
Expenditures by Category	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Personnel	\$142,689	\$357,732	\$446,369	\$88,637	24.8%	\$463,023	\$105,291	29.4%
Contracted Professional Services	425,493	431,000	1,031,713	600,713	1.4	1,108,001	677,001	1.6
Operating	82,921	701,609	355,111	(346,498)	(0.5)	394,361	(307,248)	(0.4)
Capital Purchases and Equipment	750,000	1,250,000	1,400,000	150,000	12.0%	20,000	(1,230,000)	-98.4%
Total	\$1,401,103	\$2,740,341	\$3,233,193	\$492,852	18.0%	\$1,985,385	(\$754,956)	-27.5%
Expenditures by Source								
General Revenue	\$750,000	\$1,250,000	\$1,250,000	\$0	0.0%	\$0	(\$1,250,000)	-100.0%
Restricted Receipts	651,103	1,490,341	1,983,193	492,852	33.1%	1,985,385	495,044	33.2%
Total	\$1,401,103	\$2,740,341	\$3,233,193	\$492,852	18.0%	\$1,985,385	(\$754,956)	-27.5%

IT Administrative Implementation Fund**(\$686,418)**

Since FY2000, the OPC has been appropriated a sum to finance IT-related acquisitions and enhancements at the institutions. Initially this funding was dedicated to standard maintenance agreements and routine software costs associated with the implementation of PeopleSoft systems at URI and RIC and the Banner/Oracle system at CCRI. Over time, the ongoing costs for these systems were absorbed into the operating budgets at the institutions and the IT Administrative Implementation Fund became a discretionary, competitively distributed funding pool for IT projects and system enhancements. The Budget eliminates this funding pool; thereby reducing general revenues by \$686,418.

Nursing Education Center (NEC)**\$355,105**

The Nursing Education Center (NEC) is a partnership between the State, Rhode Island College, and the University of Rhode Island to provide a state-of-the-art facility that is shared by the institutions thus reducing redundancy. The NEC is located at the South Street Landing property (a.k.a. the South Street Power Station or Dynamo House). The building also houses administrative offices for Brown University's Alpert Medical Schools. The Board of Education and the Department of Administration entered into a 15-year lease with a two-year extension option. The two schools took possession of their space in April 2017. Under the terms of the lease, the first rent payment was made in September 2017. Classes began in September 2017 allowing for the installation and testing of lab and other equipment, as well as staff training, and a smoother transition.

The total FY2019 cost is \$5.3 million. The State's share includes \$1.9 million in lease payments, \$2.3 million in tenant improvement payments, and \$1.2 million in debt service. This represents an increase of \$309,048 in lease payments and \$275,557 in tenant improvement costs to reflect the first full year of occupancy, partially offset by a decrease of \$229,500 in debt service.

The remaining \$3.2 million for personnel and operating costs is supported with university and college funds from URI and RIC. This represents a decrease of \$1.8 million relative to the FY2018 Budget as Enacted. This decrease is primarily due to an accounting adjustment that shifted the expenditures from the transfer account within OPC back to URI and RIC.

Interagency Legal Services**\$203,000**

The increase of \$203,000 in general revenue is a technical correction to show the expense for labor relations and general counsel services provided to OPC by legal staff at URI and CCRI under the appropriate code. Previously, the expense were unbudgeted and were charged to personnel codes. OPC routinely used payroll surpluses to cover these expense which total approximately \$150,000 to \$200,000 annually. The Budget does not include a corresponding reduction in the previously utilized payroll codes.

Turnover Savings **(\$150,000)**

The Budget realizes an additional \$150,000 in turnover savings based on projected FY2019 general revenue funded expenditures within the Office of the Postsecondary Commissioner (OPC). The total turnover savings of \$187,784 in FY2019 is equivalent to approximately 1.4 FTE positions, based on an average cost per FTE in the OPC of \$131,256.

Shepard Building Parking **(\$114,350)**

Since the mid-1990's the State has paid for the parking lease with the Rhode Island Convention Center Authority (RICCA) to provide free parking for URI students attending the School of Professional and Continuing Studies (School) located at the Shepard Building in Providence. Currently, the annual cost of the contract is \$897,135. The Budget projects an annual general revenue savings of \$114,350 by shifting part of the annual cost to students attending the School. Each student parking at RICCA would pay a per-semester commuter fee of \$115; alternatively, URI could use other sources to fund the proposed contribution of 12.7 percent of the full contract price. There is a partial-year savings of \$57,175 in FY2018 Revised Budget.

Administrative Reduction **(\$100,000)**

In order to contribute toward the \$25.0 million statewide reduction in the FY2018 Budget as Enacted, the OPC agreed to manage state-financed operating expenditures and vacancy rates to achieve a \$100,000 base reduction in overall operating costs in the FY2018 Revised and FY2019 Budgets.

Interdepartmental Cost Allocation **(\$58,534)**

The FY2018 Budget included an interdepartmental transfer representing 50.0 percent of the salary and benefits of a Deputy Chief of Staff in the Governor's Office who works on education policy issues. The Budget included interdepartmental cost allocations totaling \$794,564 for staff in the Governor's Office that is charged against ten state agencies. The Budget Office stated that these cost allocations reflect Governor's Office staff support to assist these state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, and Justice Reinvestment Initiative, etc. In FY2019, the Budget removes the cost allocations.

Statewide COLA **\$45,880**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$598,051 across the Public Higher Education system, with \$45,880 occurring within the OPC.

Best Buddies **\$30,000**

The Budget increases general revenue funding for the Best Buddies program by \$30,000 for a total of \$60,000 in FY2019. Best Buddies is a nonprofit organization dedicated to creating opportunities for one-to-one friendships, integrated employment and leadership development for people with intellectual and developmental disabilities.

Transfer of Guaranty Agency Operations (federal funds) **(\$5.8 million)**

On December 6, 2017, the Council on Postsecondary Education voted to authorize the Commissioner to transfer the Federal Family Education Loan Portfolio to the United States Department of Education. RIGL 16-57-10 provides that is the intent of the General Assembly is to use the funds to increase financial

assistance. Consequently, the Budget limits the amount of guaranty agency reserves that can be used for administration costs to 10.0 percent of amount appropriated for scholarships and grants. In FY2019, this amount is \$400,000. The Budget decreases federal guaranty agency funding by \$5.8 million relative to the FY2018 Budget as Enacted. The decrease is due to a reduction in third-party contract expenses for portfolio management and collection agency services (\$3.1 million), the 10.0 percent limit on administration costs (\$1.9 million), the discontinuation of the contract for the WaytoGoRI portal (\$650,000), and the removal of 3.0 FTE positions from DHEA (\$216,964). WaytoGoRI was a free career and college planning tool that was available to individuals and school districts.

UNIVERSITY OF RHODE ISLAND

Expenditures By Source	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
General Revenue	\$92.2	\$101.2	\$101.1	(\$0.1)	-0.1%	\$105.1	\$3.8	3.8%
Other Funds	652.2	676.1	678.0	1.9	0.3%	697.7	21.6	3.2%
Total	\$744.4	\$777.3	\$779.1	\$1.8	0.2%	\$802.8	\$25.5	3.3%

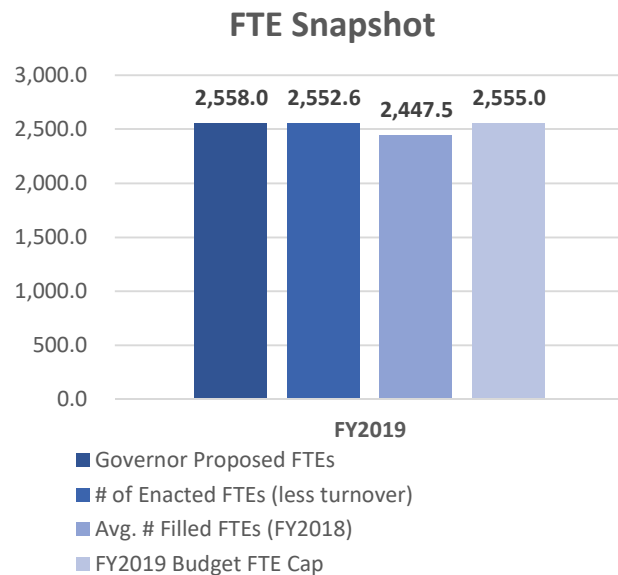
\$ in millions

The University of Rhode Island (URI) was founded in 1888 as an agricultural school known as the Rhode Island College of Agriculture and Mechanic Arts. The college was actually the second State college established in Rhode Island. The Agricultural Experiment Station building was the first structure on campus, and was built in 1889: the building was later renamed Taft Hall. Today, Taft Hall houses internship, international exchange, and foreign student programs. In 1955, the school became known as the University of Rhode Island.

URI quickly evolved beyond its genesis as a land grant and agricultural school, and today has retained a focus on biological and natural sciences, along with a developing focus on technology in areas such as ocean engineering, chemistry, pharmacy, economics, nursing, and renewable energy. URI has the third oldest continuously operating marine laboratory in the United States, the oldest turfgrass research program in the country, and has implemented green building technology in the expansion and renovation of its facilities. URI provides Bachelor’s, Master’s, and Doctorate level degrees.

URI has three campuses: the 1,250 acre Kingston Campus; the 153 acre Bay Campus in Narragansett; and the Providence Campus, located in the Shepard Building on Washington Street in Providence. The Budget provides 1,932.2 FTE positions, an increase of 16.5 FTE positions relative to the FY2018 Budget as Enacted.

The increase provides 10.0 full-time, tenure-track Assistant Professors; 1.0 Assistant Director of (Student) Veteran Affairs; 1.0 Director and 1.0 Coordinator in the Offices for Innovation in General Education and Undergraduate Research and Innovation; 1.0 Strength and Coordinating Coach; 1.5 Associate Athletic Therapists; and 1.0 University Psychologist to support students undergoing or at-risk for mental health issues. The URI sponsored research staffing authorization is increased by 49.0 FTE to 622.8. The positions includes 12.0 Research Assistants to support a \$19.0 million National Science Foundation grant to establish the Consortium on Ecology, Assessment,



Innovation, and Modeling for Narragansett Bay; 25.0 Research Assistants to support an interagency agreement with the Executive Office of Health and Human Services for Health System Transformation and the Designated State Health Plan waiver; and 12.0 positions associated with the recent consolidation of DataSpark, the former data analytics team at the Providence Plan, within the University.

Major Issues and Trends for FY2019

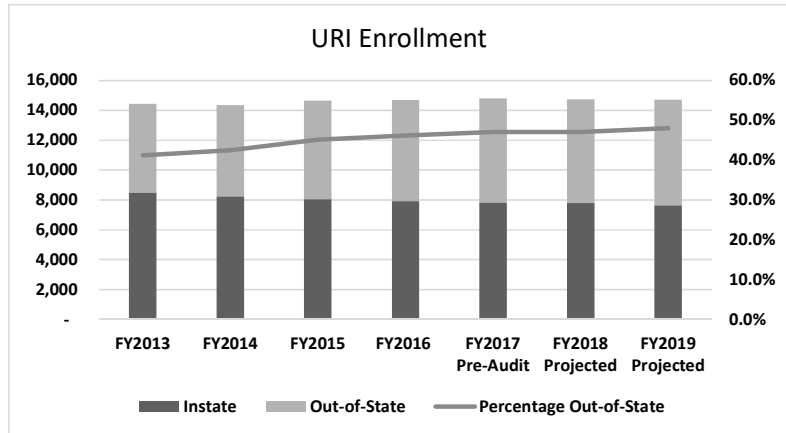
In the original budget request for FY2019, URI projected an increase in tuition and fee revenue of \$6.4 million, or 2.1 percent, based on an increase in enrollment of 0.1 percent, an increase in out-of-state tuition of \$720, or 2.5 percent, and an increase in mandatory fees of \$62, or 3.5 percent. There was no increase in in-state tuition for FY2019. The fee increases included the Technology Fee (\$44), as well as the Memorial Union Fee (\$6), the Health Services Fee (\$12). URI also requested an increase in state appropriation of \$8.3 million, or 10.9 percent, for a total increase of \$14.7 million, or 10.8 percent, excluding general obligation debt service. The budget request approved by the Council on Postsecondary Education reduced the requested increase in the state appropriation to \$4.4 million, a reduction of \$3.9 million from the original request, and eliminated the Technology Fee increase as it is a mandatory fee paid by each student. The elimination of the fee resulted in an additional reduction of \$701,510 from the original request, for a total reduction of \$4.6 million from URI's original request.

The major cost increases requested by URI included mandatory and contractual items, such as salaries and benefits; student aid; strategic initiatives; and operations including utilities, non-general obligation debt service, and bad debt. The University also proposed to increase student aid and implement an allocation model tied to enrollment goals, thus expanding the use of student aid as an enrollment tool in addition to providing support for needy and meritorious students. The strategic investments included 16.5 new FTE positions as part of the ongoing initiative to deliberately invest in new faculty to strengthen high demand and economically relevant programs. Faculty hires included areas of strategic importance to the university such as neuroscience, Islamic Studies, water resources, "big data," healthcare, and renewable energy. Additional initiatives included a directory service for the University-wide Information Technology Security Infrastructure, technology upgrades and active learning classrooms. Due to the reduction in the budget approved by the Council, URI will fill the new strategic FTE positions but will be forced to make personnel reductions in other areas. Furthermore, to meet the lower budget level, the University will have to reduce the proposed increase in financial aid. Changes in financial aid have a disproportionate impact on Rhode Island students since they tend to have a higher level of need. Also, the Technology fee increase would have provided for a server expansion, support for high performance computing, and technology upgrades to classrooms as well as different levels of active learning classrooms.

As for the general revenue increase, excluding debt service, URI originally requested \$8.3 million. The Council approved a general revenue increase of \$4.4 million; however, the Budget includes \$2.0 million in general operating support and \$1.0 million increase in performance incentive funding. In addition, on March 22, 2018, the Council on Postsecondary Education voted to approve a 2.0 percent increase for in-state tuition at URI and RIC for the upcoming 2018-2019 school year. The increase was requested and approved in response to the Governor's FY2019 Budget recommendation. The increase in FY2019 will be the third increase for in-state tuition in the last five years. At URI, the increase for in-state undergraduate tuition is \$246 annually, and the technology fee will increase by \$100 for all students. This will bring the total in-state tuition cost to \$12,248 and the technology fee to \$276. Since FY2015, the in-state tuition has increased by \$1,370, or 12.6 percent. The increases will generate about \$2.0 million in net revenues for FY2019. The tuition increase will be used toward financial aid for low-income, in-state students and faculty hiring. The revenue from the technology fee will support upgrades to the University's technology infrastructure.

Enrollment

In-state enrollment is projected to be 7,646 full-time equivalent students in FY2019 a decrease of 141 students, or 1.8 percent; while out-of-state students are projected at 7,059 students, an increase of 124 students, or 1.8 percent. As the University has raised its tuition twice in the last 6 years (in FY2016 and FY2018), it has recruited more out-of-state students, who pay a higher rate, in an effort to generate more revenue.



University of Rhode Island	General Revenue
FY2018 Enacted	\$101,229,728
<i>Target and Other Adjustments</i>	
Operating Support	2,000,000
Performance Incentive Fund	1,000,000
General Obligation Debt Service	770,717
Statewide COLA	273,243
Voluntary Retirement Incentive	(260,622)
State Crime Lab	63,190
FY2019 Enacted	\$105,076,256

Operating Support

\$2.0 million

The Budget includes an additional \$2.0 million in general revenue operating support for URI. URI originally requested \$8.3 million in general revenue support for FY2019. The Council on Postsecondary Education approved an increase of \$4.4 million; however, the Governor only recommended a \$1.0 million increase in performance incentive funding. The additional operating support will go toward faculty hiring and financial aid.

Performance Incentive Fund

\$1.0 million

In 2016 the General Assembly passed the Performance Incentive Funding Act to promote alignment between the State’s priorities for higher education and institutional practice and policy. The statute delineates three priorities for the public institutions including improving graduation/persistence; increasing graduates in high-demand, high-wage fields (HDHW); and, advancing institutions missions. The institution-specific performance measures were designed by the Commissioner, in consultation with the Council on Postsecondary Education (Council), and data collection began in FY2017. Under the statute, the institutions do not lose any funding, since the statute is triggered by the allocation of “otherwise unrestricted higher education general revenue”. The Budget provides an additional \$1.0 million in performance incentive funding for each institution in FY2019.

General Obligation Debt Service

\$770,717

The Budget includes \$23.4 million in general revenue for general obligation debt service at URI in FY2019 and \$22.8 million in FY2018. This is an increase of \$770,717 and \$107,338 respectively from the FY2018 Budget as Enacted. The increase is due primarily to the issuance of \$40.0 million for higher education facilities projects in April 2017.

	Debt Service							
	FY2017 Spent	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
University of Rhode Island	\$15,485,717	\$22,657,568	\$22,764,906	\$107,338	0.5%	\$23,428,285	\$770,717	3.4%
Rhode Island College	2,509,391	4,867,060	6,192,628	1,325,568	27.2%	6,421,067	1,554,007	31.9%
Community College of Rhode Island	1,643,449	2,082,845	2,082,845	-	-	1,904,030	(178,815)	-8.6%
Total	\$19,638,557	\$29,607,473	\$31,040,379	\$1,432,906	4.8%	\$31,753,382	\$2,145,909	7.2%

Source: Rhode Island Budget Office

Statewide COLA

\$273,243

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$598,051 across the Public Higher Education system, with \$273,243 occurring within URI.

Voluntary Retirement Incentive

(\$260,622)

The State of Rhode Island is offering a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000, at a total projected statewide cost of \$9.0 million. In addition, severance costs could exceed \$2.4 million statewide. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees must submit a written notice of their election to retire on or before March 15, 2018. The general revenue share of the savings projected for URI is \$260,622. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

State Crime Lab

\$63,190

The Budget includes an increase of \$63,190 in general revenue (\$1.3 million total) for the State Crime Lab for various personnel and operating increases. The Budget does not include the requested \$120,000 in general revenue funding for new, self-contained chemical fume hoods which would have replaced stationary hoods that will be removed in the renovation of laboratory space in the Fogarty Health Science Building; instead the Budget includes RICAP asset protection funds for this purpose.

RHODE ISLAND COLLEGE (RIC)

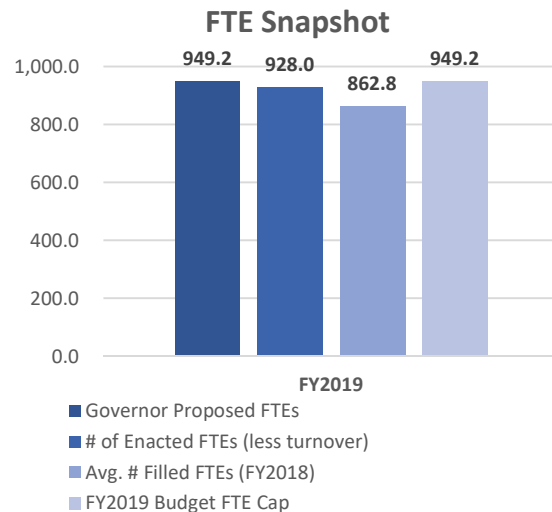
Expenditures By Source	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Revenue	\$49.5	\$53.1	\$54.1	\$1.0	2.0%	\$55.7	\$2.7	5.1%
Other Funds	120.3	146.0	146.8	0.7	0.5%	144.1	(1.9)	-1.3%
Total	\$169.8	\$199.1	\$200.9	\$1.8	0.9%	\$199.9	\$0.8	0.4%

\$ in millions

Rhode Island College (RIC) was established in 1854 as the Rhode Island State Normal School, with the mission of providing teacher preparation to Rhode Island residents. In 1959, RIC moved to its current campus location on 180 acres off of Mount Pleasant Avenue in Providence and was renamed Rhode Island College to reflect expanded curriculum.

Today, RIC provides comprehensive education at the Bachelor's and Master's level, with a focus on Rhode Island residents. Rhode Island College is accredited by the New England Association of Schools and Colleges, the Council on Social Work Education, National Association of Schools of Art and Design, National Association of Schools of Music, National Association of State Directors of Teacher Education and Certification, National Council for Accreditation of Teacher Education, and the Commission on Collegiate Nursing Education.

The Budget includes 949.2 FTE positions in FY2019, including 76.0 third-party funded. This represents an increase of 23.0; however, the number of third-party funded positions remains level with the FY2018 Budget as Enacted. The additional positions will provide flexibility and capacity as the College expands the use of full-time faculty and reduces reliance on part-time adjuncts. In FY2018 the number of positions remains unchanged from the enacted at 926.2 FTE positions, including 76.0 third-party funded FTE positions.



Major Issues and Trends for FY2019

In the original FY2019 budget request submission to the Council, RIC projected an increase in tuition and fee revenue of \$1.4 million, or 1.6 percent, based on an increase in FTE enrollment of 1.6 percent and in mandatory fees of \$121, or 10.6 percent. The original request did not include an increase in tuition for FY2019. The request approved by the Council does not provide for an increase in tuition or mandatory fees. The non-mandatory fee increases include a new one-time matriculation fee for incoming freshmen and transfers to cover the cost a graduation including cap, gown and ceremony. There is also a \$25 increase in the fee for the nursing program, the Business Program, and the Medical Imaging Program from \$250 to \$275 per semester, to help support the operational costs of the programs. The lab/studio fee will also increase from \$30 to \$35 per course. On the other hand, the budget eliminates all the summer session fees except for the \$5 library fee and the \$5 technology and facilities fee, a reduction of \$86.

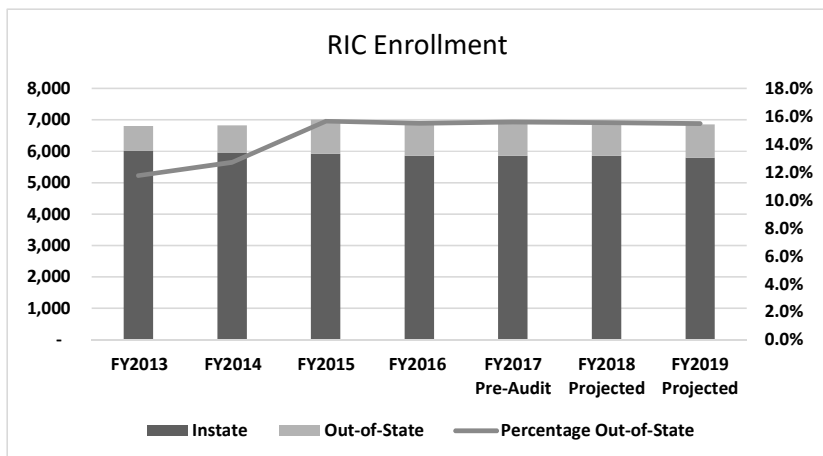
The major cost increases at RIC include mandatory and contractual items, such as healthcare and retirement rates. In the original FY2019 Budget request, RIC assumed a minimal increase in state appropriation based on the budget instructions; however, when the Council calculated the performance based funding increase based on pre-recession, state appropriation levels, the state appropriation request increased by \$400,000. The increase was partially offset by a decrease in requested tuition and fee revenue, due the Council's decision to hold mandatory fees level with the FY2018 levels. The budget approved by the Council provides additional revenues of \$244,492, relative to the original request, which will enable RIC to begin the Professional Advising Program with 3.0 FTE advisors. The program was proposed by a group of faculty and management representatives and would shift the College from a faculty-only advising model to one that provides professional advisors to students for their first two years. As a student becomes more engaged in their major field of study, they would be assigned to a faculty advisor in their major. This hybrid approach is supported by research as a better model.

While the increase approved by the Council helps with the implementation of the new advising program, RIC has been and continues to find efficiencies within the existing budget to fund the ongoing costs of instruction and doing business, including but not limited to energy savings initiatives, bookstore privatization, and a workforce planning committee.

If looking at the State appropriation of general revenue increase, excluding debt service, RIC originally requested a minimal increase of \$1.9 million, based on the budget instructions; however, when the Council calculated the performance based funding increase based on pre-recession, state appropriation levels, the state appropriation request increased by \$400,000 to \$2.3 million. The Budget includes a \$1.0 million increase in performance incentive funding. On March 22, 2018, the Council on Postsecondary Education voted to approve a 2.0 percent increase for in-state tuition at URI and RIC for the upcoming 2018-2019 school year. The increase was requested and approved in response to the Governor’s FY2019 Budget recommendation. The increase in FY2019 will be the third increase for in-state tuition in the last five years. At RIC, the increase for in-state undergraduate tuition is \$153 annually. There is no increase in mandatory fees. The increase will bring the total in-state tuition cost to \$7,790. Since FY2015, the in-state tuition has increased by \$1,260, or 19.3 percent. The increase will provide about \$800,000. The revenue will be used to support additional full-time faculty and further the effort to reduce reliance on adjunct professors, as well as professional advisors to support student completion.

Enrollment

Total enrollment is projected to be 6,859 full-time equivalent students in FY2019, an increase of 113 students, relative to FY2018. Relative to FY2013, out-of-state enrollment is projected to increase by 32.8 percent. As the college has raised its tuition twice in the last 7 years (in FY2016 and FY2018), it has recruited more out-of-state students, who pay a higher rate, in an effort to generate more revenue; however, both in-state and out-of-state enrollment are projected to increase keeping the percentage level in FY2019, despite the implementation of the Rhode Island Promise Program at CCRI. Enrollment is projected to increase due to a new program and marketing campaign undertaken by RIC with the specific goals of increasing enrollment and student retention.



Rhode Island College	General Revenue
FY2018 Enacted	\$53,055,851
<i>Target and Other Adjustments</i>	-
General Obligation Debt Service	1,554,007
Performance Incentive Fund	1,000,000
Statewide COLA	139,808
FY2019 Enacted	\$55,749,666

General Obligation Debt Service

\$1.6 million

The Budget provides \$6.4 million in FY2019 for general obligation debt service at RIC funded by general revenue, and \$6.2 million in FY2018. This is an increase of \$1.6 million and \$1.3 million respectively from the FY2018 Budget as Enacted. The increase is due primarily to the issuance of \$40.0 million for higher education facilities projects in April 2017.

	Debt Service					
	FY2017 Spent	FY2018 Enacted	FY2018 Revised	Change from Enacted	FY2019 Enacted	Change from Enacted
University of Rhode Island	\$15,485,717	\$22,657,568	\$22,764,906	\$107,338 0.5%	\$23,428,285	\$770,717 3.4%
Rhode Island College	2,509,391	4,867,060	6,192,628	1,325,568 27.2%	6,421,067	1,554,007 31.9%
Community College of Rhode Island	1,643,449	2,082,845	2,082,845	- -	1,904,030	(178,815) -8.6%
Total	\$19,638,557	\$29,607,473	\$31,040,379	\$1,432,906 4.8%	\$31,753,382	\$2,145,909 7.2%

Source: Rhode Island Budget Office

Performance Incentive Fund

\$1.0 million

In 2016 the General Assembly passed the Performance Incentive Funding Act to promote alignment between the State’s priorities for higher education and institutional practice and policy. The statute delineates three priorities for the public institutions including improving graduation/persistence; increasing graduates in high-demand, high-wage fields (HDHW); and, advancing institutions missions. The institution-specific performance measures were designed by the Commissioner, in consultation with the Council on Postsecondary Education (Council), and data collection began in FY2017. Under the statute, the institutions do not lose any funding, since the statute is triggered by the allocation of “otherwise unrestricted higher education general revenue”. The Budget provides an additional \$1.0 million in performance incentive funding for each institution in FY2019.

Statewide COLA

\$139,808

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$598,051 across the Public Higher Education system, with \$139,808 occurring within RIC.

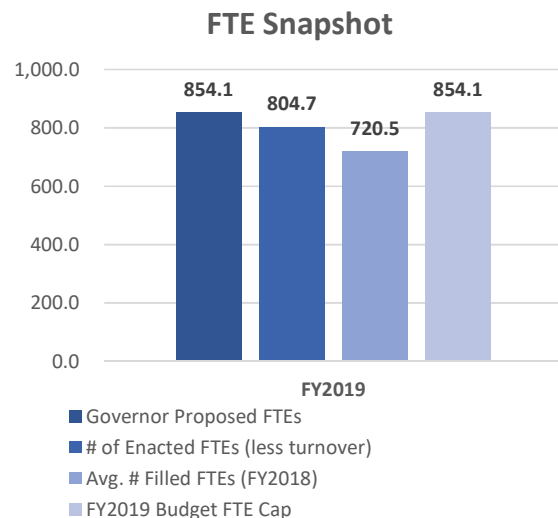
COMMUNITY COLLEGE OF RHODE ISLAND (CCRI)

Expenditures By Source	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted	FY2019 Enacted	Change from Enacted
General Revenue	\$50.6	\$52.0	\$51.8	(\$0.2) -0.4%	\$53.0	\$1.0 1.8%
Restricted Receipts	0.6	0.7	0.7	- -	0.7	0.0 1.5%
Other Funds	93.2	108.6	108.8	0.2 0.2%	112.0	3.4 3.1%
Total	\$144.3	\$161.3	\$161.3	\$0.0 0.0%	\$165.6	\$4.4 2.7%

\$ in millions

The Community College of Rhode Island (CCRI) was established by the General Assembly in 1960 as Rhode Island Junior College. The first class of 325 students enrolled at a temporary Providence location in the fall of 1964. CCRI has provided a variety of career, technical, and academic programs and has established partnerships with businesses and non-profit organizations to provide worker training.

Today, CCRI has four main campuses: the 205 acre Knight Campus in Warwick; the 300 acre Flanagan Campus in Lincoln; the 7 acre Liston Campus in downtown Providence; and the 5 acre Newport County Campus in Newport. In addition, CCRI holds classes in



the Shepard Building in downtown Providence and at Westerly Middle School.

The Budget includes 854.1 FTE positions in FY2019 and FY2018, including 89.0 third-party funded FTE positions, consistent with the enacted level.

Major Issues and Trends for FY2019

For FY2019, CCRI is projecting an increase in tuition and fee revenue of \$687,411, or 1.3 percent, based on an increase in enrollment of 2.5 percent. There is no increase in in-state tuition for FY2019. The major cost increases at CCRI include mandatory and contractual items, such as salaries and benefits; strategic initiatives; and operations, including repairs and utility costs. The strategic investments include new FTE positions to promote student success and increase donor support. The additional funds would also be used to enhance digital support services for RI Promise Students.

Enrollment

The table shows the actual student enrollment, both by headcount and by FTE, from 2010 through 2017, and a projection for 2018 and 2019. In FY2019, enrollment is projected to increase by 221.0 full-time equivalent students, or 2.5 percent, relative to FY2018 Projected. This projection includes the enrollment growth expected due to the implementation of the Rhode Island Promise. The enrollment increase was estimated at 25.0 percent; however, based on the fall 2017 data, CCRI has seen a 43.0 percent increase in enrollment relative to the previous fall. Nevertheless, since the first-time, full-time students only comprise about 10.0 percent of the total FTE enrollment, total enrollment is only projected to increase by 2.5 percent. Without the program, enrollment would be projected to decline by 5.0 to 6.0 percent.

Year	CCRI Student Enrollment			FTE	FTE % Change
	Headcount	% Change	Headcount		
2010	17,476	4.0%	10,771	4.3%	
2011	17,226	-1.4%	10,523	-2.3%	
2012	17,541	1.8%	10,591	0.6%	
2013	17,351	-1.1%	10,433	-1.5%	
FY2014	17,017	-1.9%	10,141	-2.8%	
FY2015	16,718	-1.8%	9,882	-2.6%	
FY2016	15,611	-6.6%	9,128	-7.6%	
FY2017 Pre-Audit	14,626	-6.3%	8,593	-5.9%	
FY2018 Projected	14,067	-3.8%	8,830	2.8%	
FY2019 Projected	14,048	-0.1%	9,051	2.5%	
10-Year Average	16,168	-1.7%	9,794	-1.2%	

Community College of Rhode Island	General Revenue
FY2018 Enacted	\$52,018,555
<i>Target and Other Adjustments</i>	-
Performance Incentive Fund	1,000,000
General Obligation Debt Service	(178,815)
Statewide COLA	139,120
FY2019 Enacted	\$52,978,860

Performance Incentive Fund

\$1.0 million

In 2016 the General Assembly passed the Performance Incentive Funding Act to promote alignment between the State's priorities for higher education and institutional practice and policy. The statute delineates three priorities for the public institutions including improving graduation/persistence; increasing graduates in high-demand, high-wage fields (HDHW); and, advancing institutions missions. The institution-specific performance measures were designed by the Commissioner, in consultation with the Council on Postsecondary Education (Council), and data collection began in FY2017. Under the statute, the institutions do not lose any funding, since the statute is triggered by the allocation of "otherwise

unrestricted higher education general revenue". The Budget provides an additional \$1.0 million in performance incentive funding for each institution in FY2019.

General Obligation Debt Service

(\$178,815)

The Budget provides \$1.9 million in FY2019 for general obligation debt service at CCRI funded by general revenue and \$2.1 million in FY2018. This is a decrease of \$178,815 and level funded respectively from the FY2018 Budget as Enacted.

	Debt Service							
	FY2017 Spent	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
University of Rhode Island	\$15,485,717	\$22,657,568	\$22,764,906	\$107,338	0.5%	\$23,428,285	\$770,717	3.4%
Rhode Island College	2,509,391	4,867,060	6,192,628	1,325,568	27.2%	6,421,067	1,554,007	31.9%
Community College of Rhode Island	1,643,449	2,082,845	2,082,845	-	-	1,904,030	(178,815)	-8.6%
Total	\$19,638,557	\$29,607,473	\$31,040,379	\$1,432,906	4.8%	\$31,753,382	\$2,145,909	7.2%

Source: Rhode Island Budget Office

Statewide COLA

\$139,120

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$598,051 across the Public Higher Education system, with \$139,120 occurring within CCRI.

CAPITAL PROJECTS

The Budget includes a total of \$36.5 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2019 and \$37.6 million in FY2018, including the following.

URI, RIC, CCRI – Asset Protection: Asset Protection projects are budgeted from Rhode Island Capital Plan funds (RICAP) and are used to maintain and repair facilities, including roads, buildings, and infrastructure. The asset protection program includes a number of projects at various facilities, and allows each school to shift funding based on current priorities. In FY2019, the Budget includes a total of \$13.4 million in asset protection funding for URI (\$7.4 million), RIC (\$3.6 million), and CCRI (\$2.4 million). In FY2018, there is a total of \$17.7 million including \$8.6 million in additional RICAP asset protection funding for URI, \$4.7 million for RIC, and \$4.5 million for CCRI.

RIC- Academic Buildings I – Craig Lee, Gaige, Adams Library: The Budget provides \$4.0 million in FY2019 and \$6.1 million in FY2018 to re-purpose and renovate areas of Adams Library and other campus buildings to accommodate student service organizations and academic departments that will be moving out of Craig Lee Hall and Gaige Hall during the renovation of these buildings.

CCRI Knight Campus Renewal: The Budget includes \$3.6 million in RICAP funding in FY2019 and \$4.4 million in FY2018 for the renovation of 280,000 square feet of the 385,000 square-foot Knight Campus Megastructure, including lighting, painting and replacement of carpeting/tile.

RIC Infrastructure Modernization: The Budget provides \$3.5 million in RICAP funding in FY2019 and \$5.5 million in FY2018 to modernize and replace steam lines, water lines, and the electrical distribution system. Improvements will address issues of water quality, limit power failures, and eliminate steam plumes throughout the campus. Total RICAP funding for the project is \$34.0 million through FY2023.

URI Fine Arts Center: The Budget provides \$12.0 million in RICAP funding for the renovation of the Fine Arts Center, including \$1.0 million in FY2018 and \$6.4 million in FY2019. The University had originally requested a general obligation bond issue be placed on the November 2016 ballot for the renovation of the Fine Arts Center and the surrounding parking and circulation. The enacted plan, however, did not include a ballot question for the project but did provide general obligation bond proceeds beginning in FY2020. The University proposes to reduce project and debt service costs by reconsidering the scope of the project and using RICAP funds to begin renovations in FY2018. The University estimates this proposal will save \$1.8 million in escalation due to rising construction costs and \$38.0 million in debt service, assuming a 5.0 percent interest rate over 20 years.

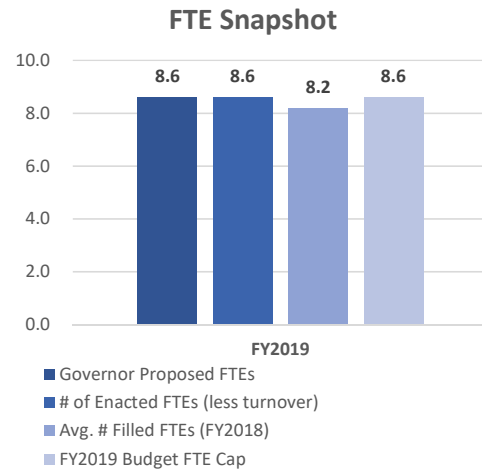
University of Rhode Island - Biological Resources Lab: The Budget provides \$5.0 million in RICAP funding for this project, including \$1.2 million in FY2018, \$3.1 million into FY2019, and \$737,161 in FY2020. Construction of a small, lab animal care facility that meets current federal standards will allow URI to centralize and replace older facilities. It will be constructed on the lower two floors in the University's new College of Pharmacy. The new lab will contain animal Bio Safety Level 2 laboratories, lab animal holding rooms, cage washing facilities, and redundant emergency HVAC and electrical systems for secure care of the animals and research work.

Rhode Island State Council on the Arts

Expenditures By Program	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
Central Management	\$1,269,497	\$1,427,310	\$1,471,753	\$44,443	3.1%	\$1,540,181	\$112,871	7.9%
Grants Programs	1,636,002	1,645,000	1,616,477	(28,523)	-1.7%	1,591,865	(53,135)	-3.2%
Total	\$2,905,499	\$3,072,310	\$3,088,230	\$15,920	0.5%	\$3,132,046	\$59,736	1.9%
Expenditures By Source								
General Revenue	\$1,906,356	\$1,945,056	\$1,925,553	(\$19,503)	-1.0%	\$2,007,993	\$62,937	3.2%
Federal Funds	710,269	781,454	751,796	(29,658)	-3.8%	719,053	(62,401)	-8.0%
Restricted Receipts	19,119	-	10,881	10,881	-	5,000	5,000	-
Other Funds	269,756	345,800	400,000	54,200	15.7%	400,000	54,200	15.7%
Total	\$2,905,499	\$3,072,310	\$3,088,230	\$15,920	0.5%	\$3,132,046	\$59,736	1.9%
Authorized FTE Levels	8.6	8.6	8.6	-	-	8.6	-	-

The Rhode Island State Council on the Arts (RISCA) provides grants, technical assistance and support to arts organizations, schools, community centers, social service organizations, and local governments to bring the arts into the lives of Rhode Islanders. RISCA provides these services through grant making, partnerships, education and technical assistance. RISCA also manages the Art for Public Facilities Program providing art for state buildings.

The Budget authorizes 8.6 FTE positions for FY2018 and FY2019, consistent with the FY2018 Budget as Enacted.



RI State Council on the Arts	General Revenue
FY2018 Enacted	\$1,945,056
<i>Target and Other Adjustments</i>	<i>(1,113)</i>
Centralized Services Charges	45,750
Statewide COLA	18,300
Percent for the Arts	Informational
Cultural Arts and the Economy	Informational
FY2019 Enacted	\$2,007,993

Centralized Service Charges

\$45,750

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$33,590
Capital Asset and Management	12,160
Human Resources	-
Total	\$45,750

Statewide COLA**\$18,300**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$18,300 within the State Council on the Arts.

Percent for the Arts**Informational**

The Rhode Island State Council on the Arts administers the State's Percent for Public Art Program, which was established in 1987 to expand the public experience of art, foster the development of artists, and create a more humane environment. It also serves to stimulate the State's economy.

In accordance with Rhode Island General Law, at least 1.0 percent of state government capital construction costs are allocated for the acquisition of works of art to be placed in public places. The 1.0 percent is generally spent on the project from which the funds were derived; any amounts not expended by RISCA are retained to provide for the maintenance and restoration of existing works.

The following table shows recently completed, current, and future projects of the program.

1% for Public Art Program - 2011 to Present	Location	Art Project Cost
<i>Recently Completed Projects (Spent)</i>		
Division of Motor Vehicles	Cranston	\$88,000
Rhode Island School for the Deaf	Providence	43,000
URI - School of Pharmacy	Kingston	995,020
Division of Motor Vehicles- Conservation	Cranston	2,000
Intermodal Station	Warwick	300,000
Met School	Providence	78,000
Wickford Junction	Wickford	350,000
<i>Current Projects (Budget)</i>		
URI - College of Engineering	Kingston	500,000
URI - Center for Chemical and Forensic Sciences (<i>previously, Biotechnology and Life Sciences</i>)	Kingston	458,000
RIC - Gaige Lee Hall	Providence	360,000
Veterans Home	Bristol	210,000
Rhode Island College - Art Center	Providence	170,000
Virks Building	Cranston	120,000
RI State Police Barracks	Lincoln	45,000
RIC - Fogarty School of Nursing	Providence	45,000
URI - Harrington Hall	Kingston	35,000
RI Fire Academy	Exeter	30,000
<i>Future Projects (Budget)</i>		
Eleanor Slater Hospital	Cranston	370,000
Attorney General	Cranston	124,000
Pawtucket Train Station	Pawtucket	50,000
Total		\$4,373,020

Source: Rhode Island State Council on the Arts

Cultural Arts and the Economy**Informational**

In November 2014, voters approved a \$30.0 million bond issue to establish the Cultural Arts and the Economy Grant Program. Similar to the State Preservation Grants Program administered by the Historic Preservation and Heritage Commission, this program offers matching grants to public and non-profit

historic sites, museums, artistic organizations, performance centers, and cultural art centers for capital preservation and renovation projects.

The Program provides \$23.1 million in 1:1 matching grants to certain arts organizations that were named in voter referendum, for facility improvement, preservation and renovation.

Cultural Arts and the Economy	Location	Project	Grant
Trinity Repertory Company	Providence	Renovate Lederer Theater and Pell Chafee Center	\$4.6
Rhode Island Philharmonic/Music School	E. Providence	Complete Carter Center	2.4
Newport Performing Arts Center	Newport	Restore Newport Opera House	4.2
WaterFire Providence	Providence	Develop Warehouse into Multi-use Arts Center	3.2
Westerly Land Trust/United Theater	Westerly	Restore United Theater	2.4
Stadium Theater	Woonsocket	Restore Stadium Realty Building	2.1
AS220	Providence	Improve Empire St., Performing Arts/Gallery Buildings	2.1
Chorus of Westerly	Westerly	Renovate Kent Hall	1.1
2nd Story Theater	Warren	Renovate Market and Liberty Street Buildings	1.1
Total Projects			\$23.1

Pool fund			6.9
-----------	--	--	-----

Total			\$30.0
--------------	--	--	---------------

\$ in millions

The remaining \$6.9 million are a pool of matching funds awarded by RISCA to non-profit cultural organizations through a three-year competitive grant program for capital improvements to both owned and leased facilities. RISCA has established rules and regulations for the program and began disbursement of funds to the named organizations in January 2016. Additional funds were awarded in December 2016 and distributed in FY2017 as contracts were completed and work begun. Applications for the remaining pool funds were reviewed on October 1, 2017, and distributed in 2018. The following table shows the grants awarded.

Grant Awards		Award Amount		
		FY2016	FY2017	FY2018
Organization	Town			
Barrington Public Library	Barrington	\$10,000	\$0	\$0
Bristol Art Museum	Bristol	-	20,000	-
Artists' Exchange	Cranston	-	85,000	-
Blackstone River Theatre	Cumberland	97,000	-	-
The Greenwich Odeum	East Greenwich	250,000	195,000	200,000
East Providence Historical Society Educational Center	East Providence	28,000	-	-
R.I. Philharmonic Orchestra & Music School	East Providence	250,000	-	-
Jamestown Arts Center	Jamestown	58,000	-	-
Newport Art Museum and Art Association	Newport	-	-	35,125
Wickford Art Association	North Kingstown	-	98,715	-
Mixed Magic Theatre and Cultural Events	Pawtucket	-	50,000	30,000
Old Slater Mill Association	Pawtucket	-	-	100,000
Sandra Feinstein-Gamm Theater	Pawtucket	5,000	-	300,000
Common Fence Point Improvement Association	Portsmouth	2,000	187,000	-
Academy Players	Providence	-	-	60,000
Dirt Palace	Providence	23,500	250,000	175,000
Educational Center for the Arts & Sciences	Providence	3,000	-	-
Everett	Providence	50,000	100,000	75,000
Festival Ballet Providence	Providence	-	59,552	50,000
Heads Up, Inc. for Mathewson St. Black Box Theatre	Providence	50,000	-	-
International House of Rhode Island	Providence	-	-	50,000
Museum of Art, Rhode Island School of Design	Providence	250,000	-	200,000
New Urban Arts	Providence	250,000	-	-
Preserve RI	Providence	56,000	-	100,000
Providence Performing Arts Center	Providence	50,000	-	-
Providence Public Library	Providence	-	200,000	-
Southside Cultural Center	Providence	300,000	-	-
The Music Mansion	Providence	50,000	-	-
The Players	Providence	100,000	-	75,000
The Steel Yard	Providence	92,650	-	300,000
The Wilbury Theatre Group	Providence	25,000	-	75,000
Waterfire Providence	Providence	-	-	200,000
South County Art Association	South Kingstown	-	-	5,279
The Contemporary Theater Company	South Kingstown	25,000	-	75,000
2 nd Story Theater	Warren	-	-	150,000
Boys & Girls Clubs of Warwick	Warwick	-	100,000	-
The Artic Playhouse	West Warwick	5,000	300,000	-
Colonial Theater School, Inc.	Westerly	-	-	75,000
Renaissance City Theater/Granite Theatre	Westerly	13,326	-	-
RiverzEdge Arts Project	Woonsocket	-	249,000	-
Stadium Theater Foundation	Woonsocket	-	-	249,000
Total		\$2,043,476	\$1,894,267	\$2,584,683

Source: Rhode Island State Council on the Arts

RISCA has entered into an agreement with the Rhode Island College and University Based Research Collaborative to develop a set of metrics designed to measure the State's return on investment and the contributions of this program to the State's economy. The FY2018 Budget includes \$13.1 million in bond revenues for the program; however, no funds are budgeted in FY2019. \$10.3 million was spent in FY2016 and \$6.7 million was provided in FY2017.

Rhode Island Atomic Energy Commission

Expenditures By Program	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
Atomic Energy Commission	\$1,242,298	\$1,304,373	\$1,415,526	\$111,153	8.5%	\$1,496,787	\$192,414	14.8%
Expenditures By Source								
General Revenue	\$956,464	\$982,157	\$1,029,227	\$47,070	4.8%	\$1,078,908	\$96,751	9.9%
Federal Funds	11,973	-	36,888	\$36,888	-	-	-	-
Restricted Receipts	-	-	-	-	-	99,000	\$99,000	-
Other Funds	273,861	322,216	349,411	\$27,195	8.4%	318,879	(\$3,337)	-1.0%
Total	\$1,242,298	\$1,304,373	\$1,415,526	\$111,153	8.5%	\$1,496,787	\$192,414	14.8%
Authorized FTE Levels	8.6	8.6	8.6	-	-	8.6	-	-

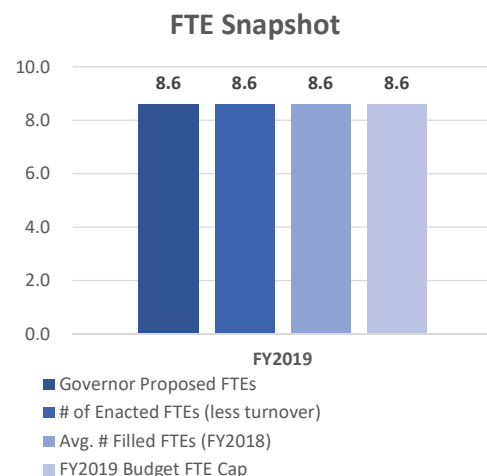
The Rhode Island Atomic Energy Commission (Commission) operates and maintains the Rhode Island Nuclear Science Center (RINSC), which is used for medical, biological, environmental, and materials research, education and commercial activities. The Commission also provides assistance to other state agencies in their radiation and emergency response programs.

RINSC operates a research reactor and provides laboratories and classrooms for research and education programs for the University of Rhode Island as well as for other colleges and universities in the State and throughout New England. In 2010, the University of Rhode Island (URI) began offering a nuclear engineering minor program of study. For students who perform well, a new nuclear engineer operating course was added in 2016 that prepares students for the operator license exam. URI is currently working to create a major in nuclear engineering. The Commission continues its collaboration with schools and universities in the State. Davies High School, Brown University physics classes, and URI mechanical design students are among those that have recently utilized the facility.

MAJOR ISSUES AND TRENDS

The general revenue increases in FY2019 are due primarily to the decentralization of statewide services, including \$59,429 in FY2019. In FY2018 the increase in federal funds is due to the carry forward of funds from FY2017. Article 2 of the Budget creates a new restricted receipt account for reactor usage fees collected by the Commission to support the technical operations and maintenance of equipment. Currently a total of \$8,000 in fees is projected to be deposited into the state general fund in FY2018 and for FY2019. Almost all of the fees received are paid for services rendered to the BioPhysics Assay Lab (BioPAL), a Worcester based analytical and research company. However, BioPAL has agreed to transfer the portion of their business that requires a nuclear reactor, to the Rhode Island Nuclear Science Center. Projected receipts are \$100,000 to \$120,000. The account will not be exempt from the ten percent indirect cost recovery provisions of RIGL 35-4-27. The article stipulates that any amount in the account on the last business day of the fiscal year above \$200,000 will be transferred to the general fund.

The Budget authorizes 8.6 FTE positions in FY2019 for the program, 2.6 of which are funded through URI for its radiation safety functions. URI funding also covers 40.0 percent of the Commission's overhead costs, including its building maintenance and repair costs.



Central Management	General Revenue
FY2018 Enacted	\$982,157
<i>Target and Other Adjustments</i>	<i>11,645</i>
Centralized Services Charges	59,429
Statewide COLA	25,677
FY2019 Enacted	\$1,078,908

Centralized Service Charges **\$59,429**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$59,429
Capital Asset and Management	-
Human Resources	-
Total	\$59,429

Statewide COLA **\$25,677**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$25,677 within the Atomic Energy Commission.

CAPITAL PROJECTS

The Budget includes \$50,000 in Rhode Island Capital Plan (RICAP) funded asset protection projects for FY2019 and \$77,649 in FY2018. Projects for FY2017 included landscaping to prevent erosion around the building, painting the 115 foot exhaust stack to prevent corrosion, replacing outdated sprinkler heads, and refurbishing a room to make it suitable for the facility machine shop. In FY2018, funds will be used for landscaping in and around the tower gun pad and refurbishing a room to be used as an electronics shop for fabricating and repairing electronic instruments. For FY2019, the Commission is updating the alarm system backup and the sprinkler system which is approaching its 50-year, useful life, and landscaping improvements near the cooling tower.

Rhode Island Historical Preservation and Heritage Commission

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Historical Preservation and Heritage Commission	\$2.7	\$2.5	\$2.5	\$0.0	2.0%	\$2.5	(\$0.0)	-1.2%
Total	\$2.7	\$2.5	\$2.5	\$0.0	2.0%	\$2.5	(\$0.0)	-1.2%

Expenditures By Source								
General Revenue	\$1.1	\$1.1	\$1.0	(\$0.1)	-8.0%	\$1.2	\$0.1	8.0%
Federal Funds	1.4	0.9	1.0	\$0.1	14.0%	0.7	(\$0.2)	-18.6%
Restricted Receipts	0.03	0.4	0.5	\$0.0	4.7%	0.5	\$0.0	9.3%
Other Funds	0.1	0.1	0.1	\$0.0	0.0%	0.1	\$0.0	0.0%
Total	\$2.7	\$2.5	\$2.5	\$0.0	2.0%	\$2.5	(\$0.0)	-1.2%

Authorized FTE Levels	16.6	15.6	15.6	-	0.0%	15.6	-	0.0%
-----------------------	------	------	------	---	------	------	---	------

\$ in millions. Totals may vary due to rounding.

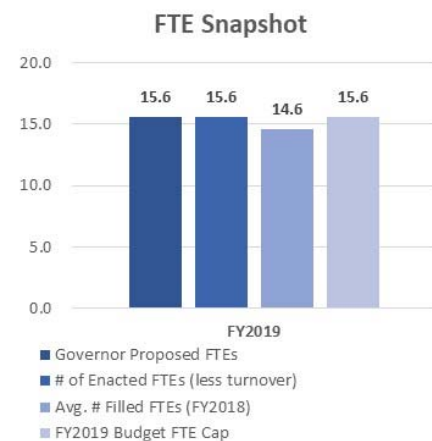
The Rhode Island Historical Preservation and Heritage Commission (Commission) operates a statewide historical preservation program that identifies and protects historic buildings, districts, structures, and archaeological sites. The Commission identifies and protects historic and prehistoric sites, buildings, and districts by nominating significant properties to the National Register of Historic Places and the State Register; as well as administering grants, loans and tax credits for rehabilitation of historic buildings. The Commission also develops and carries out programs to document and celebrate the rich cultural heritage of Rhode Island's people.

MAJOR ISSUES AND TRENDS

The FY2019 Budget as Enacted includes \$1.2 million in general revenue (\$2.5 million all funds), representing a general revenue increase of \$88,920 (a decrease of \$36,741 all funds) relative to the FY2018 Budget as Enacted.

The increase in the budget is primarily associated with an increase in general revenue due to the decentralization of statewide services previously administered by the Department of Administration, as well as an increase in restricted receipts due to a one-time payment for an easement on a historical property that is paid to the Commission.

The Budget authorizes 15.6 FTE positions for FY2019, consistent with the FY2018 Budget as Enacted.



Historical Preservation & Heritage Commission

	General Revenue
FY2018 Enacted	\$1,121,134

<i>Targets and Other Adjustments</i>	(5,805)
--------------------------------------	---------

Centralized Service Charges	94,725
-----------------------------	--------

FY2019 Enacted	\$1,210,054
-----------------------	--------------------

Historical Preservation & Heritage Commission

	Other Funds
Hurricane Sandy Relief (federal funds)	(\$272,000)

National Maritime Heritage Grant (federal funds)	\$105,250
--	-----------

Historic Preservation Easement Fund (restricted receipts)	\$32,801
---	----------

State Preservation Grant (G.O. Bond Proceeds)	<i>Informational</i>
---	----------------------

Centralized Service Charges**\$94,725**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$31,770
Capital Asset and Management	62,955
Human Resources	-
Total	\$94,725

Hurricane Sandy Relief (federal funds)**(\$272,000)**

The Hurricane Sandy Disaster Relief grant was part of the federal Disaster Relief Appropriations Act of 2013. The National Park Service allocated \$50.0 million nationally for the preservation of historic resources damaged by Hurricane Sandy. The Commission was awarded a total of \$3.2 million and distributed funding in FY2015, FY2016, and FY2017. The completion of the expenditures of awards for the projects are anticipated in FY2018, no funds for this grant are included in FY2019.

The grant funded repairs to numerous historic properties such as The Breakers in Newport, The Towers in Narragansett, and the Cliff Walk in Newport. The funds were also used to fund surveys of archaeological sites on Block Island and the coasts of Narragansett, Charlestown, and Westerly.

National Maritime Heritage Grant (federal funds)**\$105,250**

In FY2019 the Budget includes a new federal National Maritime Heritage Grant awarded by the U.S. Department of Interior, National Park Service (NPS). In FY2018, \$52,500 of this grant was awarded to the Steamship Historical Society of America. The remaining funds will be used in FY2019 for the restoration of the cast iron tower on the Southeast Lighthouse on Block Island. The Southeast Lighthouse was built in 1874 on the southern tip of Block Island. In 1993 the Lighthouse was relocated three hundred feet inland due to erosion that threatened the stability of the Lighthouse. The Lighthouse is still in commission with a functioning lens and used to aid in navigation.

Historic Preservation Easement Fund (restricted receipts)**\$32,801**

In FY2019, the Budget includes restricted receipts funds for a one-time payment for an easement. An easement is a legal agreement between an owner and the Commission stating that the historic and architectural character of the property will be preserved and that the property will not be altered without the Commission's approval. The payment for an easement is equal to 5.0 percent of the appraised value of the property.

State Preservation Grant**Informational**

In November of 2014, voters approved \$5.0 million in general obligation bonds to recapitalize the State Preservation Grant Program. The State Preservation Grants Program was established to improve and/or repair landmarks and historic facilities such as museums, cultural centers, theatres, and public historic sites. In FY2018, the Commission completed the second round of awards, totaling \$1.3 million to support 15 statewide projects. The third round of awardees have been selected, totaling \$2.0 million in FY2019, to support 20 projects across the State.

State Preservation Grant Awards FY2018 and FY2019

Recipient	Town	FY2018	FY2019
American French Genealogical Society, AFGS HQ/Veterans Museum	Woonsocket	\$111,403	\$0
Beavertail Lighthouse Museum Association, Beavertail Lighthouse	Jamestown	46,475	-
Borders Farm Preservation, Inc.	Foster		30,000
Bristol Historical & Preservation Society	Bristol	-	83,427
City of East Providence, Crescent Park Loof Carousel	East Providence	69,652	-
City of Newport, Edward King House Senior Center	Newport	-	150,000
City of Pawtucket, Pawtucket Public Library	Pawtucket	150,000	-
City of Providence, Betsy Williams Cottage	Providence	150,000	-
City of Woonsocket, Museum of Work and Culture	Woonsocket	-	40,752
Coggeshall Farm Museum, Coggeshall Farmhouse	Bristol	29,452	-
Congdon Street Baptist Church	Providence	-	150,000
Fort Adams Trust	Newport	-	150,000
Foster Preservation Society, Nehemiah Angell Barn	Foster	19,433	-
Friends of Linden Place, Linden Place	Bristol	58,616	-
Historic New England	Providence	-	39,160
International Tennis Hall of Fame	Newport	-	150,000
Memorial and Library Association of Westerly, Wilcox Park Bandstand	Westerly	15,488	-
Newport Art Museum and Art Association	Newport	-	150,000
Newport Congregational Church	Newport	-	150,000
North Smithfield Heritage Association	North Smithfield	-	48,221
Preserve Rhode Island	Providence	-	150,000
Preservation Society of Newport County	Newport	-	150,000
Providence Performing Art Center	Providence	150,000	-
Redwood Library and Athenaeum	Newport	-	106,700
RI Department of Environmental Management, Fort Adams Visitors Center	Newport	109,091	-
Smithfield Preservation Society	Smithfield	-	8,000
South County Art Association	Kingston	-	18,403
The Music Mansion	Providence	-	150,000
The Providence Athenaeum	Providence	-	121,961
Town of Bristol, Former Bristol Naval Armory	Bristol	-	150,000
Town of Coventry, Read Schoolhouse	Coventry	26,404	-
Town of East Greenwich, East Greenwich Town Hall	East Greenwich	150,000	-
Town of North Smithfield, Kendall Dean School/New Town Hall	North Smithfield	150,000	-
Trinity Church	Newport	-	27,846
Varnum Continentals Inc., Varnum Armory	East Greenwich	43,450	-
Total Award Amount		\$1,279,464	\$2,024,470

Department of the Attorney General

Expenditures by Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Division	\$3.1	\$3.4	\$3.4	\$0.0	0.9%	\$3.5	\$0.1	3.9%
Criminal Division	21.5	33.2	45.1	11.9	35.8%	30.1	(3.1)	-9.5%
Civil Division	5.6	5.9	5.6	(0.3)	-4.8%	6.3	0.4	7.5%
Bureau of Criminal Identification	1.6	1.7	1.6	(0.1)	-3.6%	1.7	0.1	3.6%
Total	\$31.8	\$44.1	\$55.7	\$11.6	26.2%	\$41.6	(\$2.5)	-5.7%

Expenditures by Source								
General Revenue	\$25.4	\$26.2	\$25.5	(\$0.7)	-2.6%	\$28.0	\$1.8	6.8%
Federal Funds	5.6	17.0	29.3	12.3	72.2%	12.7	(4.3)	-25.2%
Restricted Receipts	0.7	0.8	0.8	(0.0)	-1.3%	0.8	(0.0)	-2.5%
Other Funds	0.2	0.2	0.2	0.0	0.0%	0.2	0.0	0.0%
Total	\$31.8	\$44.1	\$55.7	\$11.6	26.2%	\$41.6	(\$2.5)	-5.7%

Authorized FTE Levels 235.1 235.1 235.1 - 0.0% 237.1 2.0 0.9%

\$ in millions. Totals may vary due to rounding.

The Department of the Attorney General is the central legal agency of the State. The Department is responsible for the prosecution of all felony criminal cases and misdemeanor appeals as well as prosecution of misdemeanor cases brought by state law enforcement in the various district courts. Additionally, as chief legal officer of the State, the Attorney General acts to protect consumers against fraudulent business practices; investigates Opens Meetings Act and Access to Public Records compliance; and, acts as the central repository for criminal history and information in the State. The Department is divided into four budget programs: General, Criminal, Civil, and Bureau of Criminal Identification.

MAJOR ISSUES AND TRENDS

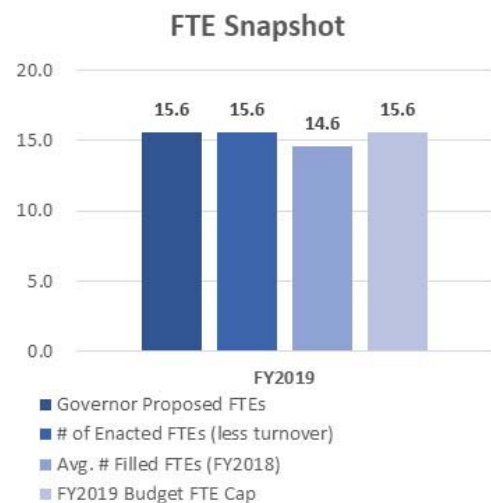
The Budget includes \$41.6 million in total funding for the Department, a decrease of \$2.5 million from the FY2018 Budget as Enacted. General revenues increased by \$1.8 million, or 6.8 percent, from the FY2018 Budget as Enacted, to \$28.0 million. Increases are primarily due to statewide cost of living adjustments included in the Budget, as well as an increase in personnel costs due to the addition of two new positions in the Civil Division.

The Budget includes \$10.4 million in federal Google forfeiture funds in FY2019. The Department indicates that these funds will be used for the interior and exterior renovation of the Attorney General's main office at 150 South Main Street. The new Bureau of Criminal Identification customer service center, which is being built in the Pastore Complex, is anticipated to be complete in July 2018.

The Budget includes 237.1 FTE positions in FY2019 including 2.0 new positions within the Civil Division, 1.0 Paralegal and 1.0 Staff Attorney.

GENERAL DIVISION

The General Division is responsible for the overall operations of the Department. It consists of the following units: Executive, Fiscal, Personnel, Operations, Management Information Systems, and Public Information/Legislation. The Division oversees the finances of the Department, prepares and submits the



Department's annual budget, and lobbies for the resources necessary for the efficient operation of the Department.

General Division	General Revenue
FY2018 Enacted	\$3,202,794
<i>Targets and Other Adjustments</i>	
	1,646
Statewide COLA	84,510
Transition Costs	58,076
VRI Savings	(20,000)
FY2019 Enacted	\$3,327,026

Statewide COLA \$84,510

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$84,510 within the General Division of the Attorney General.

Transition Costs \$58,076

The Budget includes funding for the transition of a new Attorney General who will take office in January 2019. An additional \$31,041 is associated with increased personnel costs and \$27,035 is associated with office supplies and equipment, rental of an office, copier rental, and a phone/fax line.

VRI Savings (\$20,000)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected within the General Division of the Department is \$20,000. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

CRIMINAL DIVISION

The Criminal Division is charged with the prosecution of felony cases and misdemeanor appeals. The Division assists the Attorney General in carrying out the constitutional responsibility to prosecute all felony criminal offenses occurring in the State, as well as all misdemeanor criminal cases brought by State law enforcement agencies or appealed to the Superior Court. Specialized units focus on white-collar crime, narcotics and organized crime, firearms offenses, juvenile offenders, domestic violence and sexual assault, Medicaid fraud, and District Court offenses.

Criminal Division	General Revenue
FY2018 Enacted	\$16,070,177
<i>Targets and Other Adjustments</i>	
Personnel	84,618
Statewide COLA	461,995
State Match Medicaid Fraud	371,946
VRI Savings	250,000
Centralized Service Charges	(42,400)
FY2019 Enacted	\$17,225,917

Criminal Division	Other Fund Changes
Google Forfeiture Funds	(\$4,690,643)

Personnel **\$461,995**

The Budget includes a \$461,995 general revenue increase for salary and benefits in FY2019. The increase in general revenue expenditures for personnel are related to decreased federal funds that had previously funded salaries and benefits in the Criminal Division. Federal grants that are ending include Grants to Encourage Arrest Policies (\$43,945) and the Traffic Resource Prosecutor grant (\$133,380), while the Violence Against Women grant decreases by \$154,678. Additionally, the Budget includes increased costs for employee retirement and Medicare costs.

Statewide COLA **\$371,946**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$371,946 within the Criminal Division of the Attorney General.

State Match Medicaid Fraud **\$250,000**

The Department has received federal permission to solicit a request for proposal (RFP) to procure data mining services for Medicaid/Medicare fraud prevention. The Budget shifts \$62,500 from FY2018 to FY2019 for a total of \$250,000, representing the Department's 25.0 percent State match to \$750,000 in federal funds.

VRI Savings **(\$42,400)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected within the Criminal Division of the Department is \$42,400. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Centralized Service Charges**\$29,581**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset

Centralized Service Charges	Amount
Information Technology	\$29,581
Capital Asset and Management	-
Human Resources	-
Total	\$29,581

management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Google Forfeiture Funds (federal funds)**(\$4.7 million)**

The Budget includes a \$4.7 million decrease in federal Google forfeiture funds. The Department has been using the funds for the design and construction of a new customer service center in the Pastore Complex. The building is expected to be completed in the summer of 2018. FY2019 funding will be used for the ongoing redesign and renovation of the Department's main headquarters at 150 South Main Street.

In the FY2017 Budget Google forfeiture funds were included as restricted receipts, in FY2018 they were shifted into federal funds. The following table outlines Google fund expenditures.

Item	Google Forfeiture Funds: Expenditures Summary						Total
	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Enacted	FY2018 Revised	FY2019 Enacted	
Building and Ground Maintenance	\$30,692	\$17,442	\$18,522	\$35,987	\$16,953	\$17,462	\$219,647
Building Construction and Repairs	2,254,250	963,237	3,119,680	14,886,398	26,663,918	9,699,280	47,028,810
Design, Engineering and Consultant Services	36,620	222,223	144,857	185,000	194,253	80,000	849,273
IT System Design and Service	2,045,553	1,299,095	552,495	-	747,000	620,000	5,838,347
Total	\$4,367,115	\$2,501,997	\$3,835,554	\$15,107,385	\$27,622,124	\$10,416,742	\$53,936,077

Analyst Note: The highest ranking official of any agency awarded Google funds, in this case, the Attorney General, has sole authority to make spending requests to the Department of Justice for use of Google forfeiture funds. The State Budget serves only as a planning tool for monitoring these expenditures. Google funds must still be appropriated through the budget process.

The Criminal Division of the Department assisted in an investigation of the AdWords program of Google, Inc., which Canadian pharmacies used to advertise importation of illegal prescription drugs to U.S. consumers. In FY2012, the Department of Attorney General received \$60.0 million from the United States Department of Justice (DOJ) as part of the Google Forfeiture Settlement. Funds from this settlement may only be used by law enforcement agencies for law enforcement purposes and may not be used to replace funds that have already been appropriated. All projects must be approved by the Department of Justice (DOJ).

CIVIL DIVISION

The Civil Division is charged with conducting the State's legal affairs and representing the State in legal proceedings. By law, the Attorney General initiates and defends actions in state and federal courts whenever warranted; ensures that representation is provided to state officers, employees, and agencies in all courts; advises state officers and agencies on legal issues; and issues written opinions on legal issues when requested by governmental officers.

Civil Division	General Revenue
FY2018 Enacted	\$5,251,678
<i>Targets and Other Adjustments</i>	
Personnel	16,434
Statewide COLA	283,943
Tobacco Litigation	123,799
Management Services- Economist	(42,166)
FY2019 Enacted	\$5,674,888

Personnel **\$283,943**

The Budget includes an increase of \$283,943 in general revenue related to personnel. A portion of this increase, \$185,000, is related to two new positions in the FY2019 Budget, 1.0 Paralegal and 1.0 Staff Attorney. The remaining \$98,943 is associated with benefit adjustments throughout the Civil Division including increases in the employee retirement rate, assessed fringe benefit rate and health benefit rates.

Statewide COLA **\$123,799**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$123,799 within the Civil Division of the Attorney General.

Tobacco Litigation **(\$42,166)**

The Budget decreases general revenue funding by \$42,166 relative to the FY2018 Enacted Budget, ending expenses related to the National Association of Attorney General (NAAG) Tobacco Litigation. In 1998, Rhode Island, along with 52 other states and territories, participated in a Master Settlement Agreement (MSA) with participating tobacco manufacturers. Under the MSA, participating states are entitled to annual payments from manufacturers. Participating manufacturers claim that many states are not fully complying with the terms of the MSA, and as a result, the manufacturers are making legal claims that future annual payments should be reduced. Rhode Island, as a participating state in NAAG, is required to provide legal counsel and/or resources for the legal proceedings, which had gone to arbitration for the years 2004-2014, the Department will participate in defense for the year 2015 and forward.

Management Services - Economist **\$41,200**

The Budget increases general revenue by \$41,200 for purchased management services, specifically economists. The economic experts are required to help analyze ongoing hospital conversion and merger issues.

BUREAU OF CRIMINAL IDENTIFICATION

The Bureau of Criminal Identification (BCI) is the state entity charged with maintaining criminal history information for crimes committed in Rhode Island. The BCI responds to criminal history records requests, analyzes and records fingerprint information, maintains pistol permits, issues security guard licenses, and conducts employee background checks. The BCI is open 24-hours per day, 7-days per week to respond to requests from law enforcement agencies throughout the country.

Bureau of Criminal Identification	General Revenue
FY2018 Enacted	\$1,670,102
<i>Targets and Other Adjustments</i>	<i>20,144</i>
Statewide COLA	41,115
FY2019 Enacted	\$1,731,361
Statewide COLA	\$41,115

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$41,115 within the BCI.

CAPITAL PROJECTS

The Budget includes \$750,000 in Rhode Island Capital (RICAP) funding for FY2019 through FY2023, including \$150,000 in FY2019. These funds will be used to continue work that began in FY2018, including renovations on the Attorney General's main office building at 150 South Main Street, HVAC upgrades, repointing/limestone repairs on the building exterior, new piping infrastructure due to leakages, electrical wiring upgrades, roof replacement, and renovations to preserve the cupola on the top of the building. The project totals \$3.0 million in RICAP funds through FY2021. Additionally, as indicated above, the Budget includes \$10.4 million in Google forfeiture federal funds in FY2019 for the project. The Department is expected to complete the installation of a new Automated Fingerprint Information System (AFIS) in 2018. The new AFIS system integrates all state and local law enforcement fingerprinting into one centralized system and transmits the print to the FBI for processing, the new system will include all criminal fingerprinting and all civil employment fingerprinting services.

Department of Corrections

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$10.1	\$10.0	\$16.5	\$6.5	64.8%	\$16.2	\$6.2	61.8%
Community Corrections	16.4	18.7	16.8	(1.9)	-10.2%	17.7	(1.0)	-5.4%
Custody and Security	137.2	138.7	138.0	(0.7)	-0.5%	141.7	3.0	2.2%
Healthcare Services	22.5	23.8	23.5	(0.3)	-1.3%	24.2	0.4	1.6%
Institutional Based Rehab/Population Management	11.8	12.3	14.5	2.2	17.6%	14.4	2.1	16.6%
Institutional Support	18.8	30.7	32.8	2.1	6.9%	35.9	5.2	16.9%
Parole Board	1.3	1.5	1.4	(0.2)	-9.7%	1.4	(0.1)	-7.1%
Total	\$218.1	\$235.7	\$243.4	\$7.7	3.3%	\$251.4	\$15.7	6.7%

Expenditures By Source								
General Revenue	\$212.3	\$218.3	\$231.3	\$13.0	5.9%	\$237.1	\$18.8	8.6%
Federal Funds	1.6	1.6	2.3	0.7	42.4%	1.8	0.2	13.9%
Restricted Receipts	0.1	0.1	0.1	-	0.0%	0.1	-	0.0%
Other Funds	4.2	15.8	9.8	(6.0)	-37.8%	12.5	(3.3)	-20.7%
Total	\$218.1	\$235.7	\$243.4	\$7.7	3.3%	\$251.4	\$15.7	6.7%

Authorized FTE Levels	1,351.0	1,423.0	1,435.0	12.0	0.8%	1,416.0	(7.0)	-0.5%
-----------------------	---------	---------	---------	------	------	---------	-------	-------

\$ in millions. Totals may vary due to rounding.

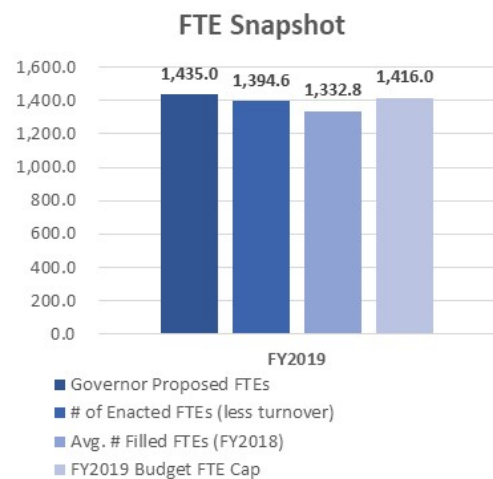
The Rhode Island Department of Corrections (DOC) provides appropriate, safe, secure, and humane control of offenders, while actively assisting and encouraging offenders to become productive and law-abiding members of the community. Additionally, the Rhode Island State Parole Board is budgeted as a unit of the Department, but has independent programmatic decision-making authority. Collectively known as the Adult Correctional Institutions (ACI), there are seven separate occupied facilities, which have a total current capacity of 3,989 beds. Through June 2018, the Department has averaged 2,784 inmates (69.6 percent of capacity) housed at the ACI for the fiscal year, including 2,644 men, and 140 women. The Department also provides supervision of offenders in the community (home confinement, probation, and parole).

MAJOR ISSUES AND TRENDS

The Budget includes \$251.4 million in total expenditures for FY2019; including \$237.1 million in general revenue, an increase of \$18.8 million over the FY2018 enacted level. The FY2019 Budget for the Department of Corrections is based on an estimated average daily population of 2,787 individuals, a decrease of 272 from the FY2018 Budget as Enacted.

The Budget authorizes 1,416.0 FTE positions for FY2019, a decrease of 7.0 from the FY2018 Budget as Enacted. The positions removed are unspecified and are related to the Department's average vacancy rate, in FY2018 on average the Department had 1,332.8 FTE positions filled, 90.2 positions less than the FY2018 Enacted level.

The FY2019 Budget includes an additional \$4.7 million in general revenue related to Statewide Cost of Living Adjustments. The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA).

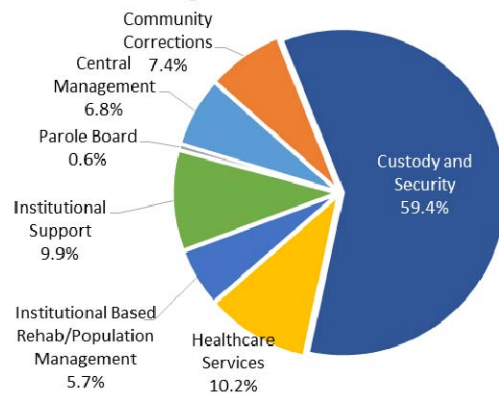


As of July 2018 all of the Department’s unions, with the exception of the Rhode Island Brotherhood of Correctional Officers (RIBCO), have signed agreements that include the COLA.

The FY2019 Budget includes \$14.1 million in expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

The Budget includes a reduction of \$359,490 in general revenue in FY2019 by not holding any correction officer (CO) training courses during the fiscal year. Per the US Department of Justice (USDOJ) settlement agreement training classes are to increase from 9 to 12 weeks, and a new CO test also needs to be implemented, the Budget includes an additional \$250,000 to cover the cost of the implementation. Until the new test is implemented no other CO classes can be held, therefore a \$359,490 savings is assumed.

Corrections Programs: FY2019 General Revenue



CENTRAL MANAGEMENT

The Central Management program houses the administrative functions of the Department, including human resources, management, legal, financial, and physical plant responsibilities. Beginning in FY2013, the program includes Inmate Accounts and Central Distribution Center internal service funds.

Central Distribution Center services are provided to all state departments and agencies. The operational cost of the program is shown on a centralized basis for informational purposes (internal service funding), but the actual costs are reflected in the operating budgets of user agencies.

Central Management	General Revenue
FY2018 Enacted	\$9,994,732
<i>Target and Other Adjustments</i>	
Centralized Service Charges	442,757
USDOJ Lawsuit	5,181,867
Correctional Officer Training	700,000
Statewide COLA	(359,490)
VRI Savings	205,768
PREA Auditor	(37,721)
FY2019 Enacted	\$16,146,513

Centralized Service Charges **\$5.2 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$3,155,267
Capital Asset and Management	-
Human Resources	2,026,600
Total	\$5,181,867

USDOJ Lawsuit**\$700,000**

The Budget includes \$700,000 related to the U.S. Department of Justice (DOJ) lawsuit. \$450,000 is deposited into an interest-bearing account with a federally insured financial institution, from which payouts will be made to eligible individuals. The remaining \$250,000 will be used to complete the formulation of a new CO test, as mandated by the settlement, as well as fund additional consultants.

On February 10, 2014, the U.S. Department of Justice (DOJ) filed a lawsuit alleging that the Department of Corrections engages in recruiting practices that adversely affect minority candidates. The DOJ's complaint states that the manner in which the DOC uses the written and video examinations as part of the hiring process for entry level Correctional Officers violates Title VII of the Civil Rights Act of 1964 (Title VII). DOJ asserts that such use is not "job related or consistent with business necessity," as the law requires, and does not validly enable the employer to identify those applicants who are qualified for entry-level CO positions at RIDOC. On September 19, 2017, the Federal District Court and the U.S. DOJ entered into a settlement agreement with the State resolving the lawsuit. The settlement requires the State to provide monetary relief through a special fund established for payouts to eligible individuals, as well as the formulation of a new oral and written test.

Correctional Office Training**(\$359,490)**

The Budget includes a general revenue savings of \$359,490 related to Correctional Officer (CO) training. There will be no CO training class in FY2019 due to the pending development of a new correctional officer entrance exam as agreed upon in the DOJ settlement. This lack of a new test will result in savings in training costs but could also lead to an increase in overtime costs as fewer officers will be available to cover shifts.

Statewide COLA**\$205,768**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$205,768 within the Central Management program of the Department.

Analyst Note: Three of the Department's four unions have signed agreements that include the Statewide COLA, including Council 94, the Howard Union of Teachers (HUT) and the Rhode Island Probation and Parole Association (RIPPA). As of July 2018, the Rhode Island Brotherhood of Correctional Officers (RIBCO) has not signed onto an agreement that includes the statewide COLA; however, funding is included for these employees. The majority of the Department's employees are represented by RIBCO.

VRI Savings**(\$37,721)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected within the Central Management program of the Department is \$37,721. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

PREA Auditor**\$18,600**

The Budget includes an additional \$18,600 in general revenue funding for auditor services for the Prison Rape Elimination Act (PREA) Program. The Department must conduct two audits a year to ensure compliance with Department of Justice standards. The increase in funds will allow the Department to audit every facility containing inmates. In 2012 the Department of Justice (DOJ) created national standards to prevent, detect, and respond to sexual abuse and sexual harassment in confinement facilities. In response to the DOJ standards the Department has issued a zero tolerance policy towards sexual abuse and harassment.

COMMUNITY CORRECTIONS

The Community Corrections program is responsible for supervising offenders serving portions of their sentence under probation, parole, or community confinement, and also provides certain services to victims of crimes. The Probation and Parole unit provides supervision and services for individuals under the jurisdiction of the courts or Parole Board and attempts to successfully reintegrate individuals from incarceration back into the community. Community Confinement provides supervision to individuals sentenced to “house arrest” by the courts and can include work-release supervision. Community Corrections uses electronic monitoring as a primary component of its supervision strategy. Victim Services provides 24-hour per day automated information about offender status and victim advocacy services, including crisis intervention, referral, and case management.

Community Corrections	General Revenue
FY2018 Enacted	\$18,581,969
<i>Target and Other Adjustments</i>	16,762
Crossroads Contract Transfer	(1,050,000)
Statewide COLA	391,070
Justice Reinvestment Initiative	(266,735)
VRI Savings	(93,465)
Community Corrections Population	Informational
FY2019 Enacted	\$17,579,601

Crossroads Contract Transfer**(\$1.1 million)**

The Budget includes a decrease of \$1.1 million related to a transfer of funds from Community Corrections to the Institutional Rehabilitation program. These funds support a contract with Crossroads to provide discharge planning services for homeless sexual offenders residing in Harrington Hall on the Pastore Complex. This population has difficulties securing proper residences due to the nature of their crime. Crossroads places these offenders into a residential setting. Safe placement of offenders into the community decreases recidivism.

Statewide COLA**\$391,070**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$391,070 within the Community Corrections program of the Department.

Analyst Note: Three of the Department's four unions have signed agreements that include the Statewide COLA, including Council 94, the Howard Union of Teachers (HUT) and the Rhode Island Probation and Parole Association (RIPPA). As of July 2018, the Rhode Island Brotherhood of Correctional Officers (RIBCO) has not signed onto an agreement that includes the statewide COLA; however, funding is included for these employees. The majority of the Department's employees are represented by RIBCO.

Justice Reinvestment Initiative**(\$266,735)**

The Budget includes a decrease of \$266,735 in general revenue related to the Justice Reinvestment Initiative in FY2019. The FY2018 Budget as Enacted included \$1.4 million to support the Justice Reinvestment Initiative: \$405,520 in personnel costs, \$93,000 to cover the technological costs associated with use of the recidivism risk assessment tool with probationers by community corrections staff; and \$900,000 to support cognitive behavioral therapy (CBT) contract services.

The FY2019 proposal includes \$531,785 in personnel costs, an increase of \$126,265 above the FY2018 Budget as Enacted, \$600,000 in cognitive behavioral therapy (CBT) contract services, \$300,000 less than enacted; and no funds for technological expenses, a decrease of \$93,000 from the enacted level.

The Department awarded the cognitive behavioral therapy (CBT) contract to Community Solutions in FY2018. Community Solutions will train staff in evidence-based programming that will be provided to about 800 probationers and paroles, who have a higher rate of recidivism. According to the Department \$600,000 is the annual cost of the CBT program.

Analyst Note: The Justice Reinvestment Initiative was created by the Governor through Executive Order 15-11, as a working group to “examine investments that would break the cycle of crime and incarceration and improve public safety.” The working group was composed of 26 members representing three branches of government and several non-profit advocacy organizations in consultation with the Council of State Governments Justice Center, a non-profit organization that specializes in assisting government leaders in the analysis of justice systems. With the goal of reducing recidivism rates, the group identified three issue areas which presented the greatest challenges, particularly in the management of the pre-trial population: outdated probation policies; ineffective probation practices; and, insufficient assessment and diversion tools. Justice Reinvestment identified these issues as the primary drivers of recidivism costs and developed solutions intended to reduce recidivism.

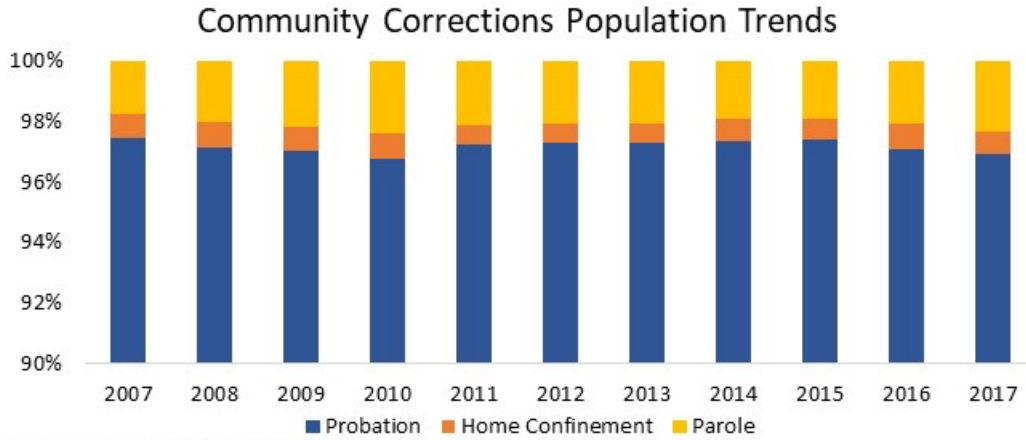
VRI Savings**(\$93,465)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee’s current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee’s longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

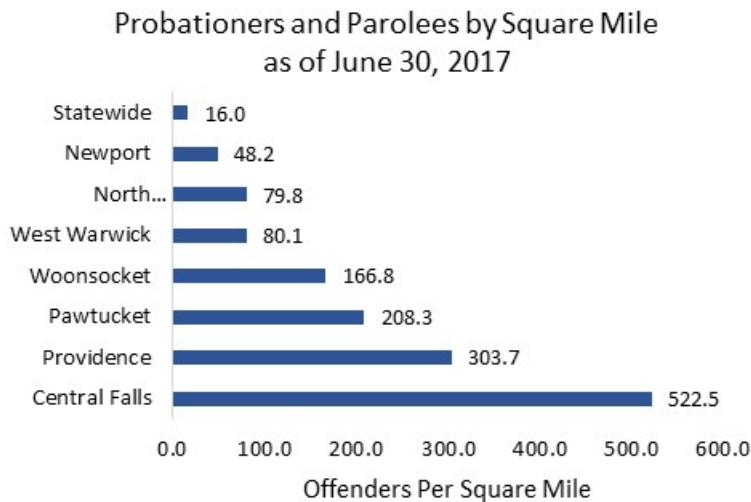
While the projected savings from the VRI is provided within each program, the total general revenue savings projected within the Community Corrections program of the Department is \$93,465. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Community Corrections Population**Informational**

While representing only 7.4 percent of the Department’s general revenue budget for FY2019, Community Corrections serves the largest number of individuals. In FY2017, the program served 23,081 cases, 1,218 less cases than FY2016. Based on Department of Corrections’ statistics, 1 out of every 49 adult residents in the State is on probation or parole. This equates to 1 of every 28 men and 1 of every 152 women.



The number of cases in the State’s urban areas is substantially higher than the statewide average. Statewide there are an average of 16.0 probationers and parolees per square mile. This increases to as high as 522.5 probationers and parolees per square mile in the City of Central Falls.



CUSTODY AND SECURITY

The Custody and Security program is responsible for the secure custody and control of the State’s inmate population to ensure the safety of staff, inmates, and the general public. The program represents the core of what currently falls under the Institutional Corrections program. The program manages six correctional institutions and one jail complex, all located in Cranston at the Pastore Center. Men’s facilities include High Security, Maximum Security, the John J. Moran Medium Security Prison, the currently closed Donald Price Medium Security facility, Minimum Security, and the Intake Center. Women are housed in the Gloria McDonald, they were also previously housed in the Bernadette Guay facility; however, this facility was closed in FY2017.

Custody and Security	General Revenue
FY2018 Enacted	\$137,893,460
<i>Target and Other Adjustments</i>	<i>(693,014)</i>
Statewide COLA	3,412,997
Holiday Pay	284,664
Inmate Payroll	10,071
Inmate Population	Informational
FY2019 Enacted	\$140,908,178

Statewide COLA**\$3.4 million**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$3.4 million within the Custody and Security program of the Department.

Analyst Note: Three of the Department's four unions have signed agreements that include the Statewide COLA, including Council 94, the Howard Union of Teachers (HUT) and the Rhode Island Probation and Parole Association (RIPPA). As of July 2018, the Rhode Island Brotherhood of Correctional Officers (RIBCO) has not signed onto an agreement that includes the statewide COLA; however, funding is included for these employees. The majority of the Department's employees are represented by RIBCO.

Holiday Pay**\$284,664**

The FY2019 Budget includes an additional \$284,664 in general revenue for holiday pay due to statewide elections that will occur in November 2018 increasing the number of paid holidays from 10 to 11. The additional funding supports employees that are required to work on a holiday that falls on a weekday, typically 24 hour operations.

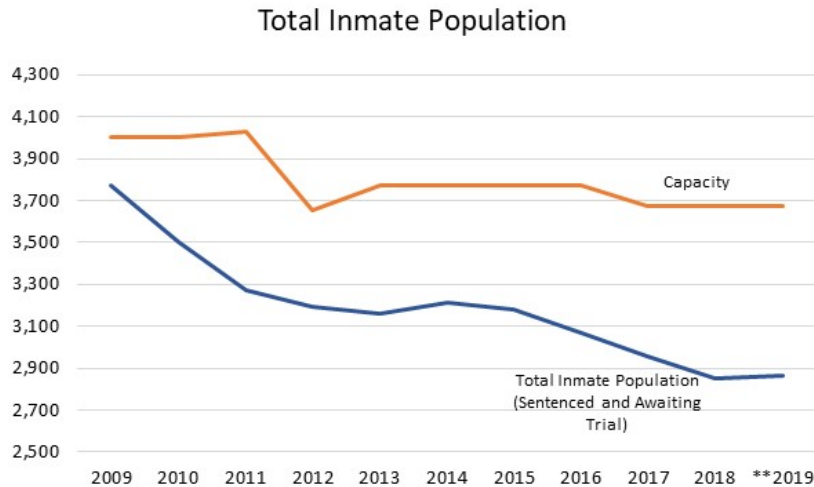
Inmate Payroll**\$10,071**

The Budget is increased by \$10,071 for inmate payroll expenditures over the FY2018 Budget as Enacted, which included \$1.1 million in general revenue. The Department compensates inmates for various work including janitorial work, kitchen work, and constructing/repairing items throughout the Department's facilities or on work crews. The pay rate ranges from \$1 to \$3 per day depending on the tasks performed. According the Department, inmate employment increases morale and provides work experience that could potentially reduce recidivism.

Inmate Population**Informational**

The Department's budget is largely influenced by the number of inmates in its custody at any given time. As the Department does not control the number of inmates entering or leaving its care, its budget is in large part a reflection of overall judicial and prosecutorial policies in the State. Factors may include legislative mandates requiring minimum sentences, variances in sentencing policies based on the judges, and/or prosecution or defense counsel involved in cases.

The Department of Corrections' budget was based on an average daily population of 2,853 for the FY2018 revised budget, a decrease of 206 inmates from the FY2018 enacted level of 3,059. For FY2019, the Budget assumes a population of 2,787 individuals, a decrease of 272 inmates from the FY2018 Budget as Enacted.



*FY2012 capacity change represents the Price Medium Security facility closing. FY2017 capacity change represents the Bernadette Guay Facility closing.
 **FY2019 figures are estimates.
 Source: DOC FY2017 Annual Report.

HEALTHCARE SERVICES

The Healthcare Services program is responsible for medical, dental, and mental health service provision to all inmates. Prior to FY2013, these responsibilities were allocated to the Institutional Corrections program. According to the Department, the inmate population is more likely than the general population to have infectious diseases and other conditions. About 1.0 percent of the inmate population is HIV positive, 25.0 percent is infected with Hepatitis C, 15.0 percent have mental health illnesses and 70 – 90 percent have histories of substance abuse.

Healthcare Services	General Revenue
FY2018 Enacted	\$23,800,253
<i>Target and Other Adjustments</i>	<i>88,752</i>
Medical Services Contracts	(464,209)
Statewide COLA	354,536
Pharmaceutical Expenses	209,442
Electronic Medical Records	209,000
VRI Savings	(54,502)
Lab Testing	42,950
FY2019 Enacted	\$24,186,222

Medical Services Contracts (\$464,209)

A decrease in medical service contracts reduces general revenue by \$464,209 in the FY2019 Budget. The decrease reflects the overall decline in population and outpatient treatment, specifically a decrease in the number of inmates with costly levels of outside medical treatment. These medical contracts include contracts with doctors, dentists, mental health professionals, and pharmacy services. It is federally mandated that inmates receive the same level of medical care, both physical and mental health care that they would receive in the community. Medical contracts are used by the Department when medical service needs cannot be met by staff.

Statewide COLA \$354,536

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living

adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$354,536 within the Healthcare Services program of the Department.

Analyst Note: Three of the Department's four unions have signed agreements that include the Statewide COLA, including Council 94, the Howard Union of Teachers (HUT) and the Rhode Island Probation and Parole Association (RIPPA). As of July 2018, the Rhode Island Brotherhood of Correctional Officers (RIBCO) has not signed onto an agreement that includes the statewide COLA; however, funding is included for these employees. The majority of the Department's employees are represented by RIBCO.

Pharmaceutical Expenses

\$209,442

The FY2019 Budget as Enacted includes an increase of \$209,442 in general revenue related to pharmaceutical expenses. Although the inmate population is decreasing, the cost of pharmaceuticals continues to increase. The increase in the FY2018 supplemental budget and the FY2019 budget reflects the purchasing of more expensive generic drugs, specifically Harvoni, which is used to treat Hepatitis C and has resulted in increased cure rates and shorter treatment times, but is more expensive, costing about \$93,000 per patient. As more expensive drugs continue to become the standard for care pharmaceutical costs will continue to rise. The Department also faces the challenge of not knowing what illness will be present for treatment as the inmate population changes.

Electronic Medical Records System

\$209,000

The Department requested a new Electronic Medical Records (EMR) system and updates to the current system in FY2017; however, due to a delay most of the funds for this system were expended in FY2018. The FY2019 Budget includes an additional \$209,000 for system design contract services to maintain the system and software maintenance agreements. The new system will document medication distribution through the use of bar codes, which will allow reports to be produced that show who received their medications, who did not receive their medication, and why. Records like these will be useful should any suits be brought against the Department by an inmate. The Department reports that the previous system was antiquated and becoming too costly to maintain and upgrade.

VRI Savings

(\$54,502)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected within the Healthcare Services program of the Department is \$54,502. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Lab Testing

\$42,950

The Budget includes \$230,300 in general revenue to support lab services provided by East Side Clinical Laboratory, an increase of \$42,950 from the FY2018 Enacted level. In FY2016, the Department awarded East Side Clinical Laboratory the contract to support necessary lab services. Prior to FY2016, the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) provided free lab services; however, according to the Department of Corrections, BHDDH indicated that moving

forward they would start charging approximately \$200,000 for lab services. Originally, BHDDH estimated lab services would cost \$500,000, which caused the Department to look into alternative options.

INSTITUTIONAL BASED REHABILITATION/POPULATION MANAGEMENT

The Institutional Based Rehabilitation/Population Management program handles educational and vocational training; Correctional Industries; case management services; inmate treatment services, including substance abuse and counseling and other services; and reentry services including discharge planning and reentry assistance.

Correctional Industries provides inmate labor and work crews and certain manufactured items. Correctional Industries services are provided centrally to all state departments and agencies as well as to municipalities. State law requires the State and municipalities to solicit bids from Correctional Industries when soliciting labor and/or supplies offered under the program. The operational cost of the program is shown on a centralized basis for informational purposes (internal service funding), but the actual costs are reflected in the operating budgets of user agencies.

Institutional Based Rehab/Population Management	General Revenue
FY2018 Enacted	\$11,694,520
<i>Target and Other Adjustments</i>	<i>372,659</i>
Crossroads Transfer Contract	1,050,000
Personnel	230,578
VRI Savings	(214,312)
Statewide COLA	175,314
Discharge Planning Contract	135,000
Substance Abuse Treatment	127,384
FY2019 Enacted	\$13,571,143

Crossroads Contract Transfer

\$1.1 million

The Budget includes an increase of \$1.1 million related to a transfer of funds from Community Corrections to the Institutional Rehabilitation program, placing it under the oversight of all other inmate discharge planning services. These funds support a contract with Crossroads to provide discharge planning services for homeless sexual offenders residing in Harrington Hall on the Pastore Complex. This population has difficulties securing proper residences due to the nature of their crime. Crossroads places these offenders into a residential setting. Safe placement of offenders into the community decreases recidivism.

Personnel

\$230,578

The Budget includes an increase of \$230,578 related to personnel salaries and overtime. The increase is related to step increases for State employees based on years of service and the Department's payroll projections for salary expenses which are greater than the FY2018 Enacted Budget due to less attrition occurring than anticipated.

VRI Savings

(\$214,312)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity

entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected within the Institutional Based Rehabilitation/Population Management program of the Department is \$214,312. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Statewide COLA

\$175,314

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$175,314 within the Institutional Based Rehabilitation/Population Management program of the Department.

Analyst Note: Three of the Department's four unions have signed agreements that include the Statewide COLA, including Council 94, the Howard Union of Teachers (HUT) and the Rhode Island Probation and Parole Association (RIPPA). As of July 2018, the Rhode Island Brotherhood of Correctional Officers (RIBCO) has not signed onto an agreement that includes the statewide COLA; however, funding is included for these employees. The majority of the Department's employees are represented by RIBCO.

Discharge Planning Contract

\$135,000

The Budget includes a general revenue increase of \$135,000 in FY2019 to support an increase in wages for staff employed by vendors providing discharge planning services. The Department is currently out to rebid for discharge planning services based on a request for proposal (RFP) written in conjunction with the Harvard Kennedy School of Government. Current providers are unable to retain staff due to low hourly rates paid by the vendors; consequently, the new RFP requires vendors to pay the prevailing wage, which will help retain staff and improve services. Vendors are charged with helping soon-to-be discharged inmates and post-discharge inmates with residence, employment, and entitlement programs to help the inmate adapt to life outside prison and reduce recidivism. Vendors are expected to identify offender's needs, assist the offender in developing a plan to address those needs, and refer the offender to community based services.

Substance Abuse Treatment

\$127,384

The Budget includes an additional \$127,384 in general revenue for substance abuse treatment services. The Department estimates that about 70 – 90 percent of the inmate population has a history of substance abuse. Keeping with the national and state shift from a treatment model of care to a recovery-oriented system of care, the Department has begun to treat inmates with substance abuse issues while they are incarcerated. This increase also adds 1.0 FTE Senior Public Health Promotion Specialist, which is focused on substance abuse counseling. This position will be transferred from the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH).

INSTITUTIONAL SUPPORT

Created in FY2013, the program is responsible for food services, facilities maintenance and repairs, and the Inmate Classification Unit. These responsibilities were previously done through the Institutional Corrections program.

Institutional Support	General Revenue
FY2018 Enacted	\$14,915,103
<i>Target and Other Adjustments</i>	<i>(224,514)</i>
Centralized Service Charges	8,958,659
Building Maintenance Cost Transfer	(241,323)
Population Related Savings	(215,000)
Statewide COLA	170,921
FY2019 Enacted	\$23,363,846

Centralized Service Charges**\$9.0 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$0
Capital Asset and Management	8,958,659
Human Resources	-
Total	\$8,958,659

Building Maintenance Cost Transfer**(\$241,323)**

The FY2019 Budget includes a transfer of \$241,323 from general revenue to Rhode Island Capital Plan (RICAP) Funds. The RICAP funds will be used for asset protection as well as repair and rehabilitation projects of the inmate housing facilities.

Population Related Savings**(\$215,000)**

The Budget decreases general revenues by \$215,000 due to population related savings. The FY2018 Budget was based on a population of 3,059 inmates, the FY2019 Budget is based on 2,787 inmates, a decrease of 272 from the FY2018 Budget as Enacted. The Institutional Support program provides food services including menu planning, procurement, and delivery of meals to all inmates, a decrease in inmates will lead to a cost savings associated with this program.

Statewide COLA**\$170,921**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$170,921 within the Institutional Support program of the Department.

Analyst Note: Three of the Department's four unions have signed agreements that include the Statewide COLA, including Council 94, the Howard Union of Teachers (HUT) and the Rhode Island Probation and Parole Association (RIPPA). As of July 2018, the Rhode Island Brotherhood of Correctional Officers (RIBCO) has not signed onto an agreement that includes the statewide COLA; however, funding is included for these employees. The majority of the Department's employees are represented by RIBCO.

PAROLE BOARD

The Parole Board is a six-member, appointed commission that is charged with evaluating and authorizing the early release of inmates who meet certain conditions. The Department determines eligibility criteria, including that inmates must serve at least one-third of their sentence prior to being eligible for parole and must meet defined criteria post-parole and for the duration of their sentence. The Board is supported by an

Administrator, an Investigator, and support staff. The Department has budgetary responsibility for the Board; however, it remains autonomous with regard to making parole decisions.

In 2013, the General Assembly passed the “Good Conduct Certificate” legislation, allowing the Parole Board to award a certificate of good conduct to an individual who has not been convicted of more than one felony (that is not a crime of violence), and who has paid all fines and other penalties imposed by the court. It assigns power to the Parole Board to hear petitions from individuals for issuance of a certificate and to establish a minimum period of good conduct for potential applicants. The Certificate is issued to individuals convicted of crimes that may affect their ability to find employment and who have successfully completed rehabilitation. In some cases, it would relieve the petitioner of collateral consequences resulting from the criminal record. Current staff assists the Parole Board in administering the program.

Parole Board	General Revenue
FY2018 Enacted	\$1,420,791
<i>Target and Other Adjustments</i>	
Turnover	(39,461)
Contracted Services	(63,204)
Statewide COLA	(40,177)
FY2019 Enacted	29,771

Turnover **(\$63,204)**

The Budget includes a general revenue savings of \$63,204 related to personnel turnover. The parole board includes 10.0 FTE positions. To achieve the savings 2.0 positions, Chief of Program Development and Information Aide, will be held vacant for a portion of the year. The Department anticipates these positons starting by January 2019.

Contracted Services **(\$40,177)**

The FY2019 Budget includes a general revenue decrease of \$40,177 in Contracted Services, including a decrease in Medical Contracts (\$10,000), Information Technology Services (\$17,409) and Labor Relations Services (\$12,750). These decreases are based on actual spending from FY2017.

Statewide COLA **\$29,771**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$29,771 within the Parole Board.

Analyst Note: Three of the Department’s four unions have signed agreements that include the Statewide COLA, including Council 94, the Howard Union of Teachers (HUT) and the Rhode Island Probation and Parole Association (RIPPA). As of July 2018, the Rhode Island Brotherhood of Correctional Officers (RIBCO) has not signed onto an agreement that includes the statewide COLA; however, funding is included for these employees. The majority of the Department’s employees are represented by RIBCO.

CAPITAL PROJECTS

The Budget includes a total of \$56.1 million in capital projects from FY2019 through FY2023, including \$12.5 million in FY2019. In FY2018 the Budget included \$15.8 million in RICAP funds, these funds supported the installation of security cameras and security system upgrades in Maximum Security, as well as the beginning of renovations to the Dix Facility, which previously housed inmates, into an administration building for staff.

Major items in FY2019 include:

- \$5.0 million in Medium Security Facility infrastructure improvements to accommodate the increase in the inmate population housed in this facility. The Medium Moran Facility was designed to handle about 650 inmates and currently houses approximately 1,100. Improvements include expansion of living areas, roof replacement, and installation of a new HVAC system.
- \$3.0 million in asset protection projects at correctional facilities including repairs to the Maximum Security cupola to meet preservation historical society guidelines, security camera installation, security system upgrades, and emergency generator installation.
- \$1.5 million for restoration and repairs to the exterior of the Intake Service Center (ISC), expansion and repairs to the parking lot, and other general repairs and upgrades.

Judiciary

Expenditures By Program	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
Supreme Court	\$39.9	\$43.3	\$42.6	(\$0.8)	-1.8%	\$43.8	\$0.5	1.1%
Superior Court	23.3	23.8	23.2	(0.7)	-2.8%	24.3	0.4	1.7%
Family Court	23.3	23.6	23.6	(0.0)	-0.1%	24.2	0.6	2.6%
District Court	12.7	13.5	13.3	(0.2)	-1.3%	14.0	0.5	3.4%
Traffic Tribunal	8.9	9.5	8.8	(0.7)	-7.5%	9.8	0.3	3.1%
Worker's Compensation Court	7.6	8.1	8.1	(0.0)	-0.5%	8.3	0.2	2.4%
Judicial Tenure & Discipline	0.4	0.1	0.1	0.0	1.4%	0.2	0.0	3.2%
Total	\$116.4	\$122.0	\$119.6	(\$2.4)	-2.0%	\$124.4	\$2.4	2.0%
Expenditures By Source								
General Revenue	\$97.0	\$99.0	\$98.9	(\$0.1)	-0.1%	\$102.0	\$3.0	3.1%
Federal Funds	3.4	3.4	3.2	(0.3)	-7.5%	2.9	(0.5)	-14.6%
Restricted Receipts	12.3	12.5	11.9	(0.6)	-5.0%	12.1	(0.4)	-3.5%
Operating Transfers from Other Funds	3.6	7.1	5.7	(1.4)	-20.3%	7.4	0.3	4.8%
Total	\$116.4	\$122.0	\$119.6	(\$2.4)	-2.0%	\$124.4	\$2.4	2.0%
Authorized FTE Levels	723.3	723.3	723.3	-	-	723.3	-	-

\$ in millions. Totals may vary due to rounding.

Rhode Island has a unified court system composed of six statewide courts. The Supreme Court is the court of review, the Superior Court is the general trial court, and the Family, District, Traffic Tribunal, and Workers' Compensation Courts are trial courts of special jurisdiction. The entire system is state-funded with the exception of probate courts, which are the responsibility of cities and towns, and the municipal courts, which are local courts of limited jurisdiction.

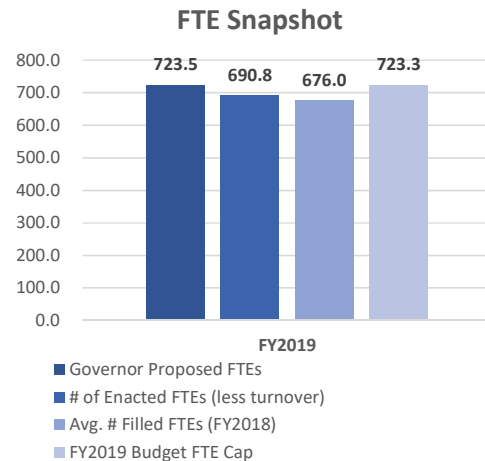
The Chief Justice of the Supreme Court is the executive head of the state court system and has authority over the Judiciary's budget. The Chief Justice appoints the State Court Administrator and an administrative staff to handle budgetary and general administrative functions. Under the direction of the Chief Justice, the Court Administrator manages appropriations for all state courts, except those as provided otherwise by law. Each court has responsibility over its own operations and has a chief judge who appoints an administrator to handle internal court management.

MAJOR ISSUES AND TRENDS

The Budget includes \$102.0 million in general revenue funding. This is \$3.0 million (3.1 percent) more than the FY2018 Enacted Budget. Most of the increase is to fund a statewide cost of living adjustment (COLA) provided through a tentative agreement between the State and the state employee bargaining units. The Budget also provides an increase of \$659,400 in all funds (\$533,000 in general revenue and \$126,400 in federal funds) for additional staffing in the District and Family Courts. The positions can be filled from vacancies within the Judiciary; hence, no new FTE positions are provided.

The Budget provides 723.3 FTE positions, consistent with the FY2018 Budget as Enacted and the Judiciary's request.

The Judiciary is developing a new Case Management and E-Filing system. The new system will integrate information throughout the justice system and diminish the requirement for paper storage of case materials as all the information will be stored electronically. The final phase of this \$7.7 million project, the conversion of juvenile cases and the jury system, was completed in FY2018 and funded with restricted receipts and Information Technology Investment Funds. In FY2019, the Judiciary is exploring the concept of developing an online payment plan portal and the Budget includes \$400,000 as a placeholder for this project.



SUPREME COURT

The Supreme Court is the only constitutionally-established court in the State, and is empowered with administrative authority over the entire state court system. The Court is the final court of review, and also issues advisory opinions to Legislative and Executive branches of government and regulates the Rhode Island Bar. Administrative functions include budgeting, human resource management, purchasing, information technology management, and fine and fee collection. The Supreme Court also offers programs related to domestic violence prevention, mandatory continuing legal education, alternative dispute resolution, victim rights information, and the interpreter program.

Supreme Court	General Revenue
FY2018 Enacted	\$32,109,468
<i>Target and Other Adjustments</i>	
Statewide COLA	110,028
Voluntary Retirement Incentive	480,443
Defense of Indigent Persons	(200,157)
Court Offsets	157,813
Centralized Service Charges	120,610
FY2019 Enacted	\$32,874,011

Statewide COLA

\$480,443

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$2.0 million within the Judiciary, with \$480,443 of the total increase within the Supreme Court.

Voluntary Retirement Incentive

(\$200,157)

The State of Rhode Island is offering a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of

\$40,000, at a total projected statewide cost of \$9.0 million. In addition, severance costs could exceed \$2.4 million statewide. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees must submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Judiciary is \$500,000, with \$200,157 occurring within the Supreme Court. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Defense of Indigent Persons

\$157,813

The Budget includes an increase of \$157,813 (\$4.0 million total general revenue) for the Defense of Indigent Persons. This program was established pursuant to an executive order issued by Chief Justice Suttell in 2013. The program is designed to provide private attorneys to indigent persons after the filing of written certification by the Office of the Public Defender verifying the person's inability to pay for counsel and the existence of a conflict of interest on the part of that office in accepting the individual as a client.

Court Offsets

\$120,610

State agencies that occupy court space include the Public Defender's Office; Office of the Attorney General; Department of Corrections; Department of Children, Youth, and Families; and Department of Public Safety. Agencies that occupy space in court buildings around the State incur costs for a share of building related expenses based on the amount of space that is occupied. In total, the agencies occupy 19.7 percent (89,979 square feet) of useable court space based on a March 2014 study. The Budget provides an increase of \$120,610 (9.3 percent) over the FY2018 Budget, for a total offset of \$1.3 million. Article 1 caps the total amount the Judiciary may charge five state agencies for public courthouse occupancy costs at \$1.2 million total.

Court Cost Offsets				
Agency	FY2018	FY2019	Change from FY2018	
Attorney General	\$159,294	\$165,404	\$6,110	3.7%
Children, Youth & Families	48,123	49,884	1,761	3.5%
Corrections	112,237	125,053	12,816	10.2%
Public Defender	109,419	135,910	26,491	19.5%
Public Safety	754,132	827,564	73,432	8.9%
Total	\$1,183,205	\$1,303,815	\$120,610	9.3%

Analyst Note: OMB had indicated that an amendment would be submitted to allow for the cost offset included in the Budget; however, one was never received and the language was never fixed. An adjustment will have to be made in the FY2019 Supplemental Budget in order to allow for the expenditure of the funds.

Centralized Service Charges

\$95,806

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$95,806
Capital Asset and Management	-
Human Resources	-
Total	\$95,806

SUPERIOR COURT

The Superior Court has jurisdiction for all felony cases, misdemeanor cases that have been appealed or waived from the District Court, civil cases in which the disputed amount exceeds \$10,000, and all probate and zoning appeals. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport. The Gun Court and Adult Drug Court were established in FY1995 and FY2002, respectively. The Superior Court also has appellate jurisdiction of decisions of local municipal and probate courts. Appeals from various boards and commissions, such as zoning boards and Ethics Commission appeals, are heard in Superior Court as well as petitions to review disciplinary action imposed upon a state or local police officer by the chief of that department. In addition to conducting trials, the Superior Court administers the Court-Annexed Arbitration Program which accelerates the disposition of certain less complex civil cases in which there is \$100,000 or less at issue. Matters such as contract disputes, personal injury claims, and property damage suits may be certified to this alternative dispute resolution program.

Superior Court	General Revenue
FY2018 Enacted	\$23,379,864
<i>Target and Other Adjustments</i>	<i>222,387</i>
Statewide COLA	501,799
Pay-Go Judge Pensions	(223,027)
Voluntary Retirement Incentive	(93,628)
FY2019 Enacted	\$23,787,395

Statewide COLA

\$501,799

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$2.0 million within the Judiciary, with \$501,799 of the total increase within the Superior Court.

Pay-Go Judges Pensions

(\$223,027)

The Budget reduces general revenue funding for pay-go pensions by \$184,724 throughout the system to reflect the amount requested by the Judiciary; however, of the total adjustment a reduction of \$223,027 occurs within the Superior Court. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

Voluntary Retirement Incentive

(\$93,628)

The State of Rhode Island is offering a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of

\$40,000, at a total projected statewide cost of \$9.0 million. In addition, severance costs could exceed \$2.4 million statewide. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees must submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Judiciary is \$500,000, with \$93,628 occurring within the Supreme Court. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

FAMILY COURT

The Rhode Island Family Court, established in 1961, was the first statewide Family Court in the United States. The Family Court has jurisdiction to hear and determine all petitions for divorce and any motions in conjunction with divorce proceedings, such as motions relating to the distribution of property, alimony, support and custody of children. It also hears petitions for separate maintenance, and complaints regarding support for parents and children. The Family Court also has jurisdiction over matters relating to delinquent, wayward, dependent, neglected, abused, and mentally deficient or mentally disordered children. In addition, it has jurisdiction over adoptions, paternity proceedings, and a number of other matters involving domestic relations and juveniles. Appeals from decisions of the Family Court are taken directly to the state Supreme Court.

The Court runs specialty court programs, including the Juvenile Drug Court, Domestic Violence Court, Truancy Court, Mental Health Court Clinic, and the Juvenile Re-Entry Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

Family Court	General Revenue
FY2018 Enacted	\$20,695,682
<i>Target and Other Adjustments</i>	<i>198,029</i>
Statewide COLA	475,515
Family Court Staffing	308,000
Voluntary Retirement Incentive	(166,618)
FY2019 Enacted	\$21,510,608

Statewide COLA **\$475,515**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$2.0 million within the Judiciary, with \$475,515 of the total increase within the Family Court.

Family Court Staffing **\$308,000**

The Budget includes \$308,000 in general revenue and \$126,400 in federal funds in FY2019 (\$434,400 total funding) for staffing within the Family Court. The positions can be filled from vacancies within the Judiciary; hence, no new FTE positions are provided.

Voluntary Retirement Incentive **(\$166,618)**

The State of Rhode Island is offering a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and

budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000, at a total projected statewide cost of \$9.0 million. In addition, severance costs could exceed \$2.4 million statewide. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees must submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Judiciary is \$500,000, with \$166,618 occurring within the Family Court. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

DISTRICT COURT

The District Court has jurisdiction over all criminal misdemeanor cases if the defendant waives the right to a jury trial. If the defendant asks for a jury trial, the case will be transferred to the Superior Court. The District Court also has jurisdiction over bail hearings in felony cases and over violation hearings in misdemeanor cases. The District Court presides over civil trials in which the damages sought total up to \$5,000. If the parties agree, the District Court can hear civil suits for damages to a maximum of \$10,000. District Court jurisdiction also includes Small Claims Court for damages up to \$2,500; violations of municipal ordinances and regulations; violations and hearings on involuntary hospitalization under the mental-health, drug-abuse, and alcohol laws; regulatory appeals, including those related to taxation; and violations of state or local housing codes. Appeals from District Court decisions go to the Superior Court. The Court has four locations throughout the state, including Providence, Warwick, Wakefield, and Newport.

District Court	General Revenue
FY2018 Enacted	\$13,165,035
<i>Target and Other Adjustments</i>	
Statewide COLA	61,562
District Court Staffing	293,257
RI Veterans Treatment Court	225,000
Pay-Go Judge Pensions	144,390
Voluntary Retirement Incentive	44,695
	(25,338)
FY2019 Enacted	\$13,908,601

Statewide COLA

\$293,257

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$2.0 million within the Judiciary, with \$293,257 of the total increase within the District Court.

District Court Staffing

\$225,000

The Budget includes \$225,000 in general revenue in FY2019 for staffing within the Pretrial Diversion program. The positions can be filled from vacancies within the Judiciary; hence, no new FTE positions are provided.

RI Veterans Treatment Court***\$144,390***

The first Veterans Court in New England opened its doors in April 2011 as a pilot program funded through a SAMHSA (Federal Department of Substance Abuse and Mental Health Services Administration) grant. The initiative was designed to direct veterans, diagnosed with trauma related disorders, into a court program which integrates support and treatment plans with the judicial process. It is intended to divert the offenders away from incarceration while providing appropriate rehabilitative alternatives. The Budget includes \$144,390 in general revenue support to offset a reduction in federal funding as the grant ends.

Pay-Go Judges Pensions***\$44,695***

The Budget reduces general revenue funding for pay-go pensions by \$184,724 to reflect the amount requested by the Judiciary, of the total adjustment an increase of \$44,695 occurs within the District Court. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

Voluntary Retirement Incentive***(\$25,338)***

The State of Rhode Island is offering a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000, at a total projected statewide cost of \$9.0 million. In addition, severance costs could exceed \$2.4 million statewide. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees must submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Judiciary is \$500,000, with \$25,338 occurring within the District Court. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

TRAFFIC TRIBUNAL

The Traffic Tribunal replaced the Administrative Adjudication Court in 1999. The Traffic Tribunal is responsible for hearing most traffic cases, distributing and controlling traffic summonses, and maintaining accurate driver accident and violation records. The Traffic Tribunal hears appeals from the Division of Motor Vehicles and the municipal courts as well as certain violations of the Department of Environmental Management. The Tribunal has authority to enforce its own judgments. The Traffic Tribunal has one location, at the Pastore Center in Cranston.

Traffic Tribunal	General Revenue
FY2018 Enacted	\$9,468,420
<i>Target and Other Adjustments</i>	
Statewide COLA	100,202
Voluntary Retirement Incentive	209,226
FY2019 Enacted	(14,259)
	\$9,763,589

Statewide COLA **\$209,226**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$2.0 million within the Judiciary, with \$209,226 of the total increase within the Traffic Tribunal.

Voluntary Retirement Incentive **(\$14,259)**

The State of Rhode Island is offering a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000, at a total projected statewide cost of \$9.0 million. In addition, severance costs could exceed \$2.4 million statewide. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees must submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Judiciary is \$500,000, with \$14,259 occurring within the Traffic Tribunal. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

WORKERS' COMPENSATION COURT

The Workers' Compensation Court has jurisdiction over all disputes between employers and employees relating to workers' compensation. The court's jurisdiction includes contested cases involving the rehabilitation of injured employees and claims involving disputes between an employer and its workers' compensation insurer. Since FY1990, the expenses incurred in the operation of the court are paid through the Workers' Compensation Administrative Fund (restricted receipts).

Worker's Compensation Court	Restricted Receipts
FY2018 Enacted	\$8,118,883
<i>Target and Other Adjustments</i>	
Replacement of Turnover Savings	73,435
FY2019 Enacted	117,636
	\$8,309,954

Replacement of Turnover Savings **\$117,636**

The Budget includes an increase of \$117,636 in restricted receipts to replace turnover savings included in the FY2018 Budget as Enacted. The Department's request did not include any turnover savings in FY2019.

The Budget includes general revenue turnover; however, it does not include the turnover savings from restricted receipts.

JUDICIAL TENURE AND DISCIPLINE

The Commission on Judicial Tenure and Discipline is the program charged with investigating judges who have been charged with misconduct. The Supreme Court may affirm, modify or reject the recommendations of the Commission.

Judicial Tenure & Discipline	General Revenue
FY2018 Enacted	\$146,008
<i>Target and Other Adjustments</i>	<i>1,378</i>
Statewide COLA	3,298
FY2019 Enacted	\$150,684

Statewide COLA

\$3,298

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$2.0 million within the Judiciary, with \$3,298 of the total increase within Judicial Tenure and Discipline.

CAPITAL PROJECTS

The Budget includes \$7.1 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2018 and \$7.4 million in FY2019.

- The Budget includes \$2.4 million in FY2018 and \$3.9 million in FY2019 to expand the capacity of the Noel Judicial Complex by finishing courtroom space in the interior shell and adding parking to accommodate the expansion. The Judiciary expects to complete the project in three phases. The first phase will build out the shelled courtroom spaces. The second phase is to build out the administrative spaces that support the new courtrooms. The third phase is to fix structural damage to the current parking garage and to create a new parking lot on a separate part of the campus for employees. Noel is centrally located in Warwick and serves populations in both Washington and Providence counties.
- The Budget includes \$900,000 in FY2018 and \$1.0 million in FY2019 for ongoing projects to replace, clean, and restore HVAC systems in judicial buildings and ongoing asset protection projects.
- The Budget includes \$1.0 million in FY2018 and \$950,000 in FY2019 for asset protection projects throughout the court system. Projects include security upgrades, courtroom restorations, restroom renovations, interior renovations to public spaces, elevator upgrades, and miscellaneous interior courthouse refurbishments.
- The Budget includes \$825,956 in FY2018 and \$750,000 in FY2019 for restorations to the Licht Judicial Complex. Funds will be used to renovate courtrooms. This includes repairing or replacing all of the furniture, plastering and painting, upgrading lighting, and refinishing floors.
- The Budget includes \$500,000 in FY2018 and \$800,000 in FY2019 for the Licht Complex Window/Exterior Restoration. This includes the replacement and repair of all windows and refurbishing/upgrading the courthouse exterior.

Military Staff

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
RI National Guard	\$16.3	\$38.2	\$32.5	(\$5.7)	-14.9%	\$30.3	(\$7.9)	-20.6%
Total	\$16.3	\$38.2	\$32.5	(\$5.7)	-14.9%	\$30.3	(\$7.9)	-20.6%
Expenditures By Source								
General Revenue	\$2.6	\$2.6	\$3.0	\$0.4	14.1%	\$3.0	\$0.4	15.6%
Federal Funds	13.2	27.7	26.2	(1.5)	-5.6%	18.5	(9.3)	-33.4%
Restricted Receipts	0.1	0.1	0.1	(0.1)	(0.5)	0.1	-	-
Operating Transfers from Other Funds	0.5	7.7	3.2	(4.5)	-58.4%	8.6	0.9	12.2%
Grand Total	\$16.3	\$38.2	\$32.5	(\$5.7)	-14.9%	\$30.3	(\$7.9)	-20.7%
Authorized FTE Levels	92.0	92.0	92.0	-	-	92.0	-	-

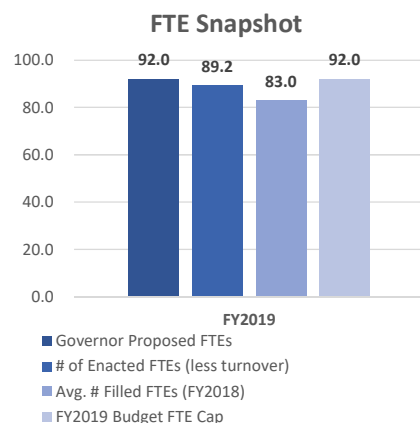
\$ in millions. Totals may vary due to rounding.

The mission of the Military Staff (Rhode Island National Guard) is to prepare for immediate mobilization in the event of war or national emergency; to maintain peace, order, and public safety in the state in time of man-made or natural disaster or when otherwise directed by the Governor; and, to participate in the development and establishment of local, regional, and nationwide initiatives and programs.

MAJOR ISSUES AND TRENDS

The Budget includes \$32.5 million in FY2018, of which \$3.0 million is general revenue. This reflects an all fund decrease of \$5.7 million from the FY2018 Budget as Enacted, including decreases of \$1.5 million in federal funds, \$4.5 million in other funds, \$50,000 in restricted receipts, and an increase of \$343,626 in general revenue.

The Budget includes \$30.3 million in FY2019, of which \$3.0 million is general revenue. This reflects an all funds decrease of \$7.9 million from the FY2018 Budget as Enacted. This includes a decrease of \$9.3 million in federal funds, an increase of \$934,227 in other funds, and an increase of \$447,033 in general revenue. The decrease in federal funding reflects a reduction as construction nears completion for the new joint force headquarters at Camp Fogarty and for the renovation project for the Armory of Mounted Commands. The Budget provides 92.0 FTE positions in FY2018 and in FY2019, consistent with the enacted budget. Approximately 82.6 percent of these authorized FTE positions is supported by federal funds.



NATIONAL GUARD

The National Guard program is composed of reserve units of the United States Army and Air Force, the Rhode Island National Guard (RING), and the State Historic Militia. The Guard is authorized to have in excess of 3,300 members (2,178 Army National Guard and 1,136 Air National Guard). The Guard has numerous facilities throughout the state, including 14 armories, 3 air bases, 2 training sites, and 10 maintenance and support buildings, housing equipment valued at \$500.0 million. The Guard is largely financed through federal funds, including drill and training pay for Army and Air Guard personnel, supplies, equipment, facility maintenance, and capital projects. State funds are provided as a match on some projects and primarily pay employee salary and benefit costs, training, travel, and maintenance.

RI National Guard	General Revenue
FY2018 Enacted	\$2,634,057
<i>Target and Other Adjustments</i>	<i>20,354</i>
Quonset Fire Protection	348,933
Centralized Service Charges	47,807
Contract Service Adjustments	(35,002)
Statewide COLA	34,204
Operating Expenses	30,737
FY2019 Enacted	\$3,081,090

Quonset Fire Protection**\$348,933**

The Budget increases general revenue funded personnel costs by \$348,933. The increase reflects the additional State share for firefighters at the Quonset Air Base that exceeds the federal compensation cap for firefighters. Previously, firefighters at Quonset Air Base were financed with 100.0 percent federal funds under the Master Cooperative Agreement Appendix 24 Firefighter program. Subsequently, the federal government adopted new rules that capped the federal contribution rate for the firefighters at a 2012 compensation rate.

Additionally, the Budget includes \$150,000 in general revenue for additional State share for firefighters at the Quonset Air Base that exceeds the federal compensation cap for firefighters. The federal government will no longer fund the injured-on-duty (IOD) costs for firefighters. There are 30.0 FTE positions assigned to the program. Presently, the Air National Guard has 6.0 firefighters on IOD status. Therefore, the State is required to fully fund the IOD costs from general revenue. Firefighter staffing levels must remain the same as per the federal agreement, so federal turnover cannot be utilized to supplant the State share.

Centralized Service Charges**\$47,807**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear. In addition, there is a corresponding increase of \$115,905 in federal funds for these charges.

Centralized Service Charges	Amount
Information Technology	\$35,470
Capital Asset and Management	-
Human Resources	12,337
Total	\$47,807

Contract Services**(\$35,002)**

The Budget includes \$103,332 in general revenue (\$6.4 million in all funds) in FY2019 for operating expenses, reflecting a net decrease of \$35,002 from the FY2018 Budget as Enacted. The largest adjustment is the decrease of \$22,138 in general revenue for other buildings and grounds costs.

Contract Services	FY2018 Enacted	FY2019 Enacted	Change
Accounting/Auditing	\$9,204	\$10,998	\$1,794
Doctors/Dentists	1,452	337	(1,115)
Environmental Services	393	181	(212)
Extermination Services	2,270	1,965	(305)
Fire Protection Services	12,699	12,838	139
Groundskeeping/Lawns	5,544	5,544	-
Janitorial Services	82,038	68,873	(13,165)
Other Building and Grounds	24,734	2,596	(22,138)
Grand Total	\$138,334	\$103,332	(\$35,002)

Statewide COLA**\$34,204**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$34,204 within the Military Staff.

Operating Expenses**\$30,737**

The Budget includes \$1.1 million in general revenue (\$6.4 million in all funds) in FY2019 for operating expenses, reflecting a net increase of \$30,737 from the FY2018 Budget as Enacted. The largest adjustment is the increase of \$83,502 in general revenue for central utilities fund (CUF overhead).

Operating Expenses	FY2018 Enacted	FY2019 Enacted	Change
Central Utilities Fund (CUF) Overhead	\$91,342	\$174,844	\$83,502
Electricity	234,113	172,116	(61,997)
Fuel: Natural Gas	66,438	124,762	58,324
Building Maintenance and Repairs	161,096	128,235	(32,861)
All Other Adjustments	485,951	469,720	(16,231)
Total	\$1,038,940	\$1,069,677	\$30,737

CAPITAL PROJECTS

The Budget includes \$20.9 million (\$13.2 million federal funds and \$7.7 million RICAP) in capital projects for FY2018 and \$8.8 million in FY2019 (\$3.4 million federal funds and \$5.4 million RICAP), including:

- \$14.9 million in FY2018 (\$1.8 million RICAP) and \$10.5 million in FY2019 (\$7.1 million RICAP) for a new Joint Force Headquarters Building project. Previous funding provided for site surveys and to extend the utility connections to the site at Camp Fogarty in East Greenwich. Construction is underway.
- \$700,000 RICAP in FY2018 and FY2019 for various asset protection projects.
- Includes \$700,000 in RICAP funds in FY2018 to compensate the Rhode Island Airport Corporation for a long-term lease on land adjacent to the Middletown Armory to allow for the construction of a new National Guard building.
- \$27,275 in FY2018 and \$700,000 in FY2019 in RICAP to complete the Armory of Mounted Commands Rehabilitation project which includes the roof and HVAC replacement project.
- \$125,000 in RICAP funds in FY2019 for a Bristol Readiness Center feasibility study. The Military Staff is planning for the design and renovation/construction of a new armory and field maintenance

shop to service two Guard units in the East Bay area. The current facilities fail to meet federal operational, logistical, and security standards.

In addition, the Rhode Island Air National Guard projects receiving federal appropriations of \$7.7 million in FY2018, \$11.0 million in FY2018, and out-year funding totals \$53.3 million through to FY2023. These are for several federal capital projects at the Quonset Air National Guard facilities that are not State projects and the federal funding is not appropriated to the State.

Rhode Island Emergency Management Agency

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$15.7	\$18.5	\$19.1	\$0.6	3.4%	\$20.3	\$1.8	9.8%
Expenditures By Source								
General Revenue	\$1.8	\$1.7	\$1.9	\$0.2	10.6%	\$2.0	\$0.3	18.8%
Federal Funds	12.2	14.8	15.1	0.3	1.9%	16.3	1.5	10.1%
Restricted Receipts	0.2	0.5	0.4	(0.0)	-2.2%	0.5	-	0.0%
Operating Transfers from Other Funds	1.5	1.5	1.7	0.2	12.0%	1.5	(0.0)	(0.0)
Total	\$15.7	\$18.5	\$19.1	\$0.6	3.4%	\$20.3	\$1.8	9.8%
Authorized FTE Levels	29.0	32.0	32.0	-	-	32.0	-	-

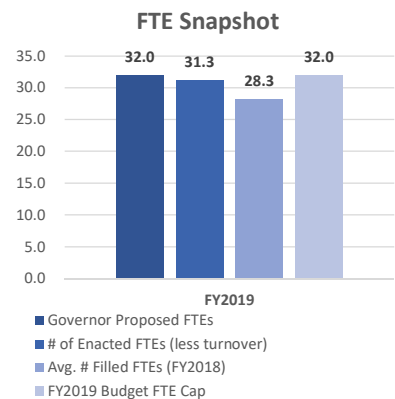
\$ in millions. Totals may vary due to rounding.

The Rhode Island Emergency Management Agency (RIEMA) became a stand-alone agency in FY2015, and is the coordinating agency for multi-jurisdiction and multi-agency response in the state for all emergencies including natural and technological hazards such as fires, floods, tornadoes, hurricanes, winter storms, chemical releases, weapons of mass destruction, and terrorism incidents. RIEMA is the official coordinating agency of the State for the federal Department of Homeland Security and the federal Emergency Management Agency in times of state, national, multi-jurisdiction, and multi-agency emergencies and disasters. RIEMA operates and maintains the State Emergency Operations Center, as well as the statewide 800 MHz radio system and network. RIEMA became nationally accredited in October 2016, via the Emergency Management Accreditation Program (EMAP).

MAJOR ISSUES AND TRENDS

The Budget includes \$19.1 million in FY2018, of which \$1.9 million is general revenue. The general revenue amount increases \$156,912. Federal funds comprising 79.0 percent of the Agency's budget in FY2018, increase \$307,389, restricted receipts decrease \$2,226, and other funds increase by \$189,750.

The Budget includes \$20.3 million in FY2019, of which \$2.0 million is general revenue. The general revenue amount increases by \$309,475. Federal funds comprising 80.5 percent of the Agency's budget in FY2019, increase by \$1.5 million, restricted receipts increase by \$890, and other funds remain the same as the enacted budget at \$1.5 million. The Budget includes 32.0 FTE positions in FY2018 and FY2019.



Central Management	General Revenue
FY2018 Enacted	\$1,734,470
<i>Target and Other Adjustments</i>	(1,227)
Centralized Service Charges	185,757
RISCON Maintenance Contracts	85,083
Personnel	23,808
Statewide COLA	16,054
FY2019 Enacted	\$2,043,945

Central Management	Other Fund Changes
Disaster and Emergency Preparedness Grants	(\$2,099,554)
Capital Purchases and Equipment	1,935,000
Personnel, Contract Services, and Operating	1,724,778

Centralized Service Charges**\$185,757**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$141,982
Capital Asset and Management	-
Human Resources	43,775
Total	\$185,757

RISCON Maintenance Contracts**\$85,083**

The Budget includes \$1.2 million in general revenue to operate and maintain the 800MHz Rhode Island Statewide Communications System Network (RISCON). RISCON provides an emergency radio system connecting all 39 communities and state agencies. The State negotiated and signed a contract with the vendor (Motorola) on July 1, 2013, that includes an escalator for the contract price. The contract price for FY2019 is \$1,218,426, an increase of \$85,083 as compared to the appropriation contained in the FY2018 Budget as Enacted.

Personnel**\$23,808**

The Budget includes a net increase of \$23,808 in general revenue. This reflects an increase of \$104,808 from the FY2018 Budget as Enacted, restoring the Agency's personnel budget to the current service level. In addition, the Agency recently developed new job descriptions to meet 21st century requirements of an emergency management agency. This allowed the Agency to begin filling several vacant positions which lead to increased personnel costs. Offsetting the increase is a reduction of \$81,000 reflecting voluntary retirement incentive (VRI) savings.

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the agency is \$81,000. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Statewide COLA**\$16,054**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$16,054 within the Rhode Island Emergency Management Agency.

Disaster and Emergency Preparedness Grants (federal funds) (\$2.1 million)

The Budget includes \$6.9 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$2.1 million less than the appropriation in the FY2018 Budget as Enacted. These funds also reimburse preparedness efforts for terrorist threats, active shooters, hazardous material containment, and other emergency events. The preparedness efforts are intended to improve and enhance the State's ability to prevent, deter, respond to, and recover from threats and incidents. The Budget includes a net decrease of \$2.1 million in federal funds for FY2019. Federal grant funds vary from year to year depending upon the number and severity of natural disasters and the availability of federal funds for non-disaster grants. The following table highlights the more significant changes in FY2019.

RIEMA Federal Grants	FY2018 Enacted	FY2019 Enacted	Change
Homeland Security Grant Program 2017	\$0	\$2,252,000	\$2,252,000
FEMA Flood Reimbursement - Federal Match	2,300,000	575,000	(1,725,000)
Emergency Management Preparedness Grant 2016	869,400	108,500	(760,900)
All Other Grants	5,791,590	3,925,936	(1,865,654)
Total	\$8,960,990	\$6,861,436	(\$2,099,554)

Capital Purchases and Equipment (federal funds) \$1.9 million

The Budget includes \$2.5 million in federal funds for capital purchases and equipment reflecting an increase of \$1.9 million from the FY2018 Budget as Enacted. The Budget adds \$1.0 million to purchase furniture and equipment for the proposed new headquarters facility at Colorado Avenue in the City of Warwick. The Budget also adds \$425,000 from a new Port Security Grant received in 2017 to purchase computer equipment.

Personnel, Contract Services, and Operating Changes (federal funds) \$1.7 million

The Budget includes \$7.0 million in federal funds for personnel, contract services, and operating costs, reflecting an increase of \$1.7 million in federal funds from the FY2018 Budget as Enacted. The Budget provides more resources for operations of which the largest component of \$1.0 million is pass-through payments to other agencies such as the State Police Fusion Center.

CAPITAL PROJECTS

The Budget includes RICAP funding for two capital projects. The projects include:

- \$1.5 million each year from FY2018 to FY2021 in RICAP funds to support the Rhode Island Statewide Communications System Network (RISCON). The project enhances and further develops RISCON, the main communications platform used by all public safety agencies in the State for the daily operations.
- \$189,750 in FY2018 in RICAP funds to conduct a RIEMA building feasibility study to evaluate the agency's spatial needs and explore building options to relocate the headquarters and emergency operations center from its present location at 645 New London Avenue in Cranston. The feasibility study did not consider reusing the current headquarter facilities.

Department of Public Safety

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$7.6	\$11.9	\$7.5	(\$4.5)	-37.5%	\$7.7	(\$4.2)	-35.2%
E-911	5.2	5.9	5.4	(0.5)	-8.7%	7.0	1.1	18.2%
Fire Marshal	5.9	4.2	4.9	0.6	14.9%	-	(4.2)	-100.0%
Municipal Police Training	0.5	0.5	0.7	0.2	47.2%	0.6	0.1	23.0%
Security Services	23.0	23.9	23.7	(0.3)	-1.1%	25.2	1.3	5.3%
State Police	93.4	74.5	79.7	5.2	7.0%	84.0	9.5	12.8%
Total	\$135.6	\$121.0	\$121.8	\$0.8	0.7%	\$124.5	\$3.5	2.9%
Expenditures By Source								
General Revenue	\$100.5	\$100.3	\$100.9	\$0.7	0.6%	\$103.3	\$3.1	3.0%
Federal Funds	28.1	14.9	13.4	(1.5)	-10.0%	15.6	0.7	4.9%
Restricted Receipts	0.3	0.4	1.5	1.1	256.9%	0.6	0.1	32.9%
Other Funds	6.7	5.4	6.0	0.6	11.1%	5.0	(0.4)	-7.4%
Total	\$135.6	\$121.0	\$121.8	\$0.8	0.7%	\$124.5	\$3.5	2.9%
Authorized FTE Levels	610.2	611.6	610.6	(1.0)	-0.2%	564.6	(47.0)	-7.7%

\$ in millions. Totals may vary due to rounding.

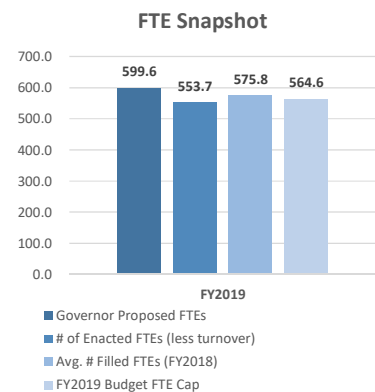
The Department of Public Safety (DPS) is the principal agency of the Executive branch charged with law enforcement functions. It includes six program areas, including, the State Police, Central Management, E-911, Fire Marshal, Municipal Police Training Academy, and Security Services. The Department was created in the FY2009 Budget, and is headed by the Superintendent of the State Police. The Governor's FY2018 Budget recommends that the Rhode Island Emergency Management Agency be incorporated into the DPS and that a new civilian Commissioner of Public Safety be created to head Department.

MAJOR ISSUES AND TRENDS

The Budget appropriates \$124.5 million to fund public safety initiatives and operations of Department of Public Safety. Over 80.0 percent of this, or \$103.3 million, comes from general revenue, a 3.0 percent increase (\$3.0 million) over FY2018 enacted levels. The Google Forfeiture Funds have a balance of \$248,573 (original State Police amount from the 2011 settlement was \$45.0 million) after appropriations of \$1.8 million and \$4.6 million in FY2018 and FY2019, respectively. The bulk of these funds have been invested improving State Police buildings and supporting the department's pension fund. The Budget includes 611.6 FTE positions in FY2018 and 599.6 in FY2019.

The Budget reorganizes portions of three State agencies for the stated purpose of providing a single point of contact for building officials seeking state authorization related to their profession or projects. This involves moving the State Fire Marshal from under the DPS to a new consolidated Division within the Department of Business Regulation. The programs to be consolidated along with Fire Marshal are the Boards of Design Professionals at the Department of Business Regulation and the Construction Permitting, Approvals, and Licensing (CPAL) program at the Department of Administration.

The Budget includes \$1.0 million in new general revenue resources to improve the State's E-911 program. It funds and authorizes 3.0 new Telecommunicators positions, increasing the front line capacity of the E-911 program to a total of 38.0 staff. Technology upgrades are also funded and will support the transition to Next Generation 911, which will go live in FY2019. Total revenue from E-911 surcharges in FY2019 is estimated to be \$16.2 million,



with a net \$9.0 million going into the general fund. Article 7 of the Budget renames the surcharge to reflect its purpose of supporting emergency services and first responders.

The Budget also includes \$680,265 in personnel spending associated with the next State Police Training Academy. A class of 30 recruits is scheduled for January 2019 and is expected to graduate in June 2019. The training facility is currently being upgraded in advance of the class, with improvements being made to the gym, firing range, and obstacle courses. The Capital Budget includes \$527,268 in RICAP funds in FY2018 for this work.

CENTRAL MANAGEMENT

The Central Management unit consists of the Business Office, Legal Office, and Public Safety Grants Administration Office (formerly Governor's Justice Commission). The Business Office oversees fiscal and budgetary oversight for the Department, as well as human resources, payroll, and purchasing. The Public Safety Grants Administration Office serves as a conduit agency for a number of federal grants that flow to local and state public safety agencies. Grant administration includes both formula and discretionary grant programs.

Central Management	General Revenue
FY2018 Enacted	\$1,015,489
<hr/>	
<i>Target and Other Adjustments</i>	<i>24,036</i>
VRI Savings	(56,400)
Statewide COLA	30,804
FY2019 Enacted	\$1,013,929

VRI Savings

(\$56,400)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected within the Central Management program of the Department is \$56,400. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Statewide COLA

\$30,804

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$30,804 within Central Management.

E-911

The E-911 Uniform Emergency Telephone System's objective is to maintain a statewide emergency telephone system providing prompt transfers of E-911 calls to the appropriate responding fire department, medical rescue service, or law enforcement agency. The Division operates 24 hours a day, 7 days a week. E-911 has a primary public safety answering point (PSAP) located in the State Police Headquarters complex in North Scituate, as well as a secondary PSAP in North Providence. Backup PSAP facilities are considered best management practices to provide service continuity in cases of emergencies affecting the primary PSAP.

E-911	General Revenue
FY2018 Enacted	\$5,894,522
<i>Target and Other Adjustments</i>	<i>74,092</i>
Technology Upgrade	700,000
Personnel	300,000
FY2019 Enacted	\$6,968,614

Technology Upgrades**\$700,000**

The Budget provides \$1.0 million for additional staffing and technology for the E-911 program. This includes \$700,000 for technology upgrades and statewide assessment of needs to implement Next Generation 911 (text-supporting).

Personnel**\$300,000**

The Budget includes \$300,000 in general revenue to support the personnel costs associated with 3.0 new Telecommunicator FTE positions. The new telecommunicators will augment the capacity of the Division to implement the Next Generation 911 system (supporting text messaging). The FY2019 Budget as Enacted authorizes 38.0 telecommunicator positions, and according to the DPS, the Division just filled five vacancies and are continuing to recruit. It takes approximately 6 months for a new telecommunicator to become fully-trained.

Next Generation 911**Informational**

E-911 has installed and is operating the essential components of the Next Generation 911 platform at both the State's Primary Public Safety Answering Point (PSAP) at 311 Danielson Pike, North Scituate, and the State's Alternate PSAP. These components consist of the routers and other hardware and software associated with the upgraded call-taking equipment. In 2017, the vendor INdigital completed construction of a new a new T1 network capable of handling and transferring Text-to-911 messages to the State's E-911 infrastructure. INdigital has also completed its work with the five (national) wireless carriers to test the system and ensure that INdigital can receive incoming 911 text messages from the wireless carriers' subscribers. The Department is now in the process of hiring additional telecommunicator positions who, once on board, will need to be trained in the processing of Text-to-911 calls. This process is estimated to take six months. The Department estimates that the go-live date will be December 2018; it was estimated to July 2017 at this time last year.

Surcharge Revenues**Informational**

The State levies a surcharge on both wireline and wireless phone lines, as do most states, to fund the program. Article 7 of the Budget renames and clarifies the surcharge's purpose. It is now named the emergency services and first responder surcharge (formerly called the E-911 surcharge) and it may be used to specifically support the infrastructure and operations of the system at the state and local level. The wireline surcharge amounts to \$1.00 per line, per month, while the wireless surcharge amounts to \$1.26 per line, per month. The additional \$0.26 levied on wireless lines was enacted in 2004 and has funded the costs

of developing the GIS database development and its maintenance, and has funded improvements to the primary and secondary answering points. All E-911 surcharge collections are deposited as general revenues. The following table is a snapshot of surcharge collections, and general revenue expenditures for E-911. Beginning in FY2016, 10.0 percent of revenue collected through E-911 surcharges (on wireless, wireline, and pre-paid accounts) has been deposited into the Information Technology Investment Fund (ITIF) established in RIGL 42-11-2.5. The ITIF is used to acquire information technology hardware, software, consulting services, and ongoing maintenance contracts for state departments and agencies.

Fiscal Year	E-911 Revenues vs. Expenditures			Net to General Fund
	E-911 Revenue	E-911 Expenditures	Deposit to ITIF	
2010	\$17,898,223	\$4,635,901	\$0	\$13,262,322
2011	17,248,460	4,829,770	-	12,418,690
2012	17,255,771	4,766,586	-	12,489,185
2013	17,507,117	5,103,735	-	12,403,382
2014	17,454,670	5,444,296	-	12,010,374
2015	17,640,703	5,320,615	-	12,320,088
2016	16,649,747	5,152,654	1,426,334	10,070,759
2017	16,845,536	5,212,708	1,364,968	10,267,860
2018*	16,388,000	5,894,522	1,327,070	9,166,408
2019*	16,249,600	6,968,614	1,315,870	7,965,116

**FY2018 and FY2019 revenue estimates are provided by the Budget Office; expenditures reflect the FY2018 Revised and FY2019 Governor's budgets. The general revenue reduction in FY2016, FY2017, FY2018, and FY2019 reflects the transfer to the Information Technology Investment Fund (ITIF) of 10.0 percent (\$1.5 million) of the surcharge revenue from E-911 wireless, wireline, and pre-paid accounts.*

FIRE MARSHAL

The State Fire Marshal is responsible for enforcing the Fire Safety Code and other laws and regulations relating to fires, fire prevention, protection, inspection, and investigation. The agency includes a Bomb Disposal Unit, Enforcement Unit, Fire Education and Training Unit, Inspection Unit, Investigation Unit, and the Plan Review Unit.

The Bomb Disposal Unit assists local emergency responders in the proper handling and disposal of hazardous materials suspected to be explosive. The Enforcement Unit is responsible for the criminal prosecution of any person in violation of laws related to fires, fire prevention, fire inspection, and fire investigations. The Fire Education and Training Unit is responsible for operating the Fire Academy, by providing education and training to all fire departments in the state, both public and private. The Inspection Unit is responsible for conducting fire safety inspections of all buildings regulated by the Fire Safety Code. The Investigation Unit investigates suspicious or attempted fires to determine the cause, origin, and circumstances where property has been damaged or destroyed. It also investigates fires where a fatality has occurred in so far as it is possible to determine the cause. The Plan Review Unit is responsible for reviewing architectural drawings of proposed construction plans for compliance with the Fire Safety Code. Article 3 of the FY2019 Budget transfers the Fire Marshal to the Department of Business Regulation.

Fire Marshal	General Revenue
FY2018 Enacted	\$3,669,361
<i>Target and Other Adjustments</i>	
Fire Marshal Transfer	(3,669,361)
FY2019 Enacted	\$0

Fire Marshal Transfer**\$3.7 million**

Article 3 of the Budget reorganizes portions of three State agencies for the stated purpose of providing a single point of contact for building officials seeking state authorization related to their profession or projects. The programs to be consolidated include the Boards of Design Professionals at the Department of Business Regulation; the Construction Permitting, Approvals, and Licensing (CPAL) program at the Department of Administration; and the State Fire Marshal's Office at the Department of Public Safety.

Program	FTE Transfers	
		FTEs
Boards of Design Professionals		3.0
CPAL Transfer		23.0
Fire Marshal Transfer		36.0
Total		62.0

As part of this reorganization the Budget shifts \$4.2 million from all funds, including \$3.7 million in general revenue, from DPS to the DBR, along with 36.0 FTE positions.

MUNICIPAL POLICE TRAINING ACADEMY

The Rhode Island Municipal Police Training Academy was established in 1969, and assigned to train and certify municipal law enforcement officers for all municipalities except for the City of Providence. Municipalities do not pay to send recruits to the Academy, but they do provide in-kind services including officer time to teach courses, and meeting and firing range space. Recruits are paid by municipalities for their time spent at the Academy. Since the first training class in 1970, the Academy has graduated 114 classes. The Academy runs two to three classes and 80 to 100 professional development workshops annually. Since 1981, the Academy has been located at the Community College of Rhode Island, Flanagan Campus, in the Town of Lincoln.

Municipal Police Training	General Revenue
FY2018 Enacted	\$269,414
<i>Target and Other Adjustments</i>	
FY2019 Enacted	(16,390)
	\$253,024

SECURITY SERVICES

The Security Services program consists of the Capitol Police, and, beginning in FY2012, the Division of Sheriffs. The Capitol Police have arrest powers and provide security at 13 state buildings, including the State House, the courthouses, and numerous Executive branch facilities. The Sheriffs are responsible for statewide activities assigned by law which relate to the duties and functions of the sheriffs of the several counties. The division is responsible for courtroom security, judicial security, cellblock, transportation of individuals charged with crimes, interstate prisoner extraditions, and service of process.

Security Services	General Revenue
FY2018 Enacted	\$23,937,443
<hr/>	
<i>Target and Other Adjustments</i>	<i>304,155</i>
Statewide COLA	542,132
Centralized Services Changes	413,729
FY2019 Enacted	\$25,197,459

Statewide COLA **\$542,132**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$542,132 within the Security Services Division.

Centralized Service Charges **\$413,729**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$83,596
Capital Asset and Management	-
Human Resources	330,133
Total	\$413,729

STATE POLICE

The Rhode Island State Police are a uniformed and investigative law enforcement agency having statewide jurisdiction. The agency is organized into three bureaus: The Administrative Bureau, Uniform Bureau, and Detective Bureau. The Administrative Bureau consists of sworn command staff, as well as civilian personnel, and it provides overall management and support. The Uniform Bureau is responsible for crime prevention and investigates criminal and noncriminal activities. The Uniform Bureau also establishes highway safety through enforcement of motor vehicle laws with emphasis on hazardous moving violations, i.e. drunk driving and speeding. The Detective Bureau is the primary investigative unit, and helps the Attorney General's Office and other agencies in investigating organized crime and white collar crime, and provides support to police agencies throughout the state.

State Police	General Revenue
FY2018 Enacted	\$65,492,857
<i>Target and Other Adjustments</i>	
	1,779,605
Statewide COLA	1,328,381
57th State Police Training Academy	680,265
Centralized Service Charges	622,884
Pension Trust Fund	Informational
Google Forfeiture Funds	Informational
State Police Vehicles	Informational
FY2019 Enacted	\$69,903,992

Statewide COLA**\$1.3 million**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$1.3 million within the State Police.

Analyst Note: As of July 2018, the Rhode Island Troopers Association has not signed onto an agreement that includes the statewide COLA; however, funding is included for these employees.

57th State Police Training Academy**\$680,265**

The Budget includes \$680,265 from general revenue to support the costs associated with conducting a new training academy class beginning in January 2019. The 57th State Police Training Academy was originally slated to begin in June 2018 with graduation occurring in November. The Budget delays the academy's start until January 2019, resulting in a \$1.7 million savings in FY2019. The appropriation covers the stipends for 30 recruits while they are training. Salaries and benefit costs for the new troopers shift to FY2020.

Centralized Service Charges**\$622,884**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$76,870
Capital Asset and Management	133,398
Human Resources	412,616
Total	\$622,884

Pension Trust Fund**Informational**

The FY2016 Budget as Enacted created a pension trust fund for State Police troopers hired prior to 1987 who are currently receiving benefits through a pay-as-you-go (pay-go) system. Members' benefits will remain unchanged; but the proposal transitions the current system to a more traditional retirement fund whereby contributions are amortized, in this case, over 18 years. The pension trust fund is capitalized by

funding from the Google settlement awarded to the State Police. It is estimated that at a 7.5 percent rate of return, this initial investment will achieve \$157.2 million in general revenue savings over the 77-year life of the plan. The use of the settlement funds required approval by the U.S. Department of Justice (DOJ) Asset Forfeiture Program and in FY2016 the State Police received permission to use the money to establish the pension fund. The FY2017 Budget as Enacted included \$15.0 million for this purpose. Based on the current actuarial reports, the Budget includes \$16.6 million for pension payments in FY2019 (commensurate with the FY2018 Budget as Enacted level).

Google Forfeiture Funds

Informational

On August 24, 2011, Google, Inc. reached a settlement agreement with the United States Department of Justice (DOJ) to forfeit \$500.0 million for allowing online Canadian pharmacies to place advertisements through its AdWords program, targeting U.S. consumers. Rhode Island received a \$230.0 million share of this award for State and local law enforcement agencies that helped investigate Google's role in placing the online ads for illegal pharmacies. Of the total award, the State directly received \$110.0 million, of which \$60.0 million was allocated to the Attorney General's Office, \$45.0 million was allocated to the State Police, and \$5.0 million was allocated to the Rhode Island National Guard. The City of East Providence and Town of North Providence each received \$60.0 million.

The State Police received a total of \$45.0 million from the settlement. Approximately \$18.9 million has been spent through FY2017, mostly on capital projects. The FY2017 Budget as Enacted included the one-time payment of \$15.0 million for the Rhode Island State Police Trust Fund that helped seed the trust fund for the State Police pay-go pension. The balance of the remaining funds are shown in the following table.

Google Forfeiture Funds - State Police Expenditures							
Expenditures By Program	Budget	Pre-FY2017	FY2017	FY2018 ¹	FY2019 ¹	Total	Balance ²
Fleet	\$5,385,187	\$5,368,085	\$0	\$1,395,699	\$2,700,000	\$9,463,784	(\$4,078,597)
Capital Projects Consolidated Academy	1,130,005	35,829	-	-	-	35,829	1,094,176
New Buildings and Renovations ³	9,038,652	1,690,098	3,169,391	-	-	4,859,489	4,179,163
Overtime	4,657,825	4,657,825	-	-	-	4,657,825	(0.3)
Personnel	1,000,000	249,226	-	-	-	249,226	750,774
Investigations	4,716	4,716	-	-	-	4,716	-
recruitment	876,273	432,693	-	100,712	-	533,405	342,868
Technology	4,461,446	4,461,446	-	390,000	-	4,851,446	(390,000)
Pension Trust	15,000,000	-	15,000,000	-	-	15,000,000	-
Training	153,715	93,306	60,409	-	-	153,715	-
Equipment	2,705,138	2,099,013	420,746	-	1,906,740	4,426,499	(1,721,361)
Accreditation	100,000	56,000	-	-	-	56,000	44,000
Local Sharing	150,000	150,000	-	-	-	150,000	-
Assessment Project	225,000	-	246,803	-	-	246,803	(21,803)
Aid to Westerly	64,916	15,563	-	-	-	15,563	49,353
Community Outreach	684	684	-	-	-	\$684	-
Total	\$44,953,557	\$19,314,484	\$18,897,349	\$1,886,411	\$4,606,740	\$44,704,984	\$248,573

¹ FY 2018 and FY 2019 budgeted expenditures. FY 2018 funding for buildings and renovations was received in FY 2018, but the costs in RIFANS are reflected in FY 2017.

² Balance includes budgeted expenditures.

Source: Department of Public Safety

State Police Vehicles

Informational

The Department currently has 337 vehicles in the State Police vehicle fleet. While more than half of the vehicles are under 100,000 miles, 32.0 percent (107 vehicles) are over 100,000 miles. The average useful life of these vehicles is 6.5 years. The Budget includes \$2.7 million from the Google Forfeiture funds for vehicle purchases in FY2019.

CAPITAL PROJECTS

The Budget includes a total of \$15.8 million in capital projects from FY2018 through FY2023.

- The Budget includes RICAP funding of \$527,268 in FY2018 and \$500,000 in FY2019 for upgrades to the State Police Training Academy. These upgrades include renovating an existing structure for use as a gym, upgrading the firing range, and replacing obstacle course equipment.
- The Department plans to renovate the Administrative Support Building at the Scituate Headquarters. The structure was originally built in 1794 and requires a new HVAC system, electrical upgrades, exterior siding, and IT upgrades. The Budget includes \$250,000 in Rhode Island Capital Plan (RICAP) funds in FY2019 for a feasibility study and architectural/engineering costs. The total project is planned for \$500,000.

Office of the Public Defender

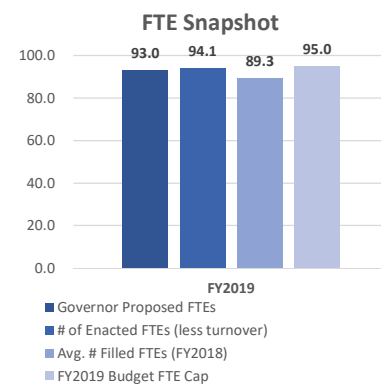
Expenditures By Program	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
Public Defender	\$11.6	\$12.1	\$11.8	(\$0.3)	-2.5%	\$12.4	\$0.3	2.5%
Expenditures By Source								
General Revenue	\$11.5	\$12.0	\$11.7	(\$0.3)	-2.5%	\$12.3	\$0.3	9.0%
Federal Funds	0.1	0.1	0.1	-	-	0.1	-	-
Grand Total	\$11.6	\$12.1	\$11.8	(\$0.3)	-2.5%	\$12.4	\$0.3	2.5%
Authorized FTE Levels	93.0	93.0	93.0	-	-	95.0	2.0	2.2%

\$ in millions. Totals may vary due to rounding.

The Office of the Public Defender represents indigent adults and juveniles who are charged with criminal offenses or who are in jeopardy of losing custody of their children to the State. Referrals come from the Supreme, Superior, District and Family Courts. All who are financially eligible are assigned to a staff attorney for representation in the appropriate court. The main office and two branch locations are in Providence. Three additional offices are located in the southern half of the state. The metropolitan areas of Providence and Newport account for the bulk of the cases. The Office includes four basic divisions of attorneys: appellate, criminal trial (including separate felony and misdemeanor units), juvenile, and parental rights. The Public Defender is appointed by the Governor to a six-year term, with the advice and consent of the Senate.

MAJOR ISSUES AND TRENDS

The agency's budget is funded almost entirely by general revenues (99.2 percent). The Budget reflects salary and benefit requirements of the existing staff, plus the addition of 2.0 Assistant Public Defender IV attorneys. The Budget includes 93.0 FTE positions for the program in FY2018, consistent with the FY2018 Budget as Enacted, and 95.0 FTE positions in FY2019, an increase of 2.0 positions.



Central Management

	General Revenue
FY2018 Enacted	\$12,043,006
<i>Target and Other Adjustments</i>	72,415
Statewide COLA	274,644
Personnel	173,280
Centralized Service Charges	12,186
FY2019 Enacted	\$12,575,531

Statewide COLA

\$274,644

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$274,644 within the Office of the Public Defender.

Personnel

\$173,280

The Governor adds \$173,280 in general revenue to fund two new Assistant Public Defender IV positions to address the high caseload experienced at the Office of the Public Defender. The funding reflects personnel costs for 10 months in FY2019.

Centralized Service Charges**\$12,186**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$12,186
Capital Asset and Management	-
Human Resources	-
Total	\$12,186

Department of Environmental Management

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Office of Director	\$8.9	\$9.6	\$11.0	\$1.4	15.0%	\$11.0	\$1.4	15.1%
Bureau of Natural Resources	44.0	61.8	58.7	(3.1)	-5.0%	65.1	3.3	5.4%
Bureau of Environmental Protection	25.8	32.5	32.4	(0.1)	-0.4%	32.5	(0.0)	-0.1%
Total	\$78.7	\$104.0	\$102.2	(\$1.8)	-1.7%	\$108.7	\$4.7	4.6%
Expenditures By Source								
General Revenue	\$38.2	\$39.3	\$40.3	\$1.0	2.7%	\$41.8	\$2.5	6.5%
Federal Funds	19.4	33.4	34.5	1.1	3.3%	31.8	(1.6)	-4.9%
Restricted Receipts	13.4	17.4	17.7	0.3	1.6%	17.6	0.2	1.2%
Other Funds	7.7	13.9	9.7	(4.2)	-30.3%	17.5	3.6	26.2%
Total	\$78.7	\$104.0	\$102.2	(\$1.8)	-1.7%	\$108.7	\$4.7	4.6%
Authorized FTE Levels	400.0	400.0	400.0	-	0.0%	395.0	(5.0)	-1.3%

\$ in millions. Totals may vary due to rounding.

The Department of Environmental Management (DEM) is responsible for protecting, managing, and restoring the natural resources of the State. The Department is organized into three divisions: the Office of the Director, the Bureau of Natural Resources, and the Bureau of Environmental Protection.

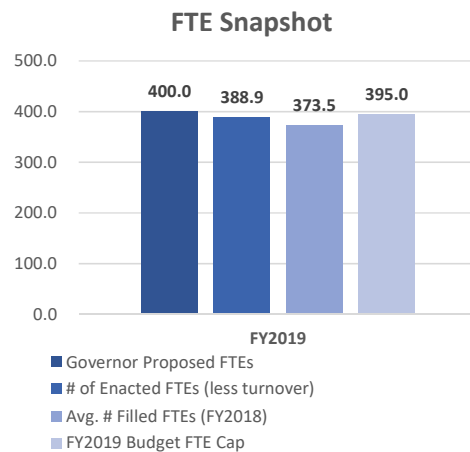
The Department is charged with supervising and controlling the protection, development, planning, and utilization of the natural resources of the state; the promotion of agriculture and animal husbandry; and, providing for the maintenance of waterways and boating facilities.

MAJOR ISSUES AND TRENDS

The FY2019 Budget includes an all funds increase of \$4.7 million, or 4.6 percent from the FY2018 Budget as Enacted. The Budget includes a \$2.5 million (6.5 percent) increase in general revenue expenditures compared to the FY2018 Budget as Enacted, primarily due to the shift of \$2.5 million to reflect the decentralization of statewide services partially offset by the elimination of the funding for the Clean Diesel Program (\$1.0 million). The Department is also experiencing a significant impact from the Voluntary Retirement Incentive program implemented by the Governor. Within DEM, 28 employees have taken advantage of the incentive including the Associate Director of Resource Management and the Assistant Director of Financial and Contract Management.

Article 5 of the Governor's Budget includes a \$47.3 million Green Economy and Clean Water bond referendum. If approved by voters, the general obligation bond will recapitalize the State's Clean Water and Drinking Water Revolving funds, as well other ongoing projects such as local recreation and local open space.

The Budget authorizes 395.0 FTE positions in FY2019, a decrease of 5.0 FTE positions from the FY2018 Budget as Enacted, and 400.0 FTE positions in FY2018. The decrease represents 12.8 percent of the positions vacant as of May 26, 2018.



OFFICE OF THE DIRECTOR

The Office of the Director includes the Office of Management Services, Legal Services, Administrative Adjudication, and the two central service offices of Human Resources and Information Technology. The Office is responsible for developing and implementing programs to protect the State's environment, protect citizens from public health threats resulting from pollution, and provide facilities that support outdoor recreational activities.

Office of Director	General Revenue
FY2018 Enacted	\$5,541,873
<i>Target and Other Adjustments</i>	
	36,003
Centralized Service Charges	1,750,993
Foundry Expenses	(162,580)
Voluntary Retirement Incentive	(115,537)
Personnel Changes	(109,461)
Statewide COLA	48,391
FY2019 Enacted	\$6,989,682

Centralized Service Charges**\$1.8 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$1,155,274
Capital Asset and Management	-
Human Resources	595,719
Total	\$1,750,993

Foundry Expenses**(\$162,580)**

The Budget includes a net reduction of \$162,580 for property taxes and utilities related to the Foundry building where DEM's main offices are located. Beginning in July 2016, DEM entered into a new lease for the Foundry building. Pursuant to the new agreement, responsibility for utility and property expenses are shifting between DEM and the landlord. The result is a net decrease in FY2019 relative to the FY2018 Budget as Enacted.

Voluntary Retirement Incentive**(\$115,537)**

The State of Rhode Island is offering a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000, at a total projected statewide cost of \$9.0 million. In addition, severance costs could exceed \$2.4 million statewide. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees must submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Department is \$265,537, with \$115,537 occurring within the Office of the Director. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Personnel Changes **(\$109,461)**

The Budget includes a reduction of \$214,461 in general revenue to reflect the full-year savings from the elimination of a Hearing Officer position (\$134,871 in salary and about \$80,000 in benefits) partially offset by the addition of an Internet Communications Specialist (\$105,000). There is not reduction in FTE positions.

Statewide COLA **\$48,391**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$778,495 within the Department of Environmental Management, with \$48,391 of the total increase within the Office of the Director.

BUREAU OF NATURAL RESOURCES

The Bureau of Natural Resources is comprised of six divisions which manage the State's marine, freshwater, and upland resources. The Bureau administers the State's agriculture programs, state land acquisitions, and local matching grant programs for outdoor recreation. The Bureau is also responsible for enforcing state laws and regulations governing hunting and fishing, public safety in state parks, and recreational boating; and for administering, maintaining, and operating eight state parks, five campgrounds, seven state beaches, a golf course, the East Bay and Blackstone Bike Paths, and 40,000 acres of state-owned forests. Furthermore, the Bureau is responsible for oversight of all land leases and capital assets of port facilities and commercial fishing piers in Narragansett and Newport.

Bureau of Natural Resources	General Revenue
FY2018 Enacted	\$21,088,161
<i>Target and Other Adjustments</i>	<i>194,702</i>
Statewide COLA	435,873
Centralized Service Charges	323,651
Seasonal Employees and Minimum Wage Increase	232,630
VRI Savings	(110,000)
Beach Parking Fee Payments to Host Communities	(56,234)
FY2019 Enacted	\$22,108,783

Bureau of Natural Resources	Other Fund Changes
Food Safety Modernization Act (federal funds)	\$200,000

Statewide COLA **\$435,873**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$778,495 within the Department of Environmental Management, with \$435,873 of the total increase within the Bureau of Natural Resources.

Centralized Service Charges**\$323,651**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$323,651
Capital Asset and Management	-
Human Resources	-
Total	\$323,651

Seasonal Employees and Minimum Wage Increase**\$232,630**

Article 14 of the FY2018 Budget as Enacted increased the minimum wage from \$9.60 to \$10.10 per hour effective October 1, 2017, and again to \$10.50 per hour beginning January 1, 2019. These increases will impact the seasonal workers in DEM and cost an estimated \$173,368. The minimum wage was last increased on January 1, 2016, from \$9.00 to \$9.60 per hour. The remaining \$62,630 will provide funding for seasonal workers based on actual costs in FY2018.

VRI Savings**(\$110,000)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Department in FY2019 is \$265,537, with \$110,000 of the total occurring within the Bureau of Natural Resources. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Beach Parking Fee Payments to Host Communities**(\$56,234)**

The Budget includes a decrease of \$56,234 in general revenue (\$466,266 in total payments) for beach parking fees paid to host communities based on actual receipts. Parking fees at State-owned beaches are collected through the sale of season passes and daily fees. The State retains the entire amount of revenue collected from the season passes; however, host communities are paid 27.0 percent of the fees collected through daily parking fees.

Beach Parking Fees - Reimbursements to Host Communities

	South				
Summer	Charlestown	Westerly	Narragansett	Kingstown	Total
2009	\$21,534	\$211,669	\$234,972	\$25,726	\$493,901
2010	23,801	238,226	266,054	29,866	557,947
2011	15,466	155,051	162,476	11,365	344,358
2012	22,915	181,980	204,614	27,851	437,360
2013	18,233	161,937	188,342	26,328	394,840
2014	18,244	171,464	185,084	29,053	403,845
2015	17,935	194,124	196,868	32,108	441,035
2016	29,099	221,114	214,462	37,742	502,417
2017	24,748	191,802	197,115	32,601	446,266

Food Safety Modernization Act (federal funds)**\$200,000**

The Budget includes an additional \$200,000 in federal funds for a new Programming Services Officer and a new Senior Environmental Scientist. These positions are needed to implement legislation enacted in 2017 that transferred authority and responsibility for the Produce Safety Rule (PSR) of the federal Food Safety Modernization Act (FSMA) from the Department of Health (DOH) to DEM. The PSR became effective in January 2018. The positions will be funded with federal funds provided by the federal Food and Drug Administration (FDA) pursuant to a five-year cooperative agreement with the DOH.

BUREAU OF ENVIRONMENTAL PROTECTION

The Bureau of Environmental Protection is comprised of six programs which are responsible for regulating and protecting water resources; protecting and improving air resources; regulating the transportation and disposal of solid, medical and hazardous waste, and investigating and remediating unpermitted release of those materials; responding to emergency spills of oil and chemicals that present an immediate danger to public health and environment; and assisting the public by coordinating the review of projects requiring multiple applications and permits, and tracking the status of permitting activities throughout the Bureau.

Bureau of Environmental Protection	General Revenue
FY2018 Enacted	\$12,674,150
<i>Target and Other Adjustments</i>	<i>375,551</i>
Clean Diesel Program	(999,493)
Centralized Service Charges	438,311
Statewide COLA	294,231
VRI Savings	(40,000)
FY2019 Enacted	\$12,742,750

Clean Diesel Program**(\$999,493)**

The Budget eliminates funding for the Clean Diesel Program. The FY2017 Budget as Enacted included \$2.0 million for the new Rhode Island Clean Diesel Fund established within DEM; however, due to implementation delays the funding was not utilized in FY2017. Consequently, \$1.0 million in funding was shifted into FY2018. In FY2019, the program funding is eliminated.

The program is intended to reduce emissions from heavy-duty engines operating on state roads and help companies improve supply chain efficiency as described in the United States Environmental Protection Agency's SmartWay Program. In FY2018, the Budget reduced funding for the Clean Diesel Program by \$412,472 in general revenue, leaving \$587,021 to fund the program for the fiscal year. DEM received 33 applications totaling \$2.6 million, primarily for vehicle replacement, and will award \$500,000 in grants. An additional \$87,021 in salary and benefit costs related to program administration will be expended.

Centralized Service Charges**\$438,311**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$438,311
Capital Asset and Management	-
Human Resources	-
Total	\$438,311

Statewide COLA**\$294,231**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$778,495 within the Department of Environmental Management, with \$294,231 of the total increase within the Bureau of Environmental Protection.

VRI Savings**(\$40,000)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Department in FY2019 is \$265,537, with \$40,000 of the total occurring within the Bureau of Environmental Protection. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

CAPITAL PROJECTS

The Budget includes a total of \$13.9 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2018 and \$17.5 million in FY2019, including:

- \$2.2 million in FY2018 and \$2.5 million in FY2019 for infrastructure and facility improvements at state parks and management areas. The new projects include renovations to Colt Stone Barn, Fort Adams State park and Goddard State Park Beach Pavilion and parking lot.
- \$1.8 million in FY2018 for the Fort Adams Sailing Improvements project including the new Mid-Park Marine and Education center. This project was completed for the May 2018 Volvo Ocean Race.
- \$100,000 in FY2018 and \$5.0 million in FY2019 for the Natural Resources Offices and Visitors' Center project. This project involves the construction of a new building in the Arcadia Management Area to coordinate staff programming by providing office space, laboratories, storage, and workshop areas for mosquito abatement testing, the state veterinarian, and the administrative office, including the Freshwater Fisheries and Wildlife sections of the Division of Fish & Wildlife.
- \$250,000 in FY2018 and \$1.9 million in FY2019 for repairs to "high-hazard" state-owned dams. The Department began design of repairs for the lower J.L. Curran Management Area in Cranston with

demolition beginning in FY2018. The design for the reconstruction of the Wyoming Pond upper dam in Hope Valley began in FY2016 with construction beginning in FY2018. The design of the Trestle Trail culvert replacement has begun and the Silver Spring dam reconstruction project is next on the priority list. Beginning in FY2020, the funding shifts to the new Green Economy Bonds general obligation bond proceeds; however, the \$1.1 million of RICAP funding in FY2019 reflects the updated project schedule and allows the project to continue uninterrupted pending the approval of the ballot question in November.

Coastal Resources Management Council

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted	%	Enacted	Enacted	%
Coastal Resources Management Council	\$6.0	\$4.8	\$7.0	\$2.1	44.4%	\$6.5	\$1.6	33.7%
Expenditures By Source								
General Revenue	\$2.4	\$2.5	\$2.5	(\$0.0)	-0.7%	\$2.8	\$0.3	11.0%
Federal Funds	3.1	1.6	4.2	\$2.6	155.5%	2.7	\$1.1	65.7%
Restricted Receipts	0.1	0.3	0.3	-	-	0.3	-	-
Other Funds	0.3	0.5	0.1	(\$0.4)	-88.9%	0.7	\$0.3	61.1%
Total	\$6.0	\$4.8	\$7.0	\$2.1	44.4%	\$6.5	\$1.6	33.7%
Authorized FTE Levels	29.0	29.0		-	-	30.0	1.0	0.0

\$ in millions. Totals may vary due to rounding.

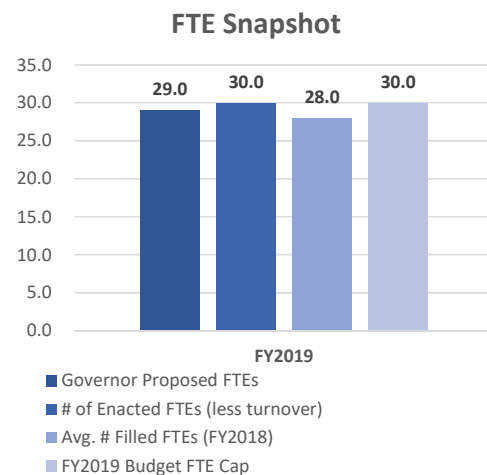
The Coastal Resources Management Council (CRMC) is mandated to preserve, protect, develop and, where possible, restore the coastal resources of the State. The CRMC oversees the Coastal Habitat Restoration Program and is charged with developing an Ocean Special Area Management Plan (SAMP) and a Marine Resources Development Plan.

MAJOR ISSUES AND TRENDS FOR FY2019

The FY2019 Budget includes an all funds increase of \$1.6 million (33.7 percent) from the FY2018 Budget as Enacted, including a general revenue increase of \$272,579, a federal funds increase of \$1.1 million, and an other funds increase of \$275,000.

The increase in federal funds is primarily due to the extension of the Ninigret Pond project into FY2018 and new federal grants in both FY2018 and FY2019.

The Budget authorizes 30.0 FTE positions in FY2019, an increase of 1.0 Ocean Engineering FTE position over the FY2018 Budget as Enacted.



Central Management	General Revenue
FY2018 Enacted	\$2,487,578
<i>Target and Other Adjustments</i>	
Ocean Engineering Position (1.0 FTE)	27,953
Statewide COLA	188,877
Legal Services	58,383
Centralized Service Changes	(20,000)
FY2019 Enacted	\$2,760,157

Central Management	Other Fund Changes
Quonochontaug Pond (federal funds)	\$942,103
Stormtools (federal funds)	156,957
Beach SAMP Coastal Resilience (federal funds)	94,995

Ocean Engineering Position (1.0 FTE)**\$188,877**

The Budget includes \$188,877 for a 1.0 FTE Ocean Engineer position for the Coastal Resources Management Council. The position is needed to help with permitting new wind energy projects.

Statewide COLA**\$58,383**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$58,383 within the CRMC.

Legal Services**(\$20,000)**

The Budget reduces funding for contracted legal services by \$20,000 in FY2019, leaving a balance of \$106,000. In FY2017 the Council spent \$73,000 for contracted legal services, and, as of May 14, 2018, the Council had only spent \$67,000.

Centralized Service Charges**\$17,366**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In FY2019 these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Centralized Service Charges	Amount
Information Technology	\$17,366
Capital Asset and Management	-
Human Resources	-
Total	\$17,366

Federal Fund Changes**\$1.2 million**

The Budget includes an increase of \$1.2 million in new federal fund grant awards, including the following:

- **Quonochontaug Pond:** The Budget includes \$942,103 in FY2019 and \$40,000 in FY2018 in federal funds from the National Oceanic and Atmospheric Administration's (NOAA'S) Coastal Resilience Grant program. The project involves the restoration of 30.0 acres of degraded salt marsh in Quonochontaug (Quonnie) Pond and the adjacent area for recreational fishing. Restoration involves depositing dredge material on the marsh surface to fill man-made ditches and elevate the marsh, and then replanting the area with native species. Restoring the natural function of the salt marsh and enhancing vegetation will increase the lifespan and resiliency of the wetland in the face of future storm surge and sea level rise.
- **Stormtools:** The Budget provides \$156,957 in new federal grant funding toward the development of stormtools design elevation (SDE) maps. The funding will allow CRMC, in collaboration with URI Ocean Engineering, to develop a series of maps for sea level rise (SLR) for the entire coast of Rhode Island. Current Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps do not account for sea level rise and therefore underestimate future risk. The SDE map project will develop recommended base flood elevations (BFE) in the STORMTOOLS platform to account for SLR and

future risk for comparison with FEMA maps. The SDE maps will provide a better tool to aid in coastal construction resiliency against coastal hazards.

- **Beach SAMP Coastal Resilience:** The Budget provides \$94,995 in new federal funding to allow CRMC, in partnership with the URI Coastal Resources Center, to provide technical support to state and municipal staff and other decision makers in applying CRMC Beach SAMP planning guidance and decision making tools to enhance the resiliency of Rhode Island communities from coastal hazards.

CAPITAL PROJECTS

The Budget provides Rhode Island Capital Plan (RICAP) funding totaling \$50,000 in FY2018 and \$725,000 in FY2019 for capital projects, including the following:

- **Coastal Storm Risk Study:** In response to Hurricane Sandy and other coastal storms, the United States Army Corps of Engineers (USACE) is investigating solutions to reduce future flood risk by developing the long-term resilience and sustainability of coastal ecosystems. The Budget provides RICAP funds totaling \$525,000 in FY2019 as the state share for the cost of the study being conducted by the USACE. Through the North Atlantic Coast Comprehensive Study (NACCS), the USACE identified high-risk areas on the Atlantic Coast for a more in-depth analysis into potential management solutions to reduce the coastal storm risk to the existing shorefront development. The study breaks Rhode Island into two planning reaches (or zones). The first reach covers the Narragansett Bay area, starting at the Massachusetts border and ending at Point Judith. The second reach encompasses the south shore, including South Kingstown, Charlestown, and Westerly.
- **Narragansett Bay SAMP:** The Budget includes \$200,000 in RICAP funds in FY2019 to update the Rhode Island Coastal Resources Management Program (RICRMP) to current federal standards and develop a Narragansett Bay Special Area Management Plan (SAMP) to protect the Bay's fisheries, as well as recreation- and marine-based resources. Due to the creation of the original Ocean SAMP, Rhode Island, through the Council, has legal standing for a role in management of federal waters up to 30 miles offshore, instead of only within the traditional three-mile limit. SAMPs are resource management plans and implementation programs developed to manage specific geographic areas with specific resources. In May 2016, the Council marked the five-year anniversary of the Ocean SAMP: the first SAMP in the nation to venture out into federal offshore waters for future uses and preservation. However, the Ocean SAMP starts at the mouth of the Narragansett Bay, leaving a significant gap in the Council's ability to manage the Bay's resources. The Bay is managed pursuant to the federally-approved RICRMP which was developed in the early 1970's; consequently, some of the policies are outdated and inconsistent with current regulations of the National Oceanic Atmospheric Administration (NOAA), the federal agency that regulates federal coastal waters.
- **Green Pond Dredging Study:** The Budget provides \$50,000 in RICAP funds in FY2018 for the study of dredging of Green Hill Pond. The study is aimed at lifting the shell fishing ban in Green Hill Pond and Eastern Ninigret. The State funds will be matched by the towns of Charlestown and South Kingstown each contributing \$25,000.

Department of Transportation

Expenditures By Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$8.7	\$11.6	\$12.9	\$1.3	11.2%	\$11.2	(\$0.4)	-3.4%
Infrastructure- Engineering	340.8	399.4	405.8	6.4	1.6%	454.0	54.6	13.7%
Infrastructure- Maintenance	63.9	100.2	163.8	63.6	63.5%	119.9	19.7	19.7%
Management and Budget	2.4	2.9	5.6	2.7	93.1%	5.8	2.9	100.0%
Total	\$415.8	\$514.1	\$588.1	\$74.0	14.4%	\$590.9	\$76.8	14.9%

Expenditures By Source

Federal Funds	239.7	285.4	283.4	(2.0)	-0.7%	299.5	14.1	4.9%
Restricted Receipts	1.3	3.2	3.1	(0.1)	-3.1%	3.0	(0.2)	-6.3%
Other Funds	174.9	225.5	301.6	76.1	33.7%	288.4	62.9	27.9%
Total	\$415.8	\$514.1	\$588.1	\$74.0	14.4%	\$590.9	\$76.8	14.9%

Authorized FTE Levels	701.0	775.0	775.0	-	-	755.0	(20.0)	-2.6%
-----------------------	-------	-------	-------	---	---	-------	--------	-------

\$ in millions. Totals may vary due to rounding.

The Rhode Island Department of Transportation (RIDOT) is responsible for over 3,300 “lane miles” (1,100 miles) of highway and 1,173 bridges in the State. The Department inspects all State and municipal bridges greater than 20 feet (751 bridges). RIDOT provides services ranging from snow removal to pothole repair, and from installation and maintenance of traffic signalization to design of highway and bridge construction. The Department also develops projects in the areas of rail, water, bicycle, and pedestrian transportation, coordinates with RIPTA on transit projects, and engages in air quality planning and coordination.

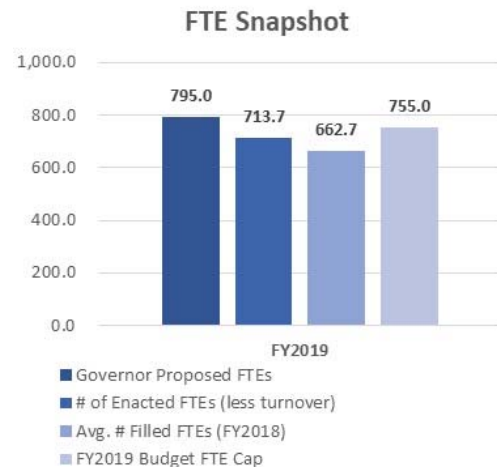
Established in FY1994, the Intermodal Surface Transportation Fund (ISTF) accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used for the maintenance, upgrading, and construction of the State’s highway system. It also is funded by the proceeds of the Grant Anticipation Revenue Vehicle (GARVEE) and the RI Motor Fuel Tax (RIMFT) revenue bonds, and related expenditures. The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the ISTF.

Funds are used to finance all RIDOT personnel, and operating, and ongoing repair and renovation expenditures for RIDOT facilities throughout the state, as well as highway debt service, and motor fuel tax proceeds allocated to the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority, and the Department of Human Services.

MAJOR ISSUES AND TRENDS

The Budget allocates a total of \$590.9 million to RIDOT, an increase of \$76.8 million in total funds from the FY2018 Budget as Enacted (14.9 percent).

The Budget includes an FTE authorization of 755.0, a decrease of 20.0 FTE positions relative to the FY2018 Budget as Enacted. The unspecified positions were removed based on the Department’s average number of FTE positions filled in FY2017. On average, throughout FY2017, the Department had a total of 662.7 FTE positions filled, 112.3 less than the FY2018 Enacted levels.



RhodeWorks

The General Assembly enacted “The Rhode Island Bridge Replacement, Reconstruction and Maintenance Fund Act of 2016,” in February 2016. The legislation, also known as “RhodeWorks”, does the following:

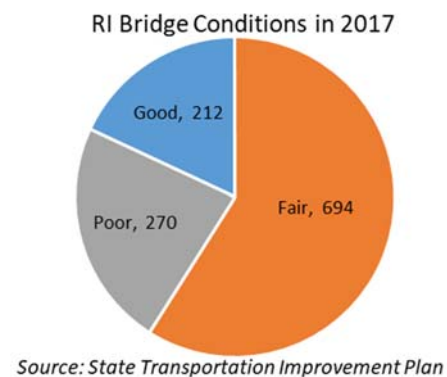
- Allows the Rhode Island Department of Transportation (RIDOT) to establish and collect tolls on commercial trucks, vehicle class 8 and larger, traveling on Rhode Island bridges, raising approximately \$41.0 million annually.
- Allows for the refinancing and restructuring of previously existing GARVEE bonds to realize approximately \$120.0 million in additional resources during the first three years post-refinancing.
- Allows the Rhode Island Commerce Corporation to issue new GARVEE bonds, not to exceed \$300.0 million, for bridge replacement, reconstruction, maintenance, and operations. These bonds have an expected term of fifteen years, with interest-only payments in the first nine years, and will be repaid from future toll revenues and reimbursements.

Truck Toll Gantries: The truck-only tolling plan received formal federal approval in September 2016 at which time the RIDOT executed a series of Memoranda of Understanding with the Federal Highway Administration regarding which bridge locations toll revenue could be used to maintain. In December 2016, RIDOT issued the RFP for the Design-Build-Operate-Maintain (DBOM) contract for the tolling program, including gantry design and construction; all operational elements, testing and acceptance; and long-term maintenance of the tolling equipment and facilities. In 2017, the Department awarded a contract to Kapsch TrafficCom to design, build, operate, and maintain the gantries for 10 years. A total of 14 toll gantries will be built. Currently two toll gantries in Richmond and Hopkinton are operational and collecting tolls. Ten additional toll gantries are expected to be constructed in FY2019. The construction of the final two toll gantries is delayed indefinitely due to other construction projects.

State Transportation Improvement Program-Major Projects

The Department includes major projects the State intends to implement in their yearly State Transportation Improvement Program (STIP). The STIP includes projects for 10 years, however only the first four years are fiscally constrained, meaning the costs of the projects may not exceed the anticipated funding that is expected to be available in the four-year time period. The current STIP runs FFY2018-FFY2027.

Bridge Capital Program: The largest project included in the STIP for FY2019 is the Bridge Capital Program. In 2015, Rhode Island was ranked last in the nation for overall bridge condition with about 24.0 percent of bridges ranked as structurally deficient. The Bridge Capital Program is focused on reducing the percentage of structurally deficient bridges to 10.0 percent by 2025. As of 2017, 270 of the State’s 1,176 bridges were in poor condition, 694 bridges were in fair condition and 212 where in good condition. The State would need to repair 152 bridges over the next seven years to reach the goal of 90.0 percent structurally sound bridges throughout the State. The Bridge Capital Program will identify and develop a structured sequence of preservation, repair, rehabilitation, and replacement actions that will achieve and sustain a state of good repair for the State’s bridges at a minimum cost. The Bridge Capital Project is anticipated to cost \$1.5 billion from FY2018 through FY2027. The STIP includes \$211.1 million in FY2019.



Debt Service: The second largest expense in the STIP is debt service. The current STIP includes two Grant Anticipation Revenue Vehicle (GARVEE) bond issuances, the refinancing of the existing GARVEE debt to extend the term by three years from FY2021 to FY2024, and the issuance of a new \$300.0 million GARVEE bond. Both issuances create more federal resources for near-term bridge construction and maintenance costs. The goal of issuing these funds now is to save the State money in future bridge repair

and replacement costs. Debt service is anticipated to cost \$900.1 million from FY2018 through FY2027. The STIP includes \$102.7 million in FY2019.

Route 6/10 Project: The STIP includes funding in FY2019 for the Route 6/10 interchange project. The project involves the replacement of nine structures, five of which are structurally deficient. The project will also create 1.4 miles of bike paths and clear over four acres of land for development. The total project is expected to cost \$400.0 million from FY2018 through FY2024. In FY2019, the STIP includes \$70.0 million for this project, \$56.0 million in GARVEE bonds, \$10.0 million in RICAP funds, and \$4.0 million in Highway Maintenance Account funds.

Pavement Capital Program: The Pavement Capital Program includes funds for design and construction projects to maintain the State's roadways. Pavement sufficiency targets were approved and phased-in in May 2018. The Department uses an asset management approach described as applying the "right treatment, to the right pavement, at the right time" to prevent roadway failure. Rhode Island currently has 6,528 miles of roadway, the Department maintains approximately 1,100 miles of those roadways. The Pavement Capital Program will allow for additional miles to be paved and will improve the State's Pavement Structural Health Index, which is held at 80.0 percent per mile. The total project is anticipated to cost \$867.2 million from FY2018 through FY2027. The STIP includes \$61.2 million in FY2019.

Pavement Repair Cost	
Crack Sealing	\$1
Resurfacing (areas with no sidewalk)	35
Resurfacing (areas with sidewalk)	45
Reclaiming	45
Reconstructing	138

Cost based on 1 square yard

Source: State Transportation Improvement Plan

Rhode Island Highway Maintenance Account (HMA)

The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund (ISTF). The FY2015 Budget as Enacted provided additional funding for transportation projects through increased deposits into the HMA including a surcharge of \$25 on all dismissals based upon a good driving record, in addition to the \$5 administration fee; an increase in the vehicle inspection fee from \$39 to \$55; transfer of existing revenue from inspection stickers (\$16.00 per inspection), motor vehicle title (\$50.00 per title), and car rental surcharges (8.0 percent of gross receipts per rental vehicle for the first thirty days) from the general fund to the HMA; and the phased-in transfer of all vehicle license and registration fees into the HMA beginning in FY2016.

Rhode Island Highway Maintenance Account

	FY2017	FY2018	FY2019
<i>New Fees and Surcharges</i>	Actual	Final	Enacted
Good Driving Surcharge	\$0.5	\$0.5	\$0.5
Inspection Sticker Increase	\$5.8	\$5.8	\$5.8
License and Registration Surcharge	\$19.4	\$19.4	\$19.4
Total New Fees	\$25.7	\$25.6	\$25.7
<i>Existing General Revenue being Transferred to the Highway Maintenance Account</i>			
Inspection Sticker Increase	\$5.8	\$5.8	\$5.8
Motor Vehicle Title Fee	10.3	10.5	10.7
Rental Car Surcharge	4.0	3.2	3.3
License and Registration Transfer	25.7	30.5	51.5
Duplicate and Update License Fee	0.3	0.4	-
Total Revenue Transferred from General Fund	\$46.1	\$50.4	\$71.4
Total Revenue to Highway Maintenance Account	\$71.8	\$76.0	\$97.0

\$ in millions. Totals may vary due to rounding.

Source: Office of Revenue Analysis and Budget Office

Providence to Newport Ferry

Starting in FY2017, RIDOT piloted a nine-week ferry service from Providence to Newport that ran seven days a week through Labor Day. The pilot was made possible through a \$500,000 federal Congestion Mitigation and Air Quality Improvement grant (CMAQ); however, the funding for this project will end in FFY2021 unless otherwise extended. RIDOT contracted with New Jersey-based SeaStreak, the operator of the New Bedford-to-Martha's Vineyard ferry, to be the ferry operator. RIDOT pays SeaStreak a monthly per diem subsidy to operate the ferry. The per diem subsidy amount RIDOT pays does not change regardless of ridership or peak season. Over 30,000 trips were made during the pilot. RIDOT will once again use CMAQ funding to continue the pilot in the summer of 2018 (FY2019) and will extend the service to run through October.

CENTRAL MANAGEMENT

The Central Management Program includes Legal Counsel, Human Resources, the Real Estate Section, External Affairs, the Office on Highway Safety, and the Director's Office. The Legal Services office works closely with the Office of the Attorney General in legal proceedings involving RIDOT and also provides support within RIDOT for program development, property management and acquisition, contracts, litigation, arbitration, and contracted outside legal services. Human Resources administers labor relations, human resource development and training, all equal opportunity programs. The Real Estate section deals with acquisition, appraisal, negotiation, and relocation for property purchases (including easements and larger parcels) and property sales. The Office on Highway Safety develops and coordinates programs with local, state and federal agencies to reduce highway deaths and injuries, and to promote public awareness of the correlation between highway safety and alcohol and substance abuse through the development and distribution of educational information. The Director's Office includes the Legislative Liaison, Deputy Director, and other staff responsible for interacting with the public and making policy decisions.

	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted		FY2019 Enacted	Change from Enacted	
Central Management								
Federal Funds	\$5.2	\$6.8	\$8.1	\$1.3	19.1%	\$6.5	(\$0.3)	-4.4%
Other Funds	3.5	4.8	4.8	0.0	0.0%	4.7	(0.1)	-2.1%
Total	\$8.7	\$11.6	\$12.9	\$1.3	11.2%	\$11.2	(\$0.4)	-3.4%

\$ in millions. Totals may vary due to rounding.

Federal funds decrease by \$253,117 within personnel salaries and benefits due to a decrease in FTE positions. The FY2019 Budget includes 58.0 FTE positions within Central Management, a decrease of 3.0 positions from the FY2018 Enacted Budget. The Department had requested 3.0 new FTE positions including 1.0 Executive Assistant, 1.0 Senior Accountant and 1.0 Implementation Aid to Human Resources. These new positions were not included in the Enacted Budget as they can be filled by the Department within the authorized FTE allotment.

Other funds decrease by \$58,565 partially due to a decrease of \$99,053 related to interdepartmental cost allocations representing a percent of the salary and benefits of a Senior Counsel position in the Governor's Office. The Budget included interdepartmental cost allocations totaling \$794,564 for staff in the Governor's Office that is charged against ten state agencies. The Budget Office stated that these cost allocations reflect Governor's Office staff support to assist these state agencies on various policy and program initiatives such as Real Jobs RI, RhodeWorks, Reinventing Medicaid, Justice Reinvestment Initiative, etc. In FY2019, the Budget removes the cost allocations. The decrease is partially offset by a \$251,996 increase to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$0
Capital Asset and Management	-
Human Resources	251,996
Total	\$251,996

INFRASTRUCTURE - ENGINEERING

The Infrastructure Engineering program works to develop the State's roads and bridges into an advanced ground transportation system. The program consists of multiple divisions and sections encompassing design, planning, and construction of the Transportation Development Division. The Project Management division oversees all phases of a project from start to finish, including design, construction, and materials testing. The Construction Management section is responsible for the administration and inspection of highway, bridge, traffic signal and destination signing and freight/commuter rail construction activities throughout the State. The Materials Unit conducts sampling and quality assurance testing. The Research and Technology section evaluates new technologies, provides research for national, regional, and local programs, and provides training in new technology. The Office of Storm water Management is responsible for the scope, plan, design, and maintenance of storm water systems. The Transportation Management center oversees the integration of multiple transportation systems to manage traffic on the State's roadways. The Capital Program section develops and monitors the Department's Ten-Year Plan to ensure successful implementation. Finally, the Office of Transit, New Starts, and Operations section develops and implements planning projects by working to develop an integrated transportation system that provides convenient transitions between different modes of transportation.

Infrastructure- Engineering	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted	FY2019 Enacted	Change from Enacted
Federal Funds	\$234.5	\$278.6	\$275.4	(\$3.3) -1.2%	\$293.0	\$14.4 5.2%
Restricted Receipts	1.3	3.2	3.1	(0.1) -2.6%	3.0	(0.1) -4.2%
Other Funds	105.0	117.6	127.4	9.8 8.3%	157.9	40.4 34.3%
Total	\$340.8	\$399.4	\$405.8	\$6.4 1.6%	\$454.0	\$54.6 13.7%

\$ in millions. Totals may vary due to rounding.

The Budget includes \$454.0 million in total funding for the Infrastructure-Engineering Program in FY2019, a 13.7 percent increase over the FY2018 Budget as Enacted. This increase includes a \$14.4 million increase in federal funds, an increase of \$40.4 million in other funds, and a \$133,722 decrease in restricted receipts. The Department had requested funding for an additional 10.0 FTE positions: 5.0 Project Managers, and 5.0 FTE positions within the Storm water and Transit Unit including 1.0 Senior Civil Engineer, 1.0 Supervising Environmental Scientist, 1.0 Supervising Planner, 1.0 Clerk Secretary and 1.0 Legal Council position. The Budget does not increase the FTE positions but anticipates the Department will be able to hire all necessary positions within the authorized FTE levels.

The \$14.4 million increase in federal funds is mainly associated with a \$10.0 million fund shift within the Department. The Budget redirects savings from turnover in FY2018 and FY2019 into statewide repaving project federal funds funds. The Budget also includes an additional \$1.8 million in federal funds for salary and benefits associated with the positions described above.

The Department is expected to hire the necessary additional positions within authorized FTE levels. The remaining increase in federal funds is related to an additional \$1.3 million to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$1,350,610
Capital Asset and Management	-
Human Resources	511,627
Total	\$1,862,237

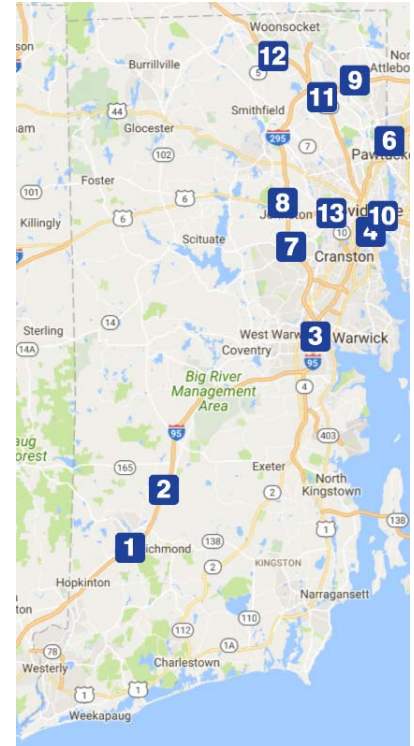
Note: \$1.3 million of the charges is federal funds, the remaining \$522,479 is other funds.

The Budget also includes a federal funds savings of \$475,000 associated with the voluntary retirement incentive (VRI). The State of Rhode Island provided a VRI payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the

employee’s current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee’s longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

The Budget also includes an additional \$514,734 in gas tax funds to reflect an upward revision of the gas tax estimate from the Department of Revenue. Of the \$514,734, \$67,506 would stay within the DOT, \$329,092 would be transferred to the Rhode Island Public Transit Authority (RIPTA), and \$118,136 would be transferred to the Rhode Island Turnpike and Bridge Authority (RITBA).

The Budget includes an additional \$41.0 million in other funds attributed to toll gantry revenue that is expected to be generated in FY2019. The gantries will charge a toll on tractor trailer trucks, vehicle class 8 or larger. The tolls will be limited to once per toll facility per day in each direction. Toll will also be limited to \$20 for a one-way border-to-border trip from Connecticut to Massachusetts. Individual tolled vehicles will not exceed \$40 in tolls per day. The Department anticipates a total of 12 toll gantries being operational by the end of FY2019, currently two toll gantries, located in Richmond and Hopkinton, are operational and charge trucks a one-way toll of \$3.25 and \$3.50. Within the first month of tolling the gantries had collected \$625,989, which is over the original target the Department had anticipated. Revenue generated from the truck tolls will be used for bridge maintenance and improvements throughout the State. The graphic illustrates the locations for 12 of the 14 toll gantries. Two gantry installations will be delayed for an unknown amount of time and are not included in the revenue estimates.



INFRASTRUCTURE - MAINTENANCE

The Infrastructure Maintenance program is comprised of multiple divisions that are responsible for keeping all state roads and bridges well-maintained and functional. The Automotive section is responsible for the up keep and repair of the program’s fleet of heavy trucks and equipment. The Engineering and Support office is a multi-faceted section responsible for resolution of drainage problems, inspection of work permits, coordination of requests for pavement projects, maintenance of guardrails, fences, and highway related equipment along the state highway, highway illumination, and state-wide beautification projects. The Field Operations sections, which is comprised of staff who operate from multiple field offices across the State, is responsible for sweeping, litter collection, and snow plowing, as well as bridge, pothole, and guardrail repairs. In recent years the Department has worked to bring tasks performed by the Infrastructure Maintenance program in-house rather than contracting services from outside vendors.

	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted	FY2019 Enacted	Change from Enacted
Infrastructure- Maintenance						
Other Funds	\$63.9	\$100.2	\$163.8	\$63.6 63.5%	\$119.9	\$19.7 19.7%

\$ in millions. Totals may vary due to rounding.

For FY2019, the Budget includes an increase of \$19.7 million in other funds, including an increase of \$22.6 million for the Road and Bridge Maintenance Program, and an additional \$582,239 in gas tax funds to reflect an upward revision of the gas tax estimate from the Department of Revenue. These increases are partially offset by \$1.8 million a decrease in funding for vehicle and winter road maintenance, and voluntary retirement incentive savings.

Within the Road and Bridge Maintenance Program, the Budget includes an increase of \$22.6 million to reflect the final phase of the transfer of Department of Motor Vehicle fees initially begun in FY2016, as authorized by Article 21 of the FY2015 Budget as Enacted. These funds will be used to pay for road and bridge maintenance throughout the State. The FY2018 Budget altered the amount of fees deposited into the Highway Maintenance Account; instead of 100.0 percent being deposited in FY2018 it was reduced to 60.0 percent. 100.0 percent of the fees are to be deposited in FY2019. \$506,976 of the additional funds will be transferred to RIPTA for their share of the Highway Maintenance Account.

The Budget also includes a savings of \$475,000 associated with the voluntary retirement incentive (VRI). The State of Rhode Island provided a VRI payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

MANAGEMENT AND BUDGET

The Management and Budget program is made up of three divisions: Administrative Services, Financial Management, and Transportation Support Division. The Administrative Services division provides contract administration; education; minority advancement; conformance review for federal laws and regulations; and programming, administration, and coordination with the University of Rhode Island's Transportation Center. The Financial Management division oversees the Department's budget, including federal, state, capital and other funds. The Transit Support division maintains the Department's communications systems and vehicles in the RIDOT fleet, from passenger vehicles to heavy equipment.

	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from Enacted	FY2019 Enacted	Change from Enacted
Management and Budget						
Other Funds	\$2.4	\$2.9	\$5.6	\$2.7 93.1%	\$5.8	\$2.9 100.0%

\$ in millions. Totals may vary due to rounding.

The Management and Budget program is funded through motor fuel tax proceeds, without federal funding. The Budget includes a \$532,285 increase in personnel costs to correct accounting errors, the Department is charging less of their personnel costs to federal accounts to accurately align where the costs are actually charged.

The Budget also includes an additional \$2.2 million in other funds to reflect the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

Centralized Service Charges	Amount
Information Technology	\$1,704,037
Capital Asset and Management	540,000
Human Resources	-
Total	\$2,244,037

CAPITAL PROJECTS

Capital projects are an integral part of the RIDOT budget. In addition to the projects included in the Transportation Improvement Program (TIP), the following projects are also part of the RIDOT capital program.

Highway Improvement Program: The Budget includes \$35.8 million in FY2019 in Rhode Island Capital Plan (RICAP) funding for the Highway Improvement Program (HIP). The HIP implements projects outlined in the State's 10-year Transportation Improvement Plan (STIP). The STIP is a list of transportation

projects that the State intends to implement using Federal Highway Administration (FHWA) funds and Federal Transit Administration (FTA) funds. The current STIP runs from FY2018-FY2027 and includes projects such as truck toll operations and bridge preservation and maintenance.

Statewide Pavement: The Budget includes \$20.0 million in Rhode Island Capital Plan (RICAP) funding in FY2019 for a range of pavement projects that will benefit the entire State by having safe, reliable roads. The Federal Transportation Authority identified pavement condition as one area where the State will be required to meet a minimum standard or risk losing flexibility with federal highway funds.

Salt Storage Facilities: The Budget includes \$1.0 million of RICAP funding in FY2019 and \$5.0 million through FY2023 to construct covered salt storage facilities across the state where salt is currently stored uncovered. The Department plans to construct four new facilities with locations in Pawtucket, Newport, East Providence and Portsmouth.

Vehicle Equipment Replacement Plan: The Budget includes \$1.5 million in RICAP funds in FY2019, \$7.5 million through FY2023, for the purchase or lease of heavy trucks, sweepers, loaders, backhoes, and tractors to replace aging equipment in the Maintenance Division. This funding will allow RIDOT to follow a structured replacement plan to replace its aging fleet. On average, the necessary new vehicles cost \$103,560 each. According to the Department, more than 50.0 percent of its fleet and equipment was purchased before 2003.

INFORMATIONAL

Reorganization

Article 15 of the FY2016 Budget as Enacted changed the organizational functions of RIDOT by establishing a project management-based program and an asset management system.

The amendment also allowed the Director to establish divisions that are deemed necessary to carry out the responsibilities of the department.

Article 15 also required the Director of RIDOT to appoint a chief operating officer, and repealed the requirement that the deputy director of the Department of Transportation be a highway engineer.

RIDOT is now required to report annually on the status of its 10-year transportation plan to the Speaker of the House, the President of the Senate, and the House and Senate fiscal advisors no later than March 31.

The reorganization was implemented in three phases. The first phase transitioned the Department to a project-management orientation and developed new job descriptions accordingly, the second phase defined and established new performance metrics, and the third phase defined goals and training for positions within the Department. All three phases of the transition are complete and the Department will continue to update and alter job descriptions, goals and training materials as necessary.

Motor Fuel Tax Funding

A portion of the Intermodal Surface Transportation Fund (ISTF) is currently provided by 32.5 cents of the State's 34.0 cent per gallon gasoline tax. In FY2014, RIDOT received 21.75 cents of this tax, with RIPTA/DHS receiving 10.75 cents. Beginning in FY2015, 3.5 cents of the gasoline tax is transferred to the Rhode Island Turnpike and Bridge Authority to be used for maintenance operations, capital expenditures, and debt service on any of its projects in lieu of a toll on the Sakonnet River Bridge. This reduced RIDOT's share of the gasoline tax to 18.25 cents per gallon.

Beginning in FY2016, the tax will be adjusted by the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U),

Year	Motor Fuel Tax Yield (Cents/Gallon)
2009	\$4,327,710
2010	4,289,568
2011	4,210,324
2012	4,205,959
2013	4,137,712
2014	4,236,402
2015	4,397,823
2016	4,367,305
2017	4,417,413
2018*	4,499,764
2019*	4,474,455

* Dept. of Revenue Estimate

rounded to the nearest 1.0 cent increment (1.0 cent increase in FY2016). The Department of Revenue’s Office of Revenue Analysis (ORA) is responsible for both estimating the gas tax yield as well as determining the impact of the CPI-U. ORA does not believe that inflation will change significantly enough in FY2019 to warrant a change in the 34.0 cent per gallon tax rate.

According to ORA the motor fuel tax is expected to generate \$4.5 million per penny in revenue in FY2019, with RIDOT receiving 19.25 cents per gallon of gasoline sold (\$77.2 million in FY2019).

The following table shows the distribution of motor fuel tax proceeds in cents per gallon.

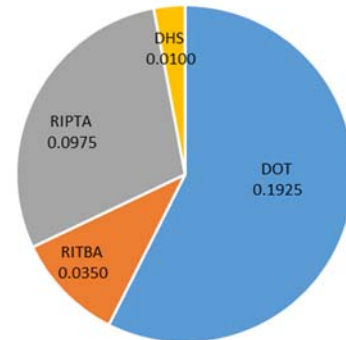
Motor Fuel Tax Allocations: Cents per Gallon					
	DOT	RITBA	RIPTA	DHS	Total
FY2015	\$0.1825	\$0.0350	\$0.0975	\$0.0100	\$0.3250
FY2016	0.1925	0.0350	0.0975	0.0100	0.3350
FY2017	0.1925	0.0350	0.0975	0.0100	0.3350
FY2018	0.1925	0.0350	0.0975	0.0100	0.3350
FY2019	0.1925	0.0350	0.0975	0.0100	0.3350
FY2020	0.2025	0.0350	0.0975	0.0100	0.3450
FY2021	0.2025	0.0350	0.0975	0.0100	0.3450

Note: DOT includes 0.020 for GARVEE Debt Service

Note: RIPTA includes 0.005 for Underground Storage Tank Fee

Source: Budget Office

FY2019 Motor Fuel Tax, Cents per Gallon



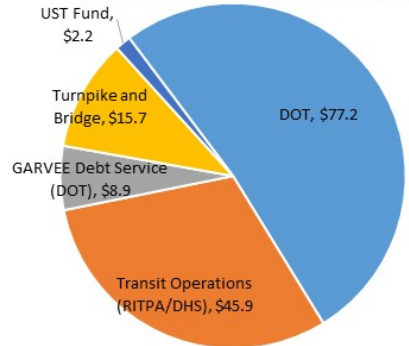
The following table shows the use of motor fuel tax revenue in FY2019:

Motor Fuel Tax Revenue	FY2019	Percent of Total
DOT	\$77.2	51.5%
Transit Operations (RITPA/DHS)	\$45.9	30.6%
GARVEE Debt Service (DOT)	\$8.9	6.0%
Turnpike and Bridge	\$15.7	10.5%
UST Fund	\$2.2	1.5%
Total	\$149.9	100.0%

\$ in millions. Totals may vary due to rounding.

Source: Budget Office

FY2019 Motor Fuel Tax Revenue



Federal Funding – FAST Act

The largest source of the RIDOT’s infrastructure funding is through the Federal Highway Administration’s Highway Trust Fund (HTF). These funds are primarily used to build the State’s infrastructure and require a 20.0 percent state match. Although the Highway Trust Fund was intended to be self-sustaining through a federal gasoline tax of 18.4 cents per gallon and a diesel tax of 24.4 cents per gallon, approximately \$64.0 billion in supplemental general revenue has been paid into the Federal Highway Trust Fund since 2008. The taxes have not been raised since 1993, and inflation has eroded their value.

Originally set to expire at the end of federal fiscal year (FFY) 2009, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was a multi-year federal transportation funding authorization bill that mapped out the federal allocations and priorities for the distribution of Highway Trust Fund dollars. According to the Government Accounting Office (GAO), since

FY2005, Rhode Island received the third highest amount of Federal Highway funding for each dollar in federal fuel tax collected (\$2.96), behind only Washington D.C. and Alaska.

Ten extensions of SAFETEA-LU were enacted, ranging from three to six months at a time, and in June 2012, Congress approved a new two-year transportation authorization called “Moving Ahead for Progress in the 21st Century (MAP-21).” Although an improvement over the short-term extensions of SAFETEA-LU, the two-year authorization was still too short to do effective long-term planning based on the availability of future federal resources.

An impending shortfall of the fund was expected to occur in September 2014, however the United States Congress and ultimately the President approved a nearly \$11.0 billion short-term fix to address the looming shortfall and extend surface transportation programs through May 31, 2015. Congress approved an additional 2-month extension, extending the program through July 31, 2015.

On December 4, 2015, the Fixing America’s Surface Transportation (FAST) Act was signed into law authorizing Federal Highway, highway safety, transit, and rail programs for five-years from FFY2016 through FFY2020. The Department estimated from FFY2018-FFY2021 Federal Highway Funding will provide the State about \$1.1 billion in funding, with the FAST Act providing \$271.0 million on average.

RhodeWorks

The General Assembly enacted “The Rhode Island Bridge Replacement, Reconstruction and Maintenance Fund Act of 2016,” in February 2016. The legislation, also known as “RhodeWorks”, does the following:

- Allows the Rhode Island Department of Transportation (RIDOT) to establish and collect tolls on commercial trucks, vehicle class 8 and larger, traveling on Rhode Island bridges, raising approximately \$45.0 million annually, assuming a 25.0 percent diversion rate. Revenue collected under the tolling provision will be deposited into a newly established Rhode Island Bridge Replacement, Reconstruction, and Maintenance Fund, to be used for the replacement, reconstruction, maintenance, and operations of bridges, and for costs associated with operation and maintenance of toll facilities.
- Allows for the refinancing and restructuring of previously existing GARVEE bonds to realize approximately \$120.0 million in additional resources during the first three years post-refinancing.
- Allows the Rhode Island Commerce Corporation to issue new GARVEE bonds, not to exceed \$300.0 million, for bridge replacement, reconstruction, maintenance, and operations. These bonds would have an expected term of fifteen years and be repaid from future Federal Highway Administration (FHWA) funds. The FAST Act increases federal funding for states for surface transportation infrastructure improvements for the five years from FFY2016 through FFY2020. RIDOT estimates future federal funding increases based on these increased FAST Act amounts. The enhanced federal funding allows for the issuance of GARVEE bonds: a federally-approved financing mechanism that uses future federal grants to borrow in order to hasten project completion.

RhodeWorks Proposal - 5 years	
Maximum Toll Through State	\$20 one way
Number of Tolling Locations	14 locations
Projected Annual Toll Revenue	\$45.0 million
Projected Annual Operating Cost	\$4.4 million
Toll Revenue (FY2016-FY2020)*	\$135.0 million
Operating Cost (FY2016-FY2020)*	\$13.2 million
Toll Gantry Pay-go Construction	\$38.0 million
Pay-Go (FY2016-FY2020)	\$83.8 million
Anticipated Federal Increase	\$102.7 million
Anticipated GARVEE Debt Service	\$64.0 million
Anticipated Unallocated Federal Funds	\$38.7 million
Federal GARVEE Bond - New Money	\$300.0 million
Federal GARVEE Bond - Refinance	\$120.0 million
Benefits - First 5 years	\$542.5 million

*Tolling begins in FY2018

RhodeWorks allows RIDOT to assess tolls on commercial trucks Class 8 or larger. The collection of tolls on other vehicles, including passenger cars, motorcycles, and all other vehicle classes one (1) through seven (7) pursuant to the Federal Highway Administration vehicle classification schedule, is expressly prohibited.

The legislation states that no act authorizing tolls on passenger vehicles can take effect until it has been approved by the majority of voters in a statewide referendum.

This legislation authorizes the Rhode Island Turnpike and Bridge Authority (RITBA) to enter into contracts with the State to operate or manage toll facilities on state roads or bridges that are not owned, leased, or under the control of the Authority. However, the legislation provides clarity that any revenue generated by facilities under the control of RITBA shall only be used for the purposes of RITBA, effectively restating that tolls collected on the Newport/Pell Bridge may only be used for project costs associated with maintaining bridges under RITBA control: Newport/Pell; Mt. Hope; Jamestown/Verrazano; and Sakonnet River.

Sustainable Transportation Funding

The FY2015 Budget as Enacted provided a long-term solution to funding of road and bridge maintenance by making several changes to transportation funding. The following changes are currently estimated to yield more than \$60.0 million annually in additional transportation funding once fully implemented in FY2019.

- Transfers existing revenue from inspection stickers, motor vehicle title, and car rental surcharges from the general fund to the Rhode Island Highway Maintenance Account (HMA), beginning in FY2015.
- Imposes a surcharge of \$25 on all dismissals based upon a good driving record, in addition to the current \$35 administration fee. The additional funds will be deposited into the HMA, beginning in FY2015.
- Increases the vehicle inspection fee from \$39 to \$55, with the additional revenue directed to the HMA, beginning in FY2015.
- Transfers a percentage of the proceeds annually allocated to the Rhode Island Public Transit Authority for operational support, beginning in FY2016.
- Adjusts the gasoline tax every two years according to the consumer price index to the nearest cent beginning in FY2016; however, the tax cannot go below 33 cents per gallon.
- Requires that any funds remaining from previous general obligation bond issues that have not been otherwise allocated shall be transferred from the Intermodal Surface Transportation Fund to the HMA.
- Removes the authority of the Rhode Island Turnpike and Bridge Authority (RITBA) to toll the Sakonnet River Bridge and transfers 3.5 cents of the gasoline tax to the RITBA for operations and debt service in lieu of tolls on the Sakonnet River Bridge.
- Debt service expenses, which were being shifted to general revenue funds under the Department of Administration (DOA) budget, will be paid from the increased general revenue transferred to RIDOT.
- Allows more flexible use of the HMA, which was established in 2011 to provide the non-bonded match to the State federal program.
- Phases in the transfer of all vehicle license and registration fees, beginning in FY2016, to the HMA. This revenue was previously deposited into the general fund.

Rhode Island Highway Maintenance Account (HMA)

The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account within the Intermodal Surface Transportation Fund (ISTF).

State Matching Funds (Federal Program): To eliminate the State's reliance on borrowing for the federal funds match, the FY2012 Budget as Enacted included surcharges on driver's licenses and registrations for all vehicles, phased-in over a 3-year period beginning on July 1, 2013 (FY2014). The surcharges are deposited into the HMA and used as part of the state match towards the department's federal highway

program funds. Two-year registrations and driver's license fees are each increased by \$30 (\$10 per year for three years), while one-year registrations are increased by \$15 (\$5 per year for three years).

Prior to FY2013, the State matched Federal highway fund with general obligation bonds, which were approved by the voters as referenda questions at the November general election every two years. Debt service on the general obligation bond issues was paid with gas tax revenue, and as a result of continued borrowing, less gas tax revenue remained available each year for operations and maintenance expenditures.

State Matching Funds	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Increase Two-Year Registrations by \$30	\$7.4	\$10.9	\$10.9	\$10.9	\$10.9	\$10.9
Increase One-Year Registrations by \$15	1.5	2.3	2.3	2.3	2.3	2.3
Increase License Fees by \$30	2.5	3.6	3.6	3.6	3.6	3.6
Total Additional Revenue	\$11.4	\$16.8	\$16.8	\$16.8	\$16.8	\$16.8
2010 G.O. Bonds - Issued	7.6	-	-	-	-	-
RICAP	21.0	23.2	23.2	23.2	23.2	23.2
Total State Match for Federal Funds	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0

\$ in millions. Totals may vary due to rounding

Analyst Note: In addition to the fee increases, RICAP funding and funds from previously issued general obligation bonds are used to supplement the revenue generated by the new fees so that bond borrowing to match federal highway funding is eliminated.

Rhode Island Public Transit Authority

Revenues by Source	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Motor Fuel Tax	\$44.5	\$44.5	\$44.3	(\$0.2)	-0.4%	\$43.9	(\$0.5)	-1.2%
Passenger Revenue	22.6	25.8	26.2	0.4	1.4%	26.5	0.7	2.6%
Special Revenue	0.9	0.8	0.6	(0.1)	-16.9%	0.7	(0.1)	-13.0%
Other Revenue	9.7	10.4	10.5	0.1	1.0%	10.6	0.3	2.4%
Federal Funds	25.7	31.3	27.9	(3.5)	-11.1%	29.3	(2.1)	-6.6%
Department of Human Services	0.0	0.0	0.0	0.0	-	0.0	0.0	-
State Highway Fund Revenues	4.5	4.3	5.5	1.3	29.3%	5.9	1.7	39.1%
General Revenue Appropriation	0.9	0.0	0.0	0.0	-	0.0	0.0	-
Special Projects- Local	1.3	4.0	0.5	(3.4)	-86.4%	0.1	(3.9)	-97.5%
Special Projects- Federal	7.8	12.6	2.1	(10.5)	-83.0%	0.4	(12.2)	-96.8%
Total	\$117.8	\$133.6	\$117.6	(\$16.0)	-12.0%	\$117.4	(\$16.2)	-12.1%
Expenditures By Category								
Salaries, Wages and Benefits	\$74.8	\$75.7	\$79.3	\$3.6	4.8%	\$82.8	\$7.1	9.3%
Contract Services	12.5	19.1	10.0	(9.1)	-47.6%	9.3	(9.8)	-51.2%
Operating Costs	18.4	13.4	12.9	(0.5)	-3.4%	15.9	2.5	18.8%
Utilities	1.8	1.8	1.6	(0.2)	-9.4%	1.7	(0.1)	-5.6%
Insurance and Settlements	0.0	6.4	7.5	1.1	17.8%	5.2	(1.2)	-18.6%
Capital Match	0.4	0.3	0.4	0.1	27.3%	0.4	0.1	21.2%
Revolving Loan Fund	0.5	0.7	0.5	(0.2)	-28.8%	0.4	(0.3)	-39.4%
Debt Service	0.0	1.6	1.6	0.0	-	1.4	(0.2)	-12.5%
Self-Insurance Reserve	0.3	0.3	0.3	0.0	-	0.3	0.1	20.0%
Other	0.0	0.0	0.0	0.0	-	0.0	0.0	-
Special Projects- Local	1.3	4.0	0.5	(3.4)	-86.4%	0.1	(3.9)	-97.5%
Special Projects- Federal	7.8	12.6	2.1	(10.5)	-83.0%	0.4	(12.2)	-96.8%
Total	\$117.6	\$135.8	\$116.8	(\$19.0)	-14.0%	\$117.9	(\$17.9)	-13.2%
Surplus/(Deficit)	\$0.2	(\$2.2)	\$0.9			(\$0.5)		
Authorized FTE Levels	831.0	838.0	829.0	(9.0)	-1.1%	825.0	(13.0)	-1.6%

\$ in millions. Totals may vary due to rounding.

The Rhode Island Public Transit Authority (RIPTA) was established in 1964 and is currently governed by an eight (8) member Board of Directors. As defined under RIGL 39-18-3, RIPTA is responsible for:

- Providing public transit services to meet the mobility needs of the people of the State
- Increasing access to employment opportunities
- Connecting different modes of public transportation, including rail, air and water services
- Promoting community design that features public transit services
- Facilitating energy conservation and efficient energy use through public transit services
- Mitigating traffic congestion and enhance air quality

RIPTA operates and maintains two facilities in Providence and one in Newport.

MAJOR ISSUES AND TRENDS

The FY2019 Board-approved budget includes \$117.4 million in revenues for FY2019, a decrease of \$16.2 million from the FY2018 Board-approved Budget, and \$117.9 million in expenditures, a decrease of \$17.9 million from the FY2018 Revised Budget, leading to a \$458,383 deficit.

The \$16.2 million decrease in revenues and expenditures for special projects is primarily due to the completion of the Newport Visitor center in FY2018, and the reclassification of the Downtown Transit Connector (DTC). In the FY2018 Board-approved Budget the DTC was classified under special projects; RIPTA has since moved the construction of this project to their Capital Budget and the funding is no longer in the operating budget. The DTC is scheduled for completion in 2020 and was primarily funded by a 2014 TIGER grant awarded to RIPTA.

Salary and benefits increase by \$7.1 million relative to the FY2018 Board-Approved Budget. The increase is primarily for pension contributions and salary increases for RIPTA's largest union, bus drivers. The increases are 1.0 percent for FY2017, 2.0 percent for FY2018, and 3.0 percent for FY2019. Operating costs increase by \$2.5 million relative to the FY2018 Board-Approved Budget due to the start of service on the Downtown Transit Connector in FY2019. RIPTA is expecting an increase in costs for running multiple buses along the new DTC.

Article 4 of the FY2018 Enacted Budget provides RIPTA with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019 to fund the free-fare program for low-income senior and disabled persons. The legislation requires the creation of a coordinating council to develop recommendations for the sustainable funding of the program while maximizing the use of federal funds available to support the transportation needs of this population. The council is due to present its funding recommendations to the Governor and General Assembly by November 1, 2018.

The FY2015 Budget as Enacted included a provision that RIPTA would receive 5.0 percent of available proceeds from revenue deposited into the Rhode Island Highway Maintenance Account (HMA) beginning in FY2016. RIPTA's share of this account was \$9.3 million in FY2018. For FY2019, RIPTA's share of this account increases by \$506,976, to \$9.9 million, as the percentage of motor vehicle related fees transferred into the HMA increases from 75.0 percent to 100.0 percent. RIPTA uses \$3.4 million of this funding to support the senior and disabled bus pass program, \$1.6 million for debt service, and the remaining \$4.9 million funds other operating expenses.

Volkswagen Funds

In January 2018, the State was awarded \$14.4 million from the national Volkswagen (VW) settlement. VW illegally installed software in their vehicles that was able to sense when the car was undergoing emissions testing and activate equipment to reduce emissions: about 3,000 cars in Rhode Island were affected. The settlement established an Environmental Mitigation Trust (EMT), which will be administered by the Department of Environmental Management (DEM) and used within in a 10 year period. Of the total settlement, about \$10.7 million will be used for RIPTA bus replacements from diesel buses to zero emission vehicles (ZEV), \$1.5 million for charging infrastructure, and \$2.1 million for administrative expenses at DEM, RIPTA, and OER. In the fall of 2018, RIPTA will start a pilot program to lease three ZEV buses. During the pilot, RIPTA will collect data on the efficiency and viability of ZEV buses with the goal of understanding if it is possible to transition RIPTA's fleet from diesel buses to ZEV buses.

Fare Changes

No fare changes are proposed for FY2019. In 2015, RIPTA conducted a comprehensive study of the fare products offered to customers, as well as the rates charged. The goals of the fare study were to simplify fare products; improve reliability of fare media; introduce needed products; make boarding a bus fast, convenient, and reliable; implement new fare technologies; and maximize revenue and ridership. RIPTA's Board adopted a new fare structure in December 2016 that eliminated the 15-ride pass and RIPTIKs (packages of 10 one-way tickets including free transfers that did not expire), created a 10-ride pass,

increased the price of a 7-day pass and bus transfers, and recommended charging seniors and people with disabilities \$0.50 per trips. While other changes were implemented, the charge to seniors and people with disabilities caused concern among advocacy groups and was ultimately never executed. The General Assembly included additional funds in the FY2017 Budget to continue the free fare program.

RIPTA Fares	FY2015	FY2016	FY2017	FY2018	FY2019
1- Day Pass	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
7- Day Pass	23.00	25.00	25.00	25.00	25.00
10- Ride Pass	-	25.00	20.00	20.00	20.00
15- Ride Pass (discontinued in FY2016)	26.00	-	-	-	-
RIPTIKs (discontinued in FY2016)	20.00	-	-	-	-
Monthly Pass	62.00	70.00	70.00	70.00	70.00
Ride/Paratransit	-	4.00	4.00	4.00	4.00
Transfers	0.50	1.00	1.00	1.00	1.00
Cash Fare for buses & trolleys	2.00	2.00	2.00	2.00	2.00
Reduced Fare for Seniors and Disabled*	10.00	10.00	10.00	10.00	10.00

* Cost to renew pass, must be done every 2 years

Free Fare Program

RIPTA provides free bus rides to qualifying low-income seniors and people with disabilities through the Free-Fare Program. RIPTA estimates that nearly 15,000 individuals have free-fare bus passes, 10,607 individuals with disabilities and 4,285 seniors. These pass holders take approximately 6.4 million trips annually. Passes issued through the program are good for two years and include a \$10 processing fee to renew. To qualify as a low-income senior, applicants must be over age 65 and provide proof of income through either an SSI award letter, a Medicaid eligibility notice letter, or a Supplemental Income Verification Notice. The applicant's total household income may not be more than 200.0 percent of the Federal Poverty Level, or \$32,920 for a family of 2, as of 2018. To qualify as a disabled person, the applicant must provide either a Medicare card with a disability code, a Supplemental Security Income award letter, or a Certification of Disability completed by the Providence Center.

RIPTA also offers half-fare boarding to seniors and people with disabilities, regardless of income, during off-peak hours. Participants must enroll in the program and will be issued a valid identification card. Participants are required to pay full fare during peak service hours (7am-9am and 3pm-6pm weekdays).

Free Fare Program Changes: The Reduced Fare program was originally scheduled to begin in July 2016. Previously, eligible low-income seniors and disabled had their rides fully subsidized under RIPTA's Free Fare program; however, the program contributed significantly to RIPTA's operating deficits. The Reduced Fare model was expected to help alleviate the deficit. Due to outcry from local advocacy groups, transitioning from the Free Fare program to the Reduced Fare model was effectively delayed for seven months when the General Assembly appropriated \$900,000 to RIPTA for the program in the FY2017 Budget as Enacted. Article 4 of the FY2018 Budget as Enacted provides the Rhode Island Public Transit Authority (RIPTA) with \$5.0 million in Rhode Island Highway Maintenance Funds in both FY2018 and FY2019: \$3.4 million to fund the free-fare program for low-income senior and disabled persons, and the remaining \$1.6 million for debt service payments that were shifted back to the Authority.

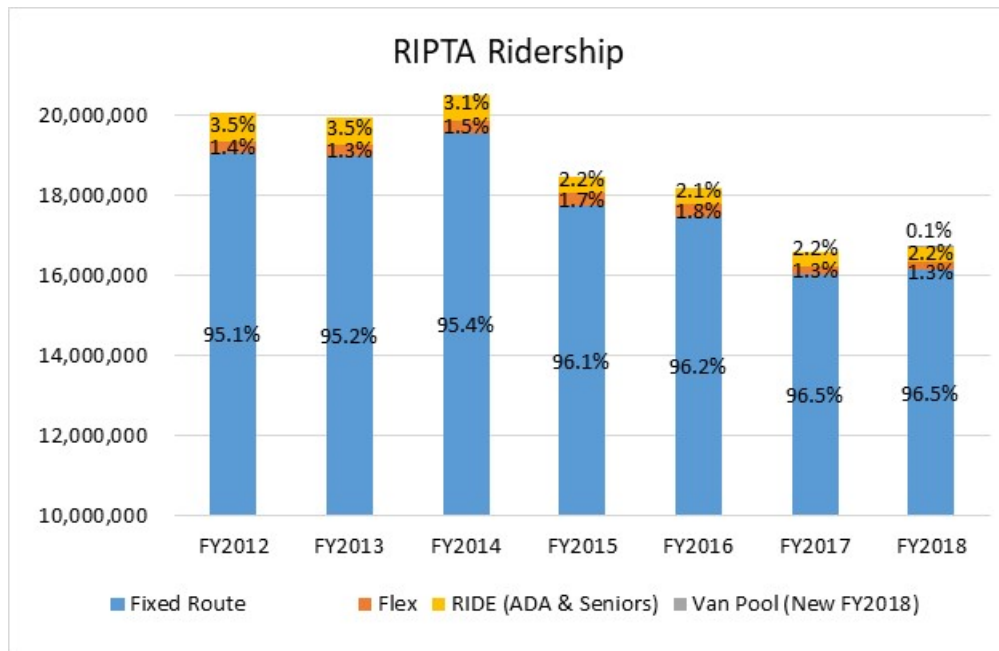
Transportation Coordinating Council: Pursuant to Article 4 of the FY2018 Enacted Budget, RIPTA has established a coordinating council which is working to develop recommendations for the sustainable funding of the Free Fare Bus Pass Program while maximizing the use of federal funds available to support the transportation needs of the State's elderly and disabled populations. The recommendations are to be provided to the Governor and General Assembly by November 1, 2018. The Coordinating Council first met on January 29, 2018. The Council consists of members from multiple State agencies including RIPTA; the Department of Human Services; the Executive Office of Human Services; the Department of Behavioral

Healthcare, Developmental Disabilities, and Hospitals; the Office of Veteran’s Affairs; and the Division of Elderly Affairs. The Council broke into two “working groups”, the Communications working group and the Bus Pass Program Funding working group. The working groups meet regularly and share their ideas with the full council every other month. RIPTA’s goal is to have a final reports from the working groups in July 2018 and final recommendations completed in August 2018.

Ridership

RIPTA offers four types of transit service: fixed route, flex service, the RIdE Program, and van pool services. Fixed route service consists primarily of regular bus service on established routes. Flex service provides van transportation within a limited geographic area. The RIdE program provides transportation to eligible senior citizens and individuals with disabilities. Van pool services, which started in FY2018, allows a group of commuters to lease a shared vehicle through Enterprise and use the vehicle daily while commuting to work. The van pool program is mainly used by Electric Boat in Quonset Park; however, RIPTA hopes to expand this program into other areas of the State in the next few years.

In FY2018, RIPTA’s total ridership was 16.7 million passengers, a net increase of 0.7 percent from FY2017. The largest decrease, 14.8 percent, was in Flex services. RIPTA attributes this to increasing popularity of services such as Uber and Lyft. Flex services are most directly affected by this trend; however, the Department is working to reconfigure Flex services and allow customers to schedule rides with 15 minutes notice rather than 24 hours. The following table shows ridership, by category, for RIPTA for FY2012 through FY2018.



Analyst Note: According to RIPTA, the 19.0 percent decline in ridership between FY2014 and FY2017 is related to the hiring of LogistiCare by the State in 2014, which had a strong impact on both the fixed route and RIdE. Prior to this RIPTA served as both the broker of ADA services and as a provider. LogistiCare had been the designated broker since FY2014 and shifted trips away from RIdE as a provider. For business reasons RIPTA decided to cease being a LogistiCare provider in FY2017.

SELECTED CAPITAL PROJECTS

RIPTA’s FY2019 Budget includes \$29.2 million in capital expenditures, of which \$17.7 million is Rhode Island Capital Plan (RICAP) funded and \$11.5 is funded by the Federal Transit Administration (FTA) and other federal funds, including the following:

Fare Technology Upgrades: The Budget includes \$2.8 million in FY2019 to expand fare technology upgrades. RIPTA's current fare collection system is unable to accept smart cards and mobile payments. This upgrade will allow RIPTA to begin accepting more widely used payment methods including mobile payments. The upgrades began in February 2019 and are expected to be completed in FY2020.

Paratransit Vehicles: RIPTA maintains a fleet of about 115 vehicles for the paratransit program, also known as RIdE. Federal Transit Administration (FTA) guidelines recommend that Paratransit vehicles be retired at the end of their 5-year useful life. In spite of uncertainties within the paratransit program, the age of the Paratransit fleet requires the continued replacement of vehicles.

Paratransit vehicles are funded via a fee charged for all trips provided through the paratransit program. The proceeds from this fee are put into the Paratransit Revolving Loan fund, an internal RIPTA mechanism which funds the match for paratransit vehicles. Proceeds from this fee have fallen as the trip volume under the program have been reduced. RIPTA continues to review this funding mechanism to determine the long-term impact on paratransit fleet replacement.

The Budget includes \$2.3 million in FY2019 for Paratransit bus purchases. The FTA pays 80.0 percent of each vehicle replacement cost and RIPTA pays a 20.0 percent local match from its revolving loan fund.

Downtown Providence Transit Connector: The Downtown Providence Transit Connector will provide high-frequency transit service between the Providence Station and the Hospital District in Upper South Providence, a major employment hub within the State. The new Transit center will feature high visibility stops, real-time bus arrival language, and bike share stations.

The Budget includes \$9.0 million in FY2019 and \$6.9 million in FY2020 for this project, \$13.0 million will come from a 2014 USDOT Transportation Investments Generating Economic Recovery (TIGER) grant. This project is included in the Department of Transportation's 10-year Transportation Improvement Program (TIP).

Pawtucket Bus Hub Transit Connector: The Budget includes funds to construct a new bus hub in Pawtucket, adjacent to the DOT's new Pawtucket-Central Falls Commuter Rail Station. The current Pawtucket bus hub is the second busiest in the state and is outdated. The new hub will include six to eight bus berths, shelters, real-time bus information, and a waiting area. The Budget includes \$6.8 million in FY2019. Of the funds, \$5.4 million will be FTA funds, \$1.3 million will be RICAP funds, and \$236,000 will be contributed from the City of Pawtucket.



SPECIAL REPORTS

Personnel

The FY2019 Budget as Enacted includes a total of \$2,042.6 million for personnel expenditures, an increase of \$62.9 million compared to the FY2018 Budget as Enacted, and \$42.9 million more than the FY2018 Revised Budget. Salaries and benefits total \$1,715.8 million and comprise 84.0 percent of FY2019 personnel expenditures (45.2 percent of the salaries and benefits costs are supported by general revenue).

The FY2018 Revised Budget includes \$1,999.7 million for personnel expenditures, an increase of \$20.0 million compared to the FY2018 Budget as Enacted. Salaries and benefits total \$1,639.0 million and comprise 82.0 percent of FY2018 personnel expenditures (53.8 percent of the salaries and benefits costs are supported by general revenue).

PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2019 total \$1,139.6 million, comprising 55.8 percent of total personnel costs, an increase of \$23.0 million (2.1 percent) from the FY2018 Budget as Enacted, reflecting an increase in the number of filled FTE positions and the statewide salary cost-of-living adjustment (COLA). Total benefit costs, excluding assessed fringed benefits and other costs, amount to \$576.2 million and comprise 28.2 percent of total personnel costs. Benefits increase \$41.8 million (7.8 percent) from the FY2018 Budget as Enacted, reflecting the 3.8 percent year over year increase in medical plan costs. Purchased services costs are \$280.3 million (13.7 percent) of the total personnel costs. Purchased services increase \$677,041 (0.3 percent) from the FY2018 Budget as Enacted.

Expenses by Description	FY2017 Actual	FY2018 Enacted	FY2018 Revised	FY2019 Enacted	% of Total	Change to Enacted	
Salaries	\$1,065.3	\$1,116.6	\$1,100.0	\$1,139.6	55.8%	\$23.0	2.1%
Benefits	542.3	534.4	539.0	576.2	28.2%	41.8	7.8%
Purchased Services	265.2	279.6	316.7	280.3	13.7%	0.7	0.3%
Assessed Fringe Benefits	39.4	41.3	38.9	42.2	2.1%	0.9	2.2%
Other	5.7	7.8	5.1	4.3	0.2%	(3.5)	-44.9%
Total	\$1,917.9	\$1,979.7	\$1,999.7	\$2,042.6	100.0%	\$62.9	3.2%

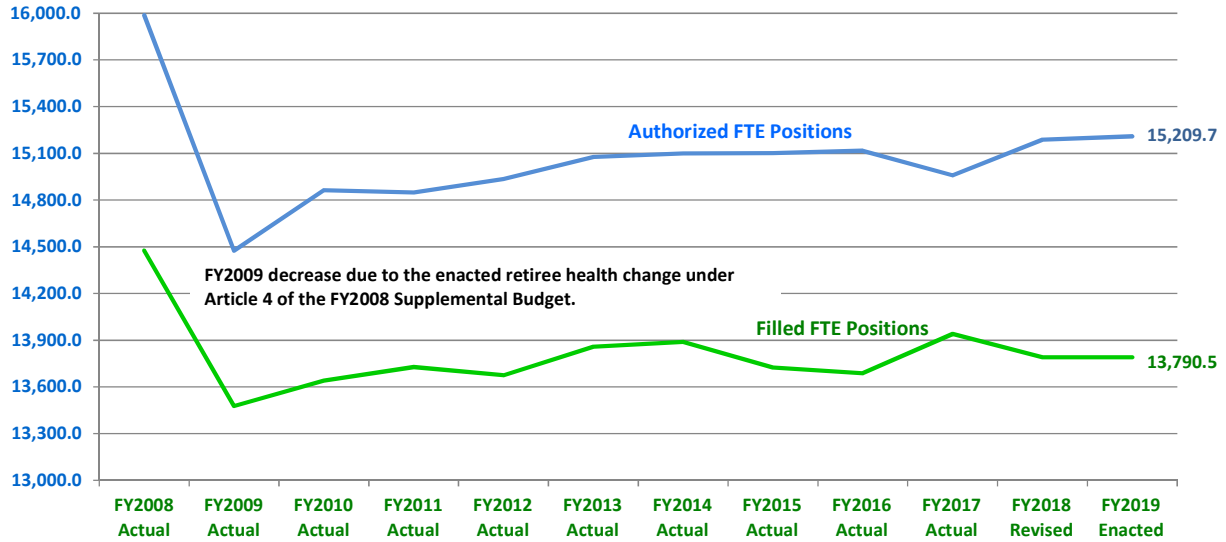
\$ in millions. Totals may vary due to rounding.

Expenses by Function	FY2017	FY2018 Enacted	FY2018 Revised	FY2019 Enacted	% of Pers. Budget	FY2019	
						General Revenue	FY2019 General Revenue %
General Government	\$277.2	\$266.0	\$235.5	\$256.7	12.6%	\$150.6	58.7%
Human Services	455.2	472.2	512.1	495.4	24.3%	209.6	42.3%
Education	575.8	627.0	628.4	644.2	31.5%	170.6	26.5%
Natural Resource	56.8	63.0	61.8	62.7	3.1%	34.4	54.9%
Public Safety	442.3	425.8	438.7	454.4	20.6%	418.6	92.1%
Transportation	110.6	125.7	123.2	129.2	6.3%	-	-
Total	\$1,917.9	\$1,979.7	\$1,999.7	\$2,042.6	100.0%	\$983.8	48.2%

\$ in Millions. Totals may vary due to rounding.

FTE POSITIONS

The FY2019 Budget as Enacted authorized 15,209.7 FTE positions. At the end of FY2018, 13,790.5 FTE positions (90.0 percent of the original enacted authorized amount) were filled, leaving 1,369.7 FTE positions vacant.



The following table illustrates the number of FTE positions by government function.

Government Function	FY2018 Enacted	FY2018 Revised	Change to Enacted	FY2019 Enacted	% of Total	Change to Enacted
General Government	2,365.9	2,367.9	2.0	2,438.9	16.0%	73.0
Human Services	3,715.6	3,728.6	13.0	3,682.6	24.2%	(33.0)
Education	3,924.9	3,925.9	1.0	3,959.4	26.0%	34.5
Public Safety	3,210.0	3,221.0	11.0	3,160.0	20.8%	(50.0)
Natural Resources	429.0	429.0	-	425.0	2.8%	(4.0)
Transportation	775.0	775.0	-	755.0	5.0%	(20.0)
Subtotal	14,420.4	14,447.4	27.0	14,420.9	94.8%	0.5
Sponsored Research	739.8	739.8	-	788.8	5.2%	49.0
Total FTE Positions	15,160.2	15,187.2	27.0	15,209.7	100.0%	49.5

FY2018: The FY2018 Revised Budget authorizes 15,187.2 FTE positions, a net increase of 27.0 FTE positions from the FY2018 Budget as Enacted. Major FTE changes include:

- **An increase of 13.0 FTE positions in the Department of Health:** There is an increase of 13.0 FTE positions within the Department of Health. These additional positions are related to drug overdose prevention and intervention and are mostly funded through federal and restricted receipts.
- **An increase of 12.0 FTE positions in the Department of Corrections:** The Budget includes a net increase of 12.0 FTE positions. The increase is associated with several personnel changes that were recommended by the Governor. These positions include 3.0 Correctional Officers Training Instructors, 16.0 Correctional Officers, 1.0 Senior Public Health Promotion Specialist, 2.0 Clinical Social Workers, 2.0 Correctional Officer Hospital Positions and 4.0 Health Unit Clerks. However, the Budget eliminates 16.0 vacant but unspecified FTE positions in the Department of Corrections to maintain the 12.0 FTE increase.

- **An increase of 5.0 FTE positions in the Department of Business Regulation:** The Budget adds 5.0 new FTE positions in FY2018. These include 2.0 Banking Examiners, 1.0 Insurance Examiner, 1.0 Pari-mutuel Operations Specialist, and 1.0 Legal Counsel within the Medical Marijuana program.
- **A decrease of 4.0 FTE position in the Department of Revenue:** The Budget includes a decrease of 4.0 FTE positions reflecting the elimination of 3.0 FTE positions in the Municipal Finance division and 1.0 FTE position from the Lottery division.
- **A net increase of 1.0 FTE position at the Department of Administration:** The Budget maintains the Water Resources Board and returns 3.0 FTE positions to the Department. This is offset by the reduction of 2.0 FTE positions; a Senior Policy Analyst and a Senior Management Analyst, from the Office of Regulatory Reform, resulting in a net increase of 1.0 FTE position.
- **An increase of 1.0 FTE position in the Office of the Postsecondary Commissioner:** The Budget includes an increase of 1.0 FTE position reflecting a net change in the authorized FTE level. This is the result of adding 2.0 FTE positions at the Westerly Education Center and the addition of 2.0 FTE positions in the Office of the Commissioner for student support and financial aid activities. Offsetting the increases is a reduction of 3.0 FTE positions in the Division of Higher Education Assistance due to the expected transfer of the Federal Family Education Loan guaranty agency operations to a successor entity.
- **A decrease of 1.0 FTE position in the Department of Public Safety:** The Budget eliminates a 1.0 Public Information Officer position that the Department sought to hire for at the end FY2017. The FY2018 Budget as Enacted did not include funding for the position.

FY2019: The FY2019 Budget as Enacted authorizes 15,209.7 FTE positions, a net increase of 49.5 FTE positions from the FY2018 Budget as Enacted, and an increase of 22.5 FTE positions from the FY2018 Revised Budget. The major changes include:

- **A decrease of 93.0 FTE positions in the Office of Health and Human Services:** The FY2018 Budget transferred 91.0 FTE positions from the Department of Human Services (DHS), Department of Children, Youth, and Families (DCYF), the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH), and the Department of Health (DOH) to consolidate finance staff within the Executive Office of Health and Human Services. These consolidations were later reversed. The Budget also eliminates 2.0 FTE positions that were converted to run the Medicaid co-payment program, which was eliminated by the General Assembly.
- **An increase of 71.0 FTE positions in the Department of Revenue:** The Budget adds 71.0 FTE positions in FY2019, including 32.0 FTE positions to implement the federally mandated Real ID compliance, 23.0 new FTE positions required to operate the Tiverton Casino, 22.0 FTE positions in Taxation to support enhanced revenue collections, and 7.0 FTE positions to staff the proposed Division of Collections. Offsetting the increases includes elimination of 3.0 FTE positions in the Municipal Finance Division and 1.0 FTE position from the Lottery division, and the elimination of 8.0 unspecified positions related to historical turnover trends.
- **An increase of 60.0 FTE positions in the Department of Business Regulation:** The Budget consolidates building, construction, and fire code regulatory functions across state government into a single division within the Department of Business Regulation. This includes 36.0 FTE positions from the Office of the State Fire Marshal, 26.0 FTE positions by transferring the Division of Construction Permitting, Approvals, and Licensing, consisting of the State Building Code Commission, Contractor's Registration Board, and the Fire Safety Code Board of Appeal to the new consolidated division. These new positions are in addition to the 5.0 FTE positions added under the FY2018 Revised Budget request. Offsetting these increases is the elimination of 7.0 unspecified FTE positions

across the department (4.0 must come from within the Medical Marijuana program) based on historical turnover trends.

- **Sponsored research positions increase by 49.0 FTE positions at URI.** The Budget increases sponsored research positions at the University of Rhode Island including 12.0 Research Assistants to support a \$19.0 million National Science Foundation grant to establish the Consortium on Ecology, Assessment, Innovation, and Modeling for Narragansett Bay; 25.0 Research Assistants to support an interagency agreement with the Executive Office of Health and Human Services for Health System Transformation and the Designated State Health Plan waiver; and 12.0 positions associated with the recent consolidation of DataSpark, the former data analytics team at the Providence Plan, within the University.
- **A decrease of 47.0 FTE positions in the Department of Public Safety:** The Budget includes a net decrease of 47.0 FTE positions within the Department consisting primarily of the transfer of the Office of the State Fire Marshal and its 36.0 FTE positions to the Department of Business Regulation. This is in addition to the elimination of the 1.0 Public Information Officer and 15.0 unspecified FTE positions across the agency. This is offset by the addition of 5.0 new Telecommunicators to assist with the increase calls associated with the Next Generation 9-1-1 service.
- **A decrease of 41.0 FTE positions in the Department of Administration:** The Budget includes a net decrease of 41.0 FTE positions, consisting the return of 3.0 FTE positions for the Water Resources Board, a reduction of 2.0 FTE positions; a Senior Policy Analyst and a Senior Management Analyst, from the Office of Regulatory Reform, a reduction of 13.0 vacant FTE positions, and a reduction reflecting the transfer of the Division of Construction Permitting, Approvals, and Licensing, consisting of the State Building Code Commission, Contractor's Registration Board, and the Fire Safety Code Board of Appeal along with 26.0 FTE positions to a new consolidated division within the Department of Business Regulation.
- **An increase of 39.0 FTE positions in the Department of Human Services:** The Budget shifts 39.0 FTE positions from the Executive Office of Health and Human Services (EOHHS) back to the Department of Human Services. The FY2018 Budget as Enacted included a centralization of 91.0 FTE finance staff from the State's health and human service departments, including 39.0 positions from DHS.
- **An increase of 38.5 FTE positions in Public Higher Education:** The Budget provides a net increase of 38.5 FTE positions across the Public Higher Education system, relative to the FY2018 Budget as Enacted. The increase reflects an increase of 16.5 FTE positions at the University of Rhode Island (URI), 23.0 FTE positions at Rhode Island College (RIC), and 2.0 FTE positions in the Office of the Postsecondary Commissioner (OPC) for the Westerly Education, partially offset by a decrease of 3.0 FTE positions in the Division of Higher Education Assistance within the OPC. At URI the increase provides 10.0 full-time, tenure-track Assistant Professors; 1.0 Assistant Director of (Student) Veteran Affairs; 1.0 Director and 1.0 Coordinator in the Offices for Innovation in General Education and Undergraduate Research and Innovation; 1.0 Strength and Coordinating Coach; 1.5 Associate Athletic Therapists; and 1.0 University Psychologist to support students undergoing or at-risk for mental health issues. At RIC, the additional positions will provide flexibility and capacity as the College expands the use of full-time faculty and reduces reliance on part-time adjuncts.
- **An increase of 21.0 FTE positions in the Department of Health:** There is an increase of 13.0 FTE positions within the Department of Health. These additional positions are related to drug overdose prevention and intervention and are mostly funded through federal and restricted receipts. In addition, the Budget adds a 1.0 Senior Human Services Policy System Analyst to implement REAL-ID and adds 7.0 FTE positions reflecting the decentralization of finance positions that were previously consolidated in the Executive Office of Health and Human Services.

- **A decrease of 20.0 FTE positions in the Department of Transportation (DOT):** The Budget removes 20.0 FTE positions recommended by the Governor, the recommended positions are unspecified but will mainly be related to highway and bridge maintenance and operation within the Department's infrastructure management program.
- **A decrease of 19.0 FTE positions in the Department Labor and Training:** The Budget removes 19.0 FTE positions, including 9.0 FTE positions within the Misclassification Task Force, and 10.0 vacant but unspecified FTE positions in the Department of Labor and Training.
- **A decrease of 17.0 FTE positions in the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH):** The Budget removes 17.0 positions from BHDDH, reducing the Department's FTE authorization from 1,319.4 to 1,302.4. Of this total, 3.0 FTEs must be available only for a consent decree quality improvement team. The FY2018 Budget as Enacted transferred 33.0 positions from BHDDH to the Executive Office of Health and Human Services in order to consolidate financial staff. However, these positions remained funded in BHDDH and have since been added back. The Budget also removes 50.0 vacant positions, considering the Department's average of 186.3 vacancies in FY2018.
- **An increase of 15.0 FTE positions in the Department of Children, Youth, and Families:** The Budget adds 15.0 positions in the Department of Children, Youth, and Families, increasing the Department's FTE authorization from 616.5 to 631.5. The FY2018 Budget as Enacted transferred 12.0 positions from DCYF to the Executive Office of Health and Human Services in order to consolidate financial staff. However, these positions remained funded in DCYF and have since been added back. In addition, there is a net increase of 3.0 positions reflecting an increase of 7.0 FTE positions to administer the Voluntary Extension of Care program, offset by a decrease of 4.0 FTE positions that are removed to realize a full year of personnel reductions from FY2018.
- **A decrease of 7.0 FTE position in the Department of Corrections:** The Budget removes 7.0 vacant but unspecified FTE positions in the Department of Corrections. The positions are removed due to the Department's average vacancy rate, in FY2018 on average the Department had 1,332.8 FTE positions filled, 90.2 positions less than the FY2018 Enacted level.
- **A decrease of 5.0 FTE positions at the Department of Environmental Management:** The Budget authorizes 395.0 FTE positions across all division within the Department of Environmental Management, a decrease of 5.0 FTE positions from the FY2018 Budget as Enacted. This reduction represents 12.8 percent of the positions vacant as of the May 26, 2018, FTE report.
- **A decrease of 4.0 FTE position with Elementary and Secondary Education:** The Budget provides 135.1 positions for the Department of Elementary and Secondary Education, excluding the positions at the Davies Career and Technical Center and the School for the Deaf. This authorization represents a decrease of 4.0 FTE positions from the FY2018 Budget as Enacted. This reduction represents 17.3 percent of the positions vacant as of the May 26, 2018, FTE report.
- **An increase of 2.0 FTE position in the Office of the Child Advocate:** The Budget adds 2.0 FTEs, increasing the Office's FTE authorization from 8.0 to 10.0. This includes an additional 0.6 FTE position to add a part-time staff member to assist with the Office's increased workload and an increase of 0.4 FTE in order to change a part-time Senior Information and Public Relations Specialist to a full-time position. The Budget also includes 1.0 Planning and Program Development Specialist. These positions will assist with the Office's statutory requirements and additional responsibilities under the Children's Rights Settlement.
- **An increase of 2.0 FTE position in the Office of the Public Defender:** The Budget adds 2.0 Assistant Public Defender IV positions to address the high caseload experienced at the Office of the Public Defender.

- **An increase of 2.0 FTE position in the Public Utilities Commission:** The Budget adds 2.0 Programming Service Officers to handle increased work involving regulatory research and analysis, increased fiscal and financial reporting requirements, and to handle a projected increase in administrative proceedings.
- **An increase of 2.0 FTE positions in the Office of the Attorney General:** The Budget adds 2.0 FTE positions to the Civil Division within the Department of the Attorney General. These positions include 1.0 Paralegal and 1.0 Staff Attorney.
- **An increase of 1.0 FTE position in the Board of Elections:** The Budget adds an unclassified 1.0 Project Manager position to coordinate the statewide deployment of electronic poll (e-Poll) books.
- **A decrease of 1.0 FTE position in the Executive Office of Commerce:** The Budget decrease 1.0 FTE position reflecting the elimination of a vacant FTE position.

- **An increase of 1.0 FTE position at the Coastal Resources Management Council:** The Budget adds 1.0 FTE Ocean Engineer position for the Coastal Resources Management Council. The position is needed to help with new wind energy projects.

Department	Number of Retirees	Longevity Incentive Amount
Higher Education	47	\$700,562
BHDDH	40	711,770
Transportation	38	849,438
Administration	35	799,890
Human Services	34	675,083
Environmental Management	28	722,613
Judiciary	21	466,713
Labor and Training	20	425,020
DCYF	18	505,576
Corrections	16	407,674
Health	15	361,008
Revenue	9	154,748
Public Safety	7	112,865
Attorney General	5	124,815
Business Regulation	6	150,534
OHHS	5	113,838
Elementary and Secondary Education	3	49,139
Public Defender	3	89,736
Public Utilities Commission	2	67,667
Treasury	2	55,135
Military Staff	2	40,908
RI Arts Council	1	18,835
Ethics Commission	1	13,172
Office of the Governor	1	40,000
Human Rights Commission	1	20,075
RIEMA	1	31,322
Total	361	\$7,708,136

Source: State Budget Office Report June 4, 2018

VOLUNTARY RETIREMENT INCENTIVE

The Governor initiated a voluntary retirement incentive (VRI) payment to state employees who are eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. The Governor identified 941 executive branch employees who matched the eligibility requirement. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees must submit a written notice of their election to retire on or before March 15, 2018.

Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000.

The Governor estimated VRI net savings of \$11.5 million (\$6.5 million general revenue) in FY2018 and \$21.7 million (\$12.3 million general revenue) in FY2019, based on the assumption that 45.0 percent or 423 executive branch employees would take the VRI. As of June 4, 2018, 361 employees accepted the VRI with a longevity buyout of \$7.7 million; however, this includes non-executive branch employees as well. The table illustrates the number of eligible employees accepting the VRI as of June 4, 2018.

STATE EMPLOYEE CONTRACT AGREEMENT

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020.

The current agreement is projected to increase general revenue expenditures by \$6.4 million in FY2018 and \$19.8 million in FY2019.

Effective Date	Percentage Increase
30-Jun-02	4.5%
27-Jun-04	1.5%
25-Jun-05	2.5%*
26-Jun-05	4.0%
25-Jun-06	3.0%
24-Jun-07	3.0%
21-Jun-09	2.5%
2-Jan-11	3.0%
19-Jun-11	3.0%
6-Apr-14	2.0%
5-Oct-14	2.0%
4-Oct-15	2.0%
1-Jan-18	2.0%**
1-Jan-19	2.5%
1-Jul-19	2.0%
1-Jan-20	1.0%

*Not compounded on 1.5%

** Retroactive payment to January 1, 2018

Revenue

The Budget increases general revenue collections by an estimated \$318.2 million above the November 2017 revenue estimate, including the annually-enacted hospital license fee. The Budget includes \$180.8 million for the fee. New revenue initiatives include sports betting at the Lincoln and Tiverton casinos, restructuring and enhancements at the Department of Revenue, targeted expansion of the sales tax, increases on certain professional license fees, and shifting reserve funds from the Rhode Island Infrastructure Bank to general revenue.

FY2019 General Revenue Adjustments	FY2019
Hospital License Fee	\$180.8
May 2018 Revenue Estimating Conference	59.8
Sports Wagering and Other Lottery Initiatives	27.6
DOR Revenue Enhancements	14.8
Sales Taxes	14.5
Departmental Fees	9.9
Transfers from Quasi-Public Agencies	4.8
DMV Fees	3.1
Medical Marijuana Program Changes	2.0
OHHS Initiatives	1.9
Elimination of Job Training Tax Credit	0.5
DBR Bank Examiners	0.3
Delay in License Plate Reissuance	(1.8)
Total	\$318.2

\$ in millions. Totals may vary due to rounding.

Hospital License Fee

\$180.8 million

The hospital licensing fee is a provider tax that the State levies on hospitals. In past fiscal years, it has been used to generate state funds that are then matched with federal Medicaid funds and returned to hospitals for their care for the uninsured and indigent through the Disproportionate Share Hospital (DSH) program.

- It is calculated as a percent of gross patient services revenues, which includes revenue from patient care activity but excludes revenue from non-patient activity such as research, academic activity, and investment earnings.
- The fee is set in each year's budget for that year, so annual legislative action is required for the fee to continue.
- Hospitals pay the fee in a single payment in July of each fiscal year.
- The fee is imposed only on hospitals licensed pursuant to RIGL 23-17 with the exception of those hospitals whose primary services and patient beds are psychiatric in nature. Thus, Bradley and Butler Hospitals do not pay the fee.

Hospital Licensing Fee Revenue		
Fiscal Year	Rate	Revenue
2008	3.480%	\$73.9
2009	5.473%	121.5
2010	5.314%	124.9
2011	5.465%	135.8
2012	5.430%	138.0
2013	5.313%	138.5
2014	5.246%	145.9
2015	5.745%	155.3
2016	5.862%	169.1
2017	5.652%	168.0
2018	5.652%	181.0
2019	6.000%	180.8

\$ in millions

- The federal government limits hospital licensing fees to 6.0 percent. Article 7 sets the rate at 6.0 percent.

Though the State's largest hospitals are non-profit and do not pay corporate income taxes or property taxes, the hospital license fee has become a considerable source of revenue for the State since its substantial increase in FY2009. In FY2019 it is estimated to generate \$180.8 million.

May 2018 Revenue Estimating Conference**\$59.8 million**

The May 2018 Revenue Estimating Conference (REC) increased its personal income tax revenue estimate from November by 1.8 percent, or \$20.6 million. Business and sales taxes were revised up by \$24.7 million and \$900,000, respectively, from November. These adjustments along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.) net the overall \$59.8 million increase.

Sports Wagering and Other Lottery Initiatives**\$27.6 million**

The Budget includes \$27.6 million in projected revenue associated with several new gambling initiatives, including the legalization of sports betting in Rhode Island.

Sports Betting: Article 4 of the Budget authorizes State-operated sports wagering at the Twin River and Tiverton Casinos. The Department of Revenue’s Lottery Division is charged with implementing and overseeing the program. Wagering on collegiate sports involving a college or university located in Rhode Island, regardless of where the event takes place, will not be permitted.

The Office of Revenue Analysis (ORA) projects that sports wagering would yield \$23.5 million in FY2019. The following table summarizes the projection’s methodology:

Sports Wagering FY2019 Revenue Estimate

Factors	Assumptions
Locations*	2
Estimated total handle	\$973.1
Estimated hold percentage	5.5%
Estimated total hold	\$53.5
State's share of revenue	51.0%
Est. full year state revenue	\$27.3
Starting date	October 1, 2019
Adjusted estimate, partial year	\$23.5

\$ in millions

**Lincoln and Tiverton*

The “handle” is equal to the total amount of money wagered and the “hold” is the amount of money left after all winnings are paid out.

ORA utilized a study conducted by Oxford Economics for the American Gaming Association titled “Economic Impact of Legalized Sports Betting” in preparing its estimate. The study estimates that the sports betting handle for Rhode Island ranges between \$654.6 million and \$972.5 million. The Budget assumes the top of the range plus an adjustment of approximately an additional \$600,000. This was adjusted upward based on the experience of IGT (the State’s casino gaming vendor) in other gaming markets where sports betting is underway.

Lottery and Gaming Pilot Authorization: Article 4 also permits the Lottery to undertake time-limited pilot programs for the purpose of identifying and evaluating potential new revenue opportunities.

According to the Division of the Lottery, there are a number of innovative new gaming opportunities that it is considering to pilot, including stadium gaming. Stadium gaming allows casino patrons to play multiple table style games simultaneously using interactive video terminal.

ORA estimates that a stadium gaming pilot and other gaming opportunities will generate \$4.1 million in general revenue in FY2019.

DOR Revenue Enhancements**\$14.8 million**

The Budget includes \$14.8 million in general revenue related to reorganization and enhancements at the Department of Revenue aimed at securing monies owed the State.

DOR Collections Unit: Through Article 4, the Budget establishes a collections unit within the Department of Revenue to assist state agencies in the collection of debts owed to the State.

As part of implementing the new unit, DOR would enter into agreements with any State agency attempting to collect delinquent debt. The debt must arise from a debtor failing to make timely payments pursuant to a written settlement agreements, final administrative order, or final judgement from a court or department. The referring agency is required to provide documentary support to the unit and must make specific notifications to the debtor. The unit may contract with out-side, private entities on a contingency basis to assist with the collection of debt.

Once referred, the debt will accrue interest at an annual rate determined by adding 2.0 percent to the prime rate effective the preceding October 1. The interest cannot exceed 21.0 percent or be less than 18.0 percent per year.

The Budget includes \$601,755 to fund the personnel (7.0 FTE positions) and operations of the collection unit in FY2019. The initiative is projected to generate \$1.3 million in additional revenue.

Restructuring the Division of Taxation: In February 2018, the Division of Taxation, in conjunction with the Office of Management and Budget, undertook an analysis to identify improvements and efficiencies in terms of organization structure, revenue collection, and operations. The findings of this study supported Taxations existing, multi-phased effort to modernize its operations. A key recommendation focuses on greater collaboration across legal, audit, policy, and data analytics to identify opportunities to enhance revenue collection. Tax assessment functions, once siloed, are now able to be centralized because of the new integrated tax data system, STAARS. It has also been determined that excessive turnover revenue agents is a persistent drag on revenue collection.

Budget includes 22.0 new FTE positions that will support these revenue collection enhancements and improvements around discovery, collections, and audits. The study projected that these changes will result in \$13.5 million in general revenue.

Sales Taxes**\$14.5 million**

The Budget includes \$14.5 million in general revenue related to the several changes to the sales and use taxes. These include subjecting vendor-hosted prewritten computer software, or “Software as a Service” (SaaS), to the State’s sales tax as well as certain security services. It also exempts kegs and alcoholic beverage containers used in the manufacturing of an alcoholic product.

Security services: Typically sales and use taxes are collected on tangible goods. According to ORA, the beginning in 2012, the State increased the number of services it collected taxes on, including taxi services, pet care, and room sellers.

Article 4 authorizes the collection of sale and use taxes on investigation, security guard, and armored car services. Investigation services related to private detective and investigation activity. Security guard services consist of services such as bodyguards, guard dog, parking security, and patrol services. Armored car services involve the pickup and delivery of cash, receipts, or other valuable items. These services do not include security systems or locksmiths. According to ORA, Massachusetts and Connecticut tax these services.

ORA utilized a Rhode Island specific sales tax simulation model to generate an estimate of the amount of economic activity attributable to the Investigation and Security category as defined by North American Industry Classification System (NAICS). ORA then calculated the percentage of that estimate that the

investigation, and armored car services make up and applied the 7.0 sales tax rate to come up with its projection \$9.7 million in FY2019.

Software as a service: Article 4 modernizes the State’s sales and use tax relative to the purchasing, delivery, and use of software products and services. Historically, computer software was purchased on a hard disk or came loaded on a personal computer. This tangible aspect has given way to the downloading of products and other web-based delivery or housing platforms.

According to ORA, states are increasingly incorporating “Software as a Service” in their definitions of taxable services. ORA indicates that at least 14 other states, many of which are part of the interstate Streamline Sales Tax Agreement, tax SaaS.

This article requires the collection of sales and use taxes on vendor-hosted prewritten computer software. This software includes accounting and invoicing platforms, sales trackers, planning, performance, and monitoring software, and webmail and electronic messaging.

ORA utilized U.S. Census and Division of Taxation audit data to determine an estimate on the number of firms offering services. From this estimate, ORA’s modeling projects \$4.8 million in sales tax general revenue to be collected as a result of this initiative in FY2019.

Seeds: Article 4 modifies the definition of food and food ingredients for purposes of sales tax by removing the exclusion of marijuana seeds or plants from the definition. ORA does not project a revenue impact regarding this exclusion.

Kegs: The article also exempts from the sales tax any keg or other alcoholic beverage container sold to brewers or other alcoholic beverage producers if the container is used in the manufacturing of beverage. This exemption results in a loss of \$15,000 of general revenue in FY2019.

The Budget includes a net \$14.5 million in new revenue related these sales tax changes.

Departmental Fees

\$9.9 million

The Budget assumes \$9.9 million in general revenue from the following fee changes:

FY2019 Departmental Fee Revenue Changes			
Department	Fee	Change	Revenue
Department of Business Regulation	Mutual Fund Registration	\$1,000 to \$1,750	\$6.9
	Insurance Claims Adjuster License	\$150 to \$250	3.0
Department of Health	Real ID - Vital Records Fee	\$5/\$3/\$2 *	0.4
	Wholesale Food Processor License	\$500 to \$300	(0.1)
	Frozen Dessert Processing License	\$160 to \$0.0	(0.1)
	Barber/Hairdresser Chair Fee	\$50 to \$0.0	(0.1)
	Food Safety Manager License	3 years to 5 years	(0.1)
Department of Children, Youth, and Families	Child Care Violation Fines	new fine < \$500	0.0
Total			\$9.9

\$ in millions

**\$5 for mail-in certified records, \$3 for duplicate certified records, and \$2 for walk-in requests for certified records requests*

Mutual Fund Registration: Rhode Island charges an initial and an annual renewal fee of \$1,000 to register a mutual fund to be sold in Rhode Island. The Budget increases these fees to \$1,750. According to the Department of Business Regulation (DBR), this increase would keep the fee in alignment with rates charged in other New England states. Initial fees range from \$500 in Connecticut to \$2,500 in Massachusetts. Renewals range from \$500 in Connecticut to \$1,500 in Vermont. There are approximately 9,100 mutual funds registered to be sold in Rhode Island. This increase is projected to generate \$6.9 million in general revenue in FY2019.

Insurance Claims Adjuster License: The current fee to maintain an insurance claims adjuster license in Rhode Island is \$150 every two years. The Budget increases the biennial fee to \$250. According to the Department of Business Regulation (DBR), 49 states license the various classes of insurance claims adjusters, including independent, public, and company levels. Massachusetts and Connecticut charge \$200 and \$300, respectively. There are approximately 60,000 insurance claim adjusters license in Rhode Island, a majority of who are not residents of the state. This increase is projected to generate \$3.0 million in general revenue in FY2019.

Real ID - Vital Records Fee: The Budget authorizes a tiered set of fees for individuals to obtain copies of certain vital records. The fees established are \$5 for mail-in certified records, \$3 for duplicate certified records, and \$2 for walk-in requests for certified records requests. The revenue generated from these fees is to be deposited into the Information Technology Infrastructure Fund for purposes of supporting the Electronic Statewide Registration System (ESRS) at the Department of Health. The proposal is estimated to generate \$350,351 annually.

The additional funding for ESRS is in part to ensure capacity during the implementation of the REAL-ID. REAL-ID is a federally mandated standard for state driver's licenses and identification cards. Rhode Island is required to implement this standard beginning December 2018. The State projects an increased demand for copies of birth certificates and other REAL-ID supporting documentation, over the following 22-month period. The Department of Health plans to establish an Office of Vital Records satellite office at the main Division of Motor Vehicles office in Cranston to provide customers accessibility to certified birth certificates onsite when they apply for a REAL-ID.

Wholesale Food Processor License: The Budget reduces the license renewal fee for wholesale food processors from \$500 per year to \$300. This change is expected to reduce general revenue by \$104,200.

Frozen Dessert Processing License: The Budget removes the requirement of a separate license for retail frozen dessert processing for any business that is already registered as a food establishment under Rhode Island law. Elimination of this requirement results in an estimated \$80,000 reduction in general revenue.

Barber/Hairdresser Chair Fee: The Budget also eliminates the \$50 fee barbers and hairdressers must pay annually per chair or workstation. This change is estimated to reduce general revenue by \$60,000 in FY2019.

Food Safety Manager License: Lastly, the Budget changes the recertification/renewal period for Certified Food Safety Managers from three to five years. Extending the period is estimated to reduce general revenues in FY2019 by \$60,000.

Child Care Violation Fines: The Budget includes \$5,500 of new departmental revenue attributed to the establishment of new administrative penalties for child care providers and placement agencies.

Article 15 requires DCYF to assess administrative penalties for child care licensing violations relating to child care centers, family child care homes, and group family child care homes. The new penalty structure is to be progressive, with numerous opportunities to comply. DCYF may assess administrative penalties on licensed child care providers that violate a rule, regulation, order, permit, license, or approval issued or adopted by the Director, or any law which the Director has the authority or responsibility to enforce. The provider has the right to an adjudicatory hearing and has 30 days to seek judicial review of the penalty in Family court. Penalties may not exceed \$500.

Transfers from Quasi-Public Agencies

\$4.8 million

The Budget transfers approximately \$4.8 million in reserves from two quasi-public agencies in FY2019 to support the General Fund.

Agency	Amount
Infrastructure Bank	\$4.0
Commerce Corporation - Anchor Institution Tax Credit	0.8
Total	\$4.8

\$ in millions

Infrastructure Bank: Article 1 requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$4.0 million to the State Controller by June 30, 2019. According to the RIIB, since agency leverages its capital with private sector capital in the bond market by four to five times, transferring \$4.0 million would reduce its capacity to invest in local infrastructure projects by \$4.0 million and impair its ability to fully execute its new programs. RIIB requires capital to implement its Municipal Roads & Bridges, the Efficient Building Fund, and Brownfield Remediation programs. Demand from municipalities, especially schools, for energy efficient and renewable energy projects through the Efficient Building Fund is strong and RIIB requires capital to make these environmental investments. RIIB continues to see increased demand in the Community Septic System Loan Program (CSSLP) which provides 1.0 percent, long-term loans to homeowners to remediate cesspools or damaged septic systems. The proposed transfer would have a negative impact on RIIB programs and the homeowners and municipalities that benefit from these programs.

Commerce Corporation – Anchor Institution Tax Credit: Article 1 also requires that the Commerce Corporation transfer the \$750,000 originally appropriated for the Anchor Institution Tax Credit incentive to the general fund by October 1, 2018.

The Anchor Institution Tax Credit program was conceived as an incentive to entice businesses that supply component goods or services to Rhode Island companies to relocate to the State. According to the Executive Office of Commerce, however, the incentive was difficult to implement and the demand for the credits non-existent. The program received an initial appropriation of \$750,000 when it was established in FY2016 and the Commerce Corporation has yet to award a single credit. The Anchor Institution Tax Credit program is statutorily set to sunset on December 31, 2018 and it was not included in the list of incentives the Governor sought to have reauthorized by the General Assembly.

DMV Fees

\$3.1 million

The Budget includes \$3.1 million attributable to licensing fee changes at the Division of Motor Vehicles within the Department of Revenue.

Duplicate Licenses: The fee to obtain a duplicate license currently costs \$25. In order to update information on license, such as a new address or a change in name, an individual must pay a \$5.00 fee. Article 8 of the Budget proposes merging the latter service with the duplicate license fee, effectively raising the fee to update licenses by \$20.

DMV Fee	Current Fee	Article 8 Fee	Change
Duplicate Licence Fee	\$25	\$25	\$0
Update Information Fee	5	25	20

As part of the State's sustainable transportation infrastructure priorities, both of the fees are statutorily required to be deposited in the RIHMA. Section 3 of Article 8 permanently eliminates this requirement and retains all revenue from these fees in the General Fund.

DMV Fee	Current Revenue	Article 8 Revenue	Change
Duplicate Licence Fee	\$506,450	\$506,450	\$0
Update Information Fee	100,540	502,700	402,160
total	\$606,990	\$1,009,150	\$402,160

Shifting these DMV fees to the General Fund represents a \$606,990 annual reduction to the Rhode Island Highway Maintenance Account under the current fee amount. General revenues are projected to increase by \$1.0 million.

REAL ID: In an effort to improve security, the federal government is requiring all travelers to have a REAL ID compliant identification beginning on October 1, 2020. The DMV is planning to begin the re-certification process for all Rhode Island driver's licenses and state-issued ID's in January 2019. This process will involve the collection of a duplicate license fee for each license. This initiative is expected to generate \$2.1 million.

Medical Marijuana Program Changes

\$2.0 million

The Budget assumes \$2.0 million in revenue attributable to a series of changes to the medical marijuana program. The following table summarizes these changes:

Change	Impact
Compassion Center Renewal Fees	\$735,000
Compassion Center Surcharges	150,000
Sales Taxes and Surcharges*	1,115,000
Total	\$2,000,000

* The revenue increase is primarily associated with the expansion of the program to out-of-state patient cardholders

Compassion Center Fees and Surcharges: The Budget Article 14 increases the license renewal fee for compassion centers from \$5,000 to \$250,000 per year, yielding \$735,000 in general revenue. The Budget also assumes a \$150,000 increase in compassion center surcharge collections.

Sales Taxes and Surcharges: The Budget includes \$1.1 million in additional sales tax and surcharge revenue. This is primarily being attributed to out-of-state medical marijuana card holder sales. Article 14 permits individuals who have been issued a valid medical marijuana card from a state other than Rhode Island to purchase medicine from a licensed compassion center. Previously, these individuals currently have legal protection to possess and use, but not to purchase.

OHHS Initiatives

\$1.9 million

The Budget includes a \$1.9 million net increase in general revenues to proposed reductions in payment rates related to Medicaid and from other health and human services initiatives. The majority of the impact is from shifting costs from the Rhody Health Options managed care program to the fee-for-service program.

Elimination of Job Training Tax Credit

\$450,000

The Budget assumes \$450,000 in business corporation tax revenue from the repeal of the State's Job Training Tax Credit.

Article 11 imposes a sunset on the Job Training Tax Credit, beginning tax year 2018 no further credits will be issued, and credits remaining from previous years will still be valid until they are used or expire. This tax expenditure was created in 1996 and intended to provide qualifying employers with credit against their state tax obligations for expenses associated with training their employees. According to the Department of Labor and Training (DLT), the program is not frequently used and DLT has not updated the policies or processes needed to determine qualification for the credits.

DBR Bank Examiners

\$284,310

The Budget includes funding and authorization for 2.0 Bank Examiner FTE positions and 1.0 Insurance Examiner FTE position that are projected to generate \$284,210 in gross general revenue in FY2019. The annual personnel costs for a bank examiner and an insurance examiner is approximately \$75,000 and

\$85,000, respectively. The positions will help the Department conduct the statutorily required exams and investigations to protect consumers from institutional insolvency. Examiners charge individuals and institutions for the time spent working directly on its examination and regulatory reviews. The three examiners are expected to be hired in late FY2018 and are estimated to bring in \$94,770 per position for a total of \$284,310 in general revenue FY2019.

Delay License Plate Reissuance

(\$1.8 million)

The Budget delays a statutorily-required license plate reissuance until January 1, 2020. Under current law, registrants are charged \$6.00 for each set of license plates above the regular registration fee. The delay in implementing the issuance results in a loss of \$1.8 million in general revenue in FY2019.

FY2018 SUPPLEMENTAL CHANGES

May Revenue Estimating Conference

\$75.5 million

The May 2017 Revenue Estimating Conference (REC) increased its personal income tax revenue estimate from November by 9.1 percent, or \$57.9 million. Business and sales taxes were revised down slightly, \$1.4 million, and \$1.5 million, respectively, from November. These adjustments along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.) net the overall \$75.5 million increase.

Reduction of the DMV Fee Transfer to RIHMA

\$10.4 million

The Governor reduces the planned transfer of Division of Motor Vehicle fees to the Rhode Island Highway Maintenance Account. Article 8 lowers the amount of fees to be transferred from 80.0 percent to 60.0 percent in FY2018. This change is estimated to generate \$10.3 million in general revenue in FY2018.

Transfer from Twin River to Lottery

\$2.0 million

The Budget includes \$2.0 million from a transfer of funds from Twin River to the Lottery. The payment is offered as an offset to the loss of revenue associated with the delayed opening of the Twin River-Tiverton Casino.

Transfer of Surplus Fee Revenue from DBR

\$1.6 million

The FY2018 Revised Budget transfers a total of \$1.6 million in restricted receipt revenue from surplus fees collected by the Divisions of Insurance Regulation and Commercial Licensing, Gaming, and Athletics.

Transfer of Water Resources Board Revenue

\$1.1 million

The Budget includes \$1.1 million in revenue from a one-time transfer of surcharge funds that had originally been collected by the now defunct Water Resources Corporate Board. The responsibilities of the board have since been transferred to the RI Infrastructure Bank. The surcharges are still permitted by law and their use and distribution are proscribed in statute.

Rhode Island Lottery

\$612,793

The Budget assumes a \$612,793 increase in the transfer to the general fund based on reduced expenditures at the Lottery.

Municipal Aid

For FY2019, Distressed Community Relief Aid and Library Aid are funded at the FY2018 Enacted level. The Budget includes an additional \$883,898 for the Payment in Lieu of Taxes (PILOT) program allowing for a full 27.0 percent reimbursement rate. Meal and Beverage Tax and Hotel Tax collections are projected to increase by a total of \$1.1 million for FY2019 based on historic collection rates.

Tables showing impacts by community are included at the end of this analysis.

Program	FY2017	FY2018	FY2018	Change from		FY2019	Change from	
		Enacted	Revised	Enacted	Enacted	Enacted	Enacted	
Payment in Lieu of Taxes	\$42.0	\$45.2	\$45.2	\$0.0	0.0%	\$46.1	\$0.9	2.0%
Distressed Communities	12.4	12.4	12.4	-	-	12.4	-	-
Motor Vehicle Excise Tax	10.0	36.0	34.5	(1.5)	-4.1%	54.7	18.7	52.1%
Municipal Incentive Aid	0.1	-	-	-	-	-	-	-
State Aid to Libraries								
Grant-in-Aid	9.4	9.4	9.4	-	-	9.4	-	-
Library Construction	2.2	2.2	2.2	(0.0)	(0.0)	2.2	0.0	0.6%
Property Revaluation Program	0.4	0.9	0.9	-	-	1.6	0.7	74.0%
Total Direct Aid	\$76.5	\$106.1	\$104.6	(\$1.5)	-1.4%	\$126.4	\$20.3	19.2%
Public Service Corporations Tax	\$13.6	\$13.6	\$13.2	(\$0.4)	-2.9%	\$13.3	(\$0.3)	-1.8%
Meals & Beverage Tax	26.4	28.9	29.3	0.4	1.3%	31.5	2.6	8.9%
Hotel Tax	9.4	10.7	10.1	(0.5)	-4.9%	11.4	0.7	6.5%
Airport Impact Fees	1.0	1.0	1.0	(0.0)	-2.0%	1.0	-	-
Total Indirect Aid	\$50.3	\$54.1	\$53.6	(\$0.6)	-1.0%	\$57.2	\$3.0	5.6%
Total Aid	\$126.9	\$160.2	\$158.1	(\$2.1)	-1.3%	\$183.5	\$23.4	14.6%

\$ in millions. Totals may vary due to rounding.

DIRECT AID TO LOCAL GOVERNMENT

Payment in Lieu of Taxes (PILOT)

The Payment in Lieu of Taxes (PILOT) program was established in 1986 to reimburse cities and towns for property taxes that would have been due on real property owned by nonprofit higher education institutions and nonprofit hospitals if it were subject to taxation.

The objective is to offset the costs to the community for providing public safety or other municipal services to the properties and facilities covered by the statute.

For FY2019, PILOT increases by \$883,898 from the FY2018 level, to \$46.1 million. Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The full reimbursement rate of 27.0 percent has been appropriated each year since FY2017.

Fiscal Year	PILOT Funding Trends		
	Total Funding	% Change	% Reimbursed
2008	\$27.8	0.0%	27.0%
2009	27.6	-0.7%	25.2%
2010	27.6	-	23.9%
2011	27.6	-	21.1%
2012	33.1	20.0%	23.4%
2013	35.1	6.0%	22.7%
2014	35.1	-	22.0%
2015	40.1	14.2%	25.4%
2016	40.1	-	23.7%
2017	42.0	4.7%	27.0%
2018	45.2	7.7%	27.0%
2019	46.1	9.8%	27.0%

\$ in millions.

Distressed Community Relief

The Distressed Community Relief program was established in 1990 to provide state assistance to communities with the highest property tax burdens relative to the wealth of taxpayers. For FY2018, \$12.4 million was appropriated and distributed to eight eligible

municipalities. Funds are distributed to each eligible community on the basis of the community's tax levy relative to the total tax levy of all eligible communities.

For FY2019, the Distressed Community Relief Fund is maintained at the FY2018 level of \$12.4 million. The City of Johnston qualified as a distressed community in FY2018 and received a 50.0 percent appropriation of \$601,333. In the year that a newly qualified community enters the program, it receives 50.0 percent of the current law requirement for the first year it qualifies. The remaining 50.0 percent of Johnston’s appropriation is divided among the remaining eight distressed communities. In FY2019 Johnston is appropriated the full formula amount of \$1.1 million.

Municipality	FY2018	FY2019	Change
	Revised	Budget	
Central Falls	\$225,398	\$217,757	(\$7,641)
Cranston	1,341,001	1,233,378	(107,623)
Johnston	601,333	1,065,944	464,611
North Providence	1,030,137	1,000,937	(29,200)
Pawtucket	1,539,903	1,507,940	(31,963)
Providence	5,797,634	5,606,831	(190,803)
West Warwick	924,370	904,159	(20,211)
Woonsocket	924,681	847,512	(77,169)
Total	\$12,384,458	\$12,384,458	-

The Budget requires that any community classified as “distressed” be mandated to participate in the Division of Taxation’s income tax refund offset program, allowing the Division to recover unpaid state taxes and/or fines through an intercept of an individual’s income tax refund. All eight communities are currently participating.

Motor Vehicle Excise Tax

The Motor Vehicle and Trailer Excise Tax Elimination Act of 1998 was enacted to offer broad-based property tax relief to the residents of Rhode Island. The FY2010 Budget as Enacted included \$135.4 million for Motor Vehicle Excise Tax Reimbursement. The FY2010 Revised Budget reduced that amount to \$117.2 million. In FY2011, funding was reduced to \$10.0 million, funding for fire districts was eliminated from the budget, and the state-mandated motor vehicle tax exemption was reduced from \$6,000 to \$500. These provisions remained in effect through FY2017.

Article 11 of the FY2018 Budget as Enacted decreased the motor vehicle excise tax each year from FY2018 through FY2023, fully eliminating the tax in FY2024. The tax is reduced over a seven-year period by decreasing tax rate caps and assessment ratios, while raising exemption floors and exempting vehicles that are more than 15 years old. Additionally, to ensure taxpayer relief, the article removed the motor vehicle excise tax from the levy calculation related to the 4.0 percent cap on municipal property tax levy increases.

Fiscal Year	Total Funding	% Change
2009	\$135.4	0.0%
2010	117.2	-13.4%
2011	10.0	-91.5%
2012	10.0	0.0%
2013	10.0	0.0%
2014	10.0	0.0%
2015	10.0	0.0%
2016	10.0	0.0%
2017	10.0	0.0%
2018	34.5	245.0%
2019	54.7	58.6%

\$ in millions.

Additionally, the sales tax escalator calculation language that was in place from the 1998 motor vehicle excise tax phase-out language was changed. The language previously rounded the changes so that it could significantly and negatively impact the levy reimbursements to cities and towns. Article 11 changed the rounding of the sales tax received from the nearest tenth of one cent to the nearest thousandth of one cent, reducing the impact of the rounding. Authority to make this calculation shifted from the Director of Administration to the Director of Revenue.

In FY2019, municipalities will lose an estimated \$54.7 million in forgone motor vehicle excise tax levies; therefore, the Budget is increased by \$54.7 million in general revenue to reimburse municipalities for the

lost tax revenue. By FY2024, the estimated cost of eliminating the motor vehicle tax is \$234.0 million in general revenue.

Fiscal Year	Assessment		Exemption Drop After			Total Levy	Foregone Levy	Taxed Car	Cars Dropped
	Ratio	Rate Cap	Floor	Age	Count			From Tax Roll	
FY2018 Baseline	100%	N/A	\$500	25	\$233,982,153	\$0	753,308	0	
FY2018	95%	\$60	1000	15	199,470,594	34,511,558	602,385	150,923	
FY2019	90%	50	2000	15	179,302,632	54,679,521	585,329	167,979	
FY2020	85%	35	3000	15	141,783,974	92,198,179	560,569	192,739	
FY2021	80%	35	4000	15	120,857,312	113,124,841	514,636	238,672	
FY2022	75%	30	5000	15	93,079,688	140,902,465	451,285	302,023	
FY2023	70%	20	6000	15	58,559,938	175,422,215	389,796	363,512	
FY2024	N/A	N/A	N/A	N/A	-	233,982,153	N/A	N/A	

Source: Department of Revenue

State Aid to Libraries Grant-in Aid

State aid to libraries is distributed based on the city or town's expenditure level as a percentage of the total expenditures by all communities statewide. In order to be eligible for these funds, cities and towns must maintain their level of support for public library services at 100.0 percent of the previous year's funding from the local tax base. The Budget includes funding for FY2019 at the FY2018 level of \$9.4 million; however, distribution is based on qualifying data from the statutory reference year. Current law requires reimbursement of 25.0 percent of second prior year expenses, but allows for a ratable reduction if the appropriation is less than this amount. The FY2019 appropriation is a \$1.0 million less than required to meet the 25.0 percent threshold.

State Aid to Libraries Construction Reimbursement

Rhode Island law grants authority to the Office of Library and Information Services (OLIS) to make grants to a municipality or a free public library for construction or capital improvements. Grants are limited to a maximum of 50.0 percent of the total eligible costs as determined by the Office of Library and Information Services and are paid on an installment basis, based on a community's debt service requirement, for a period of up to 20 years.

For the Budget includes \$2.2 million for Library Construction Aid in both FY2018 and FY2019. The moratorium on the acceptance of new applications for library construction projects, enacted in 2011 by the General Assembly, ended on July 1, 2014. In 2017, public library construction reimbursement was approved for Barrington Public Library (\$61.4 million); reimbursement began in FY2018. The

Providence Public Library has submitted a preliminary application for the reimbursement of a \$20.0 million renovation project; the state share of the project has not yet been determined but is estimated at approximately \$7.0 million. If approved, reimbursement would begin in FY2020.

Fiscal Year	Library Aid		Total Aid	% Change
	Grant in Aid	Construction		
2008	\$8.7	\$2.7	\$11.4	-0.4%
2009	8.7	2.6	11.3	-1.0%
2010	8.8	2.7	11.5	1.9%
2011	8.7	2.5	11.2	-2.4%
2012	8.7	2.8	11.5	2.6%
2013	8.7	2.5	11.2	-3.0%
2014	8.7	2.5	11.2	0.3%
2015	8.7	2.3	11.0	-1.8%
2016	8.8	2.7	11.5	4.5%
2017	9.4	2.2	11.6	0.7%
2018	9.4	2.2	11.7	0.9%
2019	9.4	2.2	11.7	-

\$ in millions.

Property Revaluation Reimbursement

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years with statistical updates at year three and year six. Communities are responsible for appropriating funds to cover the costs of full property revaluations; however, the State reimbursed municipalities for 100.0 percent of the first statistical update. Reimbursements for subsequent updates were set at 80.0 percent (up to \$16 per parcel) for the second statistical update and 60.0 percent (up to \$12 per parcel) for the third and subsequent statistical revaluations. The Budget includes \$1.6 million for the Property Revaluation program in FY2019, an increase of \$693,306 from the FY2018 Budget as Enacted, and is based on anticipated reimbursements. The following communities will be reimbursed for statistical updates in FY2019: Burrillville, Central Falls, East Providence, Jamestown, Johnston, Lincoln, New Shoreham, North Kingstown, North Smithfield, Smithfield, South Kingstown, Warren, Warwick, and West Warwick. Full revaluations are scheduled for Westerly, Little Compton, Providence, and Scituate.

Property Revaluation Program		
Fiscal Year	State Reimbursement	% Change
2008	\$0.7	-66.5%
2009	1.1	61.9%
2010	1.5	35.2%
2011	0.7	-53.1%
2012	0.9	25.3%
2013	1.6	79.0%
2014	0.5	-69.0%
2015	0.6	26.6%
2016	1.4	118.6%
2017	0.6	-59.6%
2018	0.9	-32.3%
2019	1.6	191.2%

\$ in millions.

INDIRECT AID TO LOCAL GOVERNMENT

Public Service Corporation Tax

The tangible personal property of telegraph, cable, telecommunications corporations, and express corporations is exempt from local taxation, and instead is subject to taxation by the State. The State Tax Administrator applies the average assessment ratio and the average tax rate to the value of tangible personal property of each company to calculate the amount of tax due. The “average assessment ratio” is the total assessed valuation divided by the full market value of the valuation. The “average property rate” is the total statewide property levy divided by the total statewide assessed valuation.

The revenue from this tax flows through the State; it is not appropriated. The State is allowed to keep 0.75 percent of this tax for administrative fees. The remainder of the revenue is deposited into a restricted receipt account and apportioned to the cities and towns based on the ratio of each municipality’s population relative to the total population of the State.

Collections from this tax decreased from \$18.0 million in FY2003 to \$9.2 million in FY2009. The average property tax rate decline as the total assessed valuation increased dramatically due to the more frequent revaluations together with a dramatic increase in real estate values, resulting in a reduced tax rate being applied to Public Service Corporation Tax assets, which now carry a lower value. In 2009, the General Assembly passed legislation freezing the tax rate on telecommunications tangible personal property at a rate equal to or greater than the rate that applied in FY2008. For each year thereafter, the tax rate applied to telecommunications tangible property can be no less than the rate that applied in FY2008.

The FY2019 Budget provides \$13.3 million to be distributed to municipalities on July 31, 2018. This is 1.0 percent higher than FY2018.

Public Service Corporation		
Fiscal Year	Total Funding	% Change
2008	\$10.3	0.0%
2009	9.2	-11.1%
2010	10.2	10.9%
2011	11.4	11.8%
2012	11.8	3.5%
2013	12.7	7.6%
2014	13.2	3.9%
2015	14.3	8.3%
2016	13.0	-9.0%
2017	13.6	4.2%
2018	13.2	-2.9%
2019	13.3	1.0%

\$ in millions.

Meals and Beverage Tax

During the 2003 session, the General Assembly enacted a 1.0 percent gross receipt tax on retail sales of meals and beverages in or from eating and/or drinking establishments. The revenue from this tax flows through the State; it is not appropriated. The taxes are collected by the Division of Taxation and distributed at least quarterly to the city or town where the meals and beverages were delivered.

For FY2018, the Office of Revenue Analysis estimates \$29.3 million in collections, increasing to \$31.4 million in FY2019.

Meals & Beverage Tax		
Fiscal Year	Total Funding	% Change
2009	\$18.8	0.3%
2010	19.0	0.9%
2011	19.5	2.6%
2012	21.0	7.8%
2013	21.4	1.7%
2014	22.3	4.4%
2015	23.6	6.0%
2016	25.2	6.5%
2017	27.2	8.2%
2018	29.3	7.6%
2019	31.4	7.2%

\$ in millions.

Hotel Tax

The State levies a 5.0 percent gross receipts tax on charges for occupancy of any space furnished in buildings or structures with a minimum of three rooms that are kept, used, maintained, advertised, or held out to the public to be a space where living quarters are supplied for pay to transient use (30 days or less). This tax is collected by the hotel and remitted to the Division of Taxation on a monthly basis.

This tax is in addition to all other taxes and fees currently imposed. The Division of Taxation collects the tax and is responsible for distribution, except for the City of Newport, which is authorized to collect and disburse taxes from all hotels physically located in the City. Twenty-five percent of the original 5.0 percent hotel tax is distributed to the city or town where the hotel which generated the tax is physically located.

The FY2016 Budget as Enacted expanded the hotel tax to include vacation home rentals, small bed and breakfasts, hotel room resellers, and unlicensed lodging rentals (such as those listed on the Airbnb.com website).

An additional 1.0 percent tax, which was enacted in FY2005, is distributed entirely to the city or town where the occupancy occurred. Total distribution to municipalities is estimated at \$10.1 million for FY2018 and \$11.4 million for FY2019.

Hotel Tax		
Fiscal Year	Total Funding	% Change
2009	\$5.6	-3.4%
2010	5.7	1.8%
2011	5.9	2.7%
2012	6.3	8.0%
2013	6.7	5.3%
2014	6.5	-2.2%
2015	7.4	13.5%
2016	9.7	30.6%
2017	10.5	8.7%
2018	10.1	-3.5%
2019	11.4	12.0%

\$ in millions.

OTHER AID TO LOCAL GOVERNMENT

Warwick Rental Car Tax Revenue

The RI Airport Corporation levies a \$5.00 per rental vehicle, per day, customer facility charge (CFC) for all vehicle rentals from companies operating at T.F. Green Airport. Revenues from the CFC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CFC is applied prior to the application of the sales tax and rental vehicle surcharge. Since 2003, per RIGL 1-2-17.1, all sales taxes (7.0 percent) and rental vehicle surcharges (6.0 percent) collected from the application of the CFC are deposited into a restricted receipt account for the City of Warwick. These payments totaled \$631,132 in FY2010 and reached \$940,513 in FY2016. The FY2018 and FY2019 budgets include \$922,013 in CFCs for the benefit of the City of Warwick.

Airport Impact Fees

Airport impact aid payments to municipalities that have airports are level-funded at approximately \$1.0 million for FY2018 and FY2019. The funding is provided annually through Article 1 of the budget and flows through the Rhode Island Commerce Corporation. The aid is distributed based upon a statutory formula that provides 60.0 percent of the first \$1.0 million (\$600,000) for communities with airports serving

more than 1.0 million passengers per year. T.F. Green is the only airport in the State that meets this threshold. The remaining 40.0 percent is distributed to communities based on each airport's share of total landings in a calendar year, including T.F. Green. No community that hosts an airport receives less than \$25,000.

Airport	1.0 Million Passengers	Distribution on Landings	All Airports and Communities to \$25,000	Total Payment
Warwick T.F. Green	\$600,000	\$184,239	\$0	\$784,239
Block Island	-	35,701	-	35,701
Middletown - Newport Airport	-	47,087	-	47,087
North Central	-	40,104	-	-
Smithfield			4,948	25,000
Lincoln			4,948	25,000
North Kingstown - Quonset	-	47,435	-	47,435
Westerly	-	45,434	-	45,434
Grand Total	\$600,000	\$400,000	\$9,896	\$1,009,896

Municipal Road and Bridge Fund

The FY2014 Budget as Enacted transferred \$7.0 million of bond premium proceeds derived from the sale of 2013 general obligation bonds from the Rhode Island Capital Plan Fund (RICAP) to capitalize a Municipal Road and Bridge Revolving Fund. The FY2014 Revised Budget increased this amount by \$3.3 million, for a total of \$10.3 million. The FY2015 Budget included an additional \$5.0 million in funding made available from the sale of Tobacco Settlement Bonds, and the Clean Water Finance Agency (now the Rhode Island Infrastructure Bank) contributed \$3.5 million from its board designated administrative fund to capitalize this program in FY2015. The Budget did not include any additional funding for the Municipal Road and Bridge Fund in FY2018 or FY2019.

These funds are available for municipalities to borrow for road and bridge projects. Loans began in FY2014, and future capitalizations combined with the revolved funds allow state-sponsored financing on an ongoing basis. This fund is administered by the Rhode Island Infrastructure Bank (RIIB). Applications are submitted to the Rhode Island Department of Transportation (RIDOT) based on regulations developed by RIDOT. RIDOT developed a project priority list based on six criteria:

- The extent to which the project generates economic benefits.
- The extent to which the project would be able to proceed at an earlier date.
- The likelihood the project will provide mobility benefits.
- The cost effectiveness of the project.
- The likelihood that the project will increase safety.
- The readiness of the project to proceed during the next calendar year.+

To date, the RIIB has approved applications from municipalities for road and bridge projects as follows:

Municipal Road and Bridge Fund

Borrower	Program Year	Amount Requested	Amount Borrowed	Loan Outstanding	Credit Limit Remaining
East Providence	2014	\$1,215,000	\$1,215,000	\$877,000	\$0
Newport	2014	4,000,000	1,500,000	1,071,000	-
Warwick	2014	1,600,000	1,600,000	942,700	459,300
Burrillville	2014	680,000	680,000	279,774	264,226
New Shoreham	2014	255,000	255,000	143,469	65,531
Westerly*	2014	625,000	225,000	-	-
Pawtucket	2014	7,000,000	3,500,000	3,080,000	-
Cumberland	2014	500,000	500,000	300,899	193,101
Coventry	2014	340,000	340,000	244,000	-
West Warwick	2015	150,515	150,515	118,515	-
Bristol	2015	500,000	500,000	445,000	-
Hopkinton	2015	253,000	253,000	130,104	67,896
Pawtucket	2015	5,000,000	5,000,000	4,576,000	-
East Greenwich	2015	2,000,000	2,000,000	1,577,000	-
Coventry	2015	900,000	900,000	771,576	12,424
Bristol	2016	1,175,000	1,175,000	1,113,000	-
Cranston	2016	1,755,000	1,755,000	1,005,309	670,691
New Shoreham	2016	296,000	296,000	278,500	4,500
Pawtucket	2016	3,000,000	3,000,000	2,869,000	-
East Greenwich	2017	5,000,000	5,000,000	2,125,163	2,874,837
Pawtucket	2017	3,000,000	3,000,000	2,170,264	829,736
New Shoreham	2018	449,000	449,000	117,236	331,764
Providence	2018	10,000,000	10,000,000	267,738	9,732,262
Pawtucket	2018	2,000,000	2,000,000	20,000	1,980,000
Middletown	2018	5,000,000	5,000,000	50,000	4,950,000
TOTAL		\$56,693,515	\$50,293,515	\$24,573,248	\$22,436,267

* \$400,000 turned back from Westerly

Central Falls Retiree Payments

The FY2012 Revised Budget included a \$2.6 million Stabilization Payment to the City of Central Falls that was deposited into a restricted account to provide transition payments over five years to municipal retirees who sustained significant pension reductions as a result of a "Settlement and Release Agreement." Parties to the agreement include the Receiver for the City of Central Falls, the Department of Revenue, and the negotiating team for the Central Falls retirees. The Agreement was reached to avoid protracted litigation in federal court.

The payments ensure that retirees receive a reduction of no greater than 25.0 percent of their pre-bankruptcy annual pension benefits, as opposed to the reduction of up to 55.0 percent implemented by the City Receiver earlier in the year. The transition payments also include annual cost of living adjustments of up to 2.0 percent annually, not compounded.

Legislation passed by the 2014 General Assembly requires the State to appropriate sufficient funds to the City of Central Falls for payment to Central Falls' city retirees so that those retirees continue to receive 75.0 percent of their base pension benefit as of July 31, 2011, for their lifetime, and to the extent applicable, up to 67.5 percent for the lives of their beneficiaries. An actuarial study estimates that the State will need to contribute an additional \$4.8 million to the Central Falls pension fund, beginning with \$333,674 on July 1, 2016, and ending with a payment of \$3,393 on July 1, 2044. The Budget includes \$305,018 in general revenue in both FY2018 and FY2019 for Central Falls pension support and an additional \$600,000 for general operational support to the city.

OTHER MUNICIPAL PROGRAMS***Main Street RI Streetscape Improvement Program***

Article 19 of the FY2016 Budget as Enacted created a statewide Main Street Rhode Island (Main Street RI) Streetscape Improvement Fund. The purpose of the program is to provide loans, matching grants, or other forms of financing, with recipients providing 30.0 percent match, to upgrade streetscapes in local business districts (lighting, street furniture, medians). The Budget level funds the Main Street RI program in FY2019, with \$500,000 in general revenue. Sixteen awards totaling \$2.0 million have been made to date and are listing in the following table:

Main Street RI Streetscape Program		
Recipient	Main Street RI Project	Award
Central Falls	Building improvement - Dexter Street	\$300,000
Pawtucket	Municipal garage improvements	245,000
North Kingstown	Wickford Waterfront Vision	204,400
Warren	Water Street lighting and street trees	203,315
One Neighborhood	Bus stops and pedestrian safety issues in Olneyville	196,000
Providence	Decorative lighting in Downtown	189,145
Westerly	Sidewalks, crosswalks, and pedestrian signage	140,210
Bristol	Wayfinder signage	80,000
Providence	Wayfinder signage	76,000
East Providence	Landscaping, lighting, and façade upgrades	75,000
Woonsocket	Landscaping installations and other projects	70,000
Warwick	West Shore Road crosswalks	69,000
Jamestown	East Ferry landscaping, crosswalks, and paving	65,000
Bristol	Wood Street improvements	42,855
East Greenwich	Wayfinder signage	32,400
Smithfield	Bus shelters and signage	11,075
Total		\$1,999,400

FY2018 Revised Direct Municipal Aid to Cities and Towns

Municipality	FY2018 Enacted	Payment In Lieu of Taxes	Distressed		Library Grant-in-Aid	Library Construction Aid	Total FY2018 Municipal Aid	Change from FY2018
			Communities Relief Fund	Motor Vehicle Excise Tax				
Barrington	\$1,033,425	\$16,157	\$0	\$643,190	\$380,070	\$0	\$1,039,417	\$5,992
Bristol	1,907,123	1,035,981	-	418,032	187,103	282,400	1,923,516	16,393
Burrillville	1,223,829	97,322	-	759,723	170,118	261,561	1,288,724	64,895
Central Falls	685,999	25,295	225,398	424,734	27,075	-	702,502	16,503
Charlestown	204,684	-	-	166,072	50,815	-	216,887	12,203
Coventry	1,184,976	-	-	947,921	238,140	-	1,186,061	1,085
Cranston	10,643,168	5,287,952	1,341,001	3,463,187	582,746	-	10,674,886	31,718
Cumberland	1,330,247	135	-	943,785	285,364	207,771	1,437,055	106,808
East Greenwich	924,332	459,869	-	285,644	132,321	57,240	935,074	10,741
East Providence	2,390,434	243,053	-	516,914	415,613	61,766	1,237,346	(1,153,088)
Exeter	468,077	-	-	368,648	52,931	75,968	497,547	29,470
Foster	347,365	-	-	339,582	34,371	-	373,953	26,588
Glocester	507,070	-	-	399,418	77,938	-	477,356	(29,714)
Hopkinton	323,724	-	-	312,822	35,323	-	348,145	24,421
Jamestown	198,973	-	-	72,189	126,828	-	199,017	44
Johnston	2,449,283	-	601,333	1,792,809	124,168	-	2,518,310	69,027
Lincoln	824,007	-	-	648,266	203,414	-	851,680	27,673
Little Compton	79,428	-	-	46,640	35,067	-	81,707	2,279
Middletown	415,735	-	-	229,034	145,593	51,353	425,980	10,245
Narragansett	391,116	-	-	203,128	191,652	-	394,780	3,664
Newport	2,278,890	1,405,248	-	263,311	411,403	203,309	2,283,271	4,381
New Shoreham	167,199	-	-	31,058	74,303	64,335	169,696	2,496
North Kingstown	926,203	1,712	-	635,939	282,085	27,435	947,171	20,968
North Providence	3,052,363	-	1,030,137	1,592,253	202,114	-	2,824,504	(227,859)
North Smithfield	688,971	-	-	634,700	78,305	-	713,005	24,034
Pawtucket	5,735,550	554,958	1,539,903	3,072,376	409,155	-	5,576,392	(159,158)
Portsmouth	415,129	-	-	302,409	113,853	-	416,262	1,133
Providence	46,163,742	33,303,459	5,797,634	5,934,870	1,265,199	-	46,301,162	137,420
Richmond	282,117	-	-	248,574	26,001	-	274,575	(7,542)
Scituate	338,352	-	-	237,174	104,815	-	341,989	3,637
Smithfield	1,843,211	718,669	-	853,791	294,639	-	1,867,099	23,888
South Kingstown	888,824	204,036	-	483,828	218,810	-	906,674	17,850
Tiverton	653,388	-	-	216,859	123,043	321,483	661,385	7,997
Warren	418,998	-	-	374,205	56,598	-	430,803	11,805
Warwick	5,624,145	1,690,561	-	3,093,847	739,962	126,341	5,650,711	26,565
Westerly	1,553,760	161,199	-	852,374	318,791	253,767	1,586,131	32,371
West Greenwich	256,480	-	-	209,706	33,299	-	243,005	(13,475)
West Warwick	1,797,962	-	924,370	777,694	162,506	-	1,864,570	66,608
Woonsocket	2,903,406	-	924,681	1,715,119	186,880	166,898	2,993,578	90,172
Subtotal	\$103,521,688	\$45,205,606	\$12,384,458	\$34,511,822	\$8,598,411	\$2,161,626	\$102,861,926	(\$659,763)
Motor Vehicle Phase Out Reimbursement- Fire Districts				\$32,369			\$32,369	
Statewide Reference Library Resource Grant					\$701,052		\$701,052	
Grant-In-Aid to Institutional Libraries					\$62,609		\$62,609	
Total	\$103,521,688	\$45,205,606	\$12,384,458	\$34,544,191	\$9,362,072	\$2,161,626	\$103,657,956	(\$659,763)

FY2019 Direct Municipal Aid to Cities and Towns

Municipality	FY2018 Enacted	Payment In Lieu of Taxes	Distressed		Library Grant- in-Aid	Library Construction Aid	Total FY2019 Direct Aid	Change from FY2018
			Communities Relief Fund	Motor Vehicle Excise Tax				
Barrington	\$1,033,425	\$17,514	\$0	\$824,370	\$377,408	\$158,661	\$1,377,953	\$344,528
Bristol	1,907,123	1,335,274	-	509,577	192,571	287,588	2,325,010	417,887
Burrillville	1,223,829	98,273	-	1,111,454	173,440	253,920	1,637,087	413,258
Central Falls	685,999	895	-	559,678	26,487	-	587,060	(98,939)
Charlestown	204,684	-	-	243,681	51,117	-	294,798	90,114
Coventry	1,184,976	-	-	1,448,240	232,971	-	1,681,211	496,235
Cranston	10,643,168	5,403,870	1,233,378	6,025,451	599,627	-	13,262,326	2,619,158
Cumberland	1,330,247	-	-	1,369,021	279,091	216,196	1,864,308	534,061
East Greenwich	924,332	659,856	-	380,748	131,335	55,227	1,227,166	302,834
East Providence	2,390,434	244,237	-	1,653,876	418,643	59,934	2,376,690	(13,744)
Exeter	468,077	-	-	534,739	49,367	75,968	660,074	191,997
Foster	347,365	-	-	468,246	33,624	-	501,870	154,505
Glocester	507,070	-	-	582,819	78,446	-	661,265	154,195
Hopkinton	323,724	-	-	439,028	34,850	-	473,878	150,154
Jamestown	198,973	-	-	99,177	123,716	-	222,893	23,920
Johnston	2,449,283	-	1,065,944	2,571,705	120,586	-	3,758,235	1,308,952
Lincoln	824,007	-	-	842,552	202,908	-	1,045,460	221,453
Little Compton	79,428	-	-	62,951	34,306	-	97,257	17,829
Middletown	415,735	-	-	296,803	145,601	50,092	492,496	76,761
Narragansett	391,116	-	-	277,376	187,492	-	464,868	73,752
Newport	2,278,890	1,431,152	-	362,207	412,478	196,034	2,401,871	122,981
New Shoreham	167,199	-	-	43,379	84,344	61,897	189,620	22,421
North Kingstown	926,203	1,762	-	819,357	278,709	26,684	1,126,512	200,309
North Providence	3,052,363	-	1,000,937	2,564,952	197,946	-	3,763,835	711,472
North Smithfield	688,971	-	-	970,239	77,887	-	1,048,126	359,155
Pawtucket	5,735,550	575,928	1,507,940	5,016,724	390,645	-	7,491,237	1,755,687
Portsmouth	415,129	-	-	376,198	114,736	-	490,934	75,805
Providence	46,163,742	33,497,659	5,606,831	11,520,957	1,282,046	-	51,907,493	5,743,751
Richmond	282,117	-	-	360,344	24,913	-	385,257	103,140
Scituate	338,352	-	-	325,391	104,590	-	429,981	91,629
Smithfield	1,843,211	763,295	-	1,071,799	295,708	-	2,130,802	287,591
South Kingstown	888,824	207,011	-	622,687	213,881	-	1,043,579	154,755
Tiverton	653,388	-	-	294,968	122,624	315,268	732,860	79,472
Warren	418,998	-	-	534,788	56,679	-	591,467	172,469
Warwick	5,624,145	1,687,863	-	3,866,952	737,667	-	6,292,482	668,337
Westerly	1,553,760	164,915	-	1,255,504	315,893	253,767	1,990,079	436,319
West Greenwich	256,480	-	-	311,443	36,772	-	348,215	91,735
West Warwick	1,797,962	-	904,159	1,241,104	160,224	-	2,305,487	507,525
Woonsocket	2,903,406	-	847,512	2,818,968	197,081	165,235	4,028,796	1,125,390
Subtotal	\$103,521,688	\$46,089,504	\$12,166,701	\$54,679,453	\$8,598,411	\$2,176,470	\$123,710,538	\$20,188,850
Motor Vehicle Phase Out Reimbursement				\$69,496			\$69,496	
Statewide Reference Library Resource Grant					\$701,052		\$701,052	
Grant-In-Aid to Institutional Libraries					\$62,609		\$62,609	
Total	\$103,521,688	\$46,089,504	\$12,166,701	\$54,748,949	\$9,362,072	\$2,176,470	\$124,543,695	\$20,188,850

FY2018 Revised Indirect Local Aid to Cities and Towns

Municipality	FY2018 Enacted Indirect Aid	Public Service Corp. Tax	Meals and Beverage Tax	Hotel Tax	FY2018 Revised Indirect Aid	Change from FY2018 Enacted
Barrington	\$398,681	\$203,389	\$187,285	\$2,616	\$393,290	(\$5,391)
Bristol	834,380	279,397	441,211	59,608	780,216	(54,164)
Burrillville	415,804	202,015	222,371	-	424,386	8,582
Central Falls	379,393	242,093	154,500	434	397,027	17,634
Charlestown	334,418	97,097	180,635	79,474	357,206	22,788
Coventry	991,914	437,024	485,590	107,498	1,030,112	38,198
Cranston	3,045,623	1,008,961	2,035,002	22,713	3,066,676	21,053
Cumberland	959,182	426,317	558,594	1,045	985,956	26,774
East Greenwich	927,351	163,835	686,826	695	851,356	(75,995)
East Providence	1,729,858	590,502	1,099,196	48,756	1,738,454	8,596
Exeter	196,500	83,592	118,289	63	201,944	5,444
Foster	78,718	58,356	23,252	286	81,894	3,176
Glocester	211,253	123,645	77,988	2,904	204,537	(6,716)
Hopkinton	161,426	101,482	47,324	10,840	159,646	(1,780)
Jamestown	196,685	68,263	90,296	26,903	185,462	(11,223)
Johnston	1,031,654	363,489	730,312	9,059	1,102,860	71,206
Lincoln	1,275,208	267,304	842,408	118,129	1,227,841	(47,367)
Little Compton	115,800	43,776	67,628	26,072	137,476	21,676
Middletown	2,004,374	200,603	807,435	963,108	1,971,146	(33,228)
Narragansett	1,150,770	196,380	675,221	303,491	1,175,092	24,322
Newport	5,731,478	305,570	2,498,464	2,596,823	5,400,857	(330,621)
New Shoreham	1,133,930	11,319	380,237	590,695	982,251	(151,679)
North Kingstown	1,052,445	328,695	627,128	122,608	1,078,431	25,986
North Providence	795,368	403,417	404,916	1	808,334	12,966
North Smithfield	509,493	151,904	308,378	3,332	463,614	(45,879)
Pawtucket	1,855,553	891,950	953,933	4,976	1,850,859	(4,694)
Portsmouth	499,891	216,894	276,086	44,245	537,225	37,334
Providence	10,465,629	2,232,279	6,443,122	2,266,852	10,942,253	476,624
Richmond	259,345	95,248	144,475	4,612	244,335	(15,010)
Scituate	210,520	130,554	69,984	8,217	208,755	(1,765)
Smithfield	1,356,377	268,766	826,267	167,152	1,262,185	(94,192)
South Kingstown	1,536,007	382,004	915,966	192,343	1,490,313	(45,694)
Tiverton	453,131	197,617	244,803	1,748	444,168	(8,963)
Warren	533,487	131,578	321,997	4,286	457,861	(75,626)
Warwick	5,461,100	1,022,628	3,249,724	1,309,176	5,581,528	120,428
Westerly	1,997,590	283,383	940,892	710,432	1,934,707	(62,883)
West Greenwich	355,308	76,421	124,615	126,085	327,121	(28,187)
West Warwick	908,983	360,940	408,386	153,327	922,653	13,670
Woonsocket	1,165,900	514,881	595,369	51,616	1,161,866	(4,034)
Total	\$52,720,528	\$13,163,564	\$29,266,106	\$10,142,221	\$52,571,893	(\$148,634)

FY2019 Indirect Local Aid to Cities and Towns

Municipality	FY2018 Enacted	Public Service Corp. Tax	Meals and Beverage Tax	Hotel Tax	FY2019 Enacted	Change from
						FY2018 Enacted
Barrington	\$398,681	\$205,777	\$201,172	\$2,616	\$409,565	\$10,884
Bristol	834,380	282,413	473,926	66,935	823,274	(11,106)
Burrillville	415,804	204,641	238,859	-	443,500	27,696
Central Falls	379,393	244,623	165,956	434	411,013	31,620
Charlestown	334,418	98,143	194,029	81,984	374,156	39,738
Coventry	991,914	441,150	521,596	121,552	1,084,298	92,384
Cranston	3,045,623	1,020,830	2,185,895	25,302	3,232,027	186,404
Cumberland	959,182	432,719	600,014	1,045	1,033,778	74,596
East Greenwich	927,351	165,389	737,753	776	903,918	(23,433)
East Providence	1,729,858	596,479	1,180,700	54,552	1,831,731	101,873
Exeter	196,500	84,777	127,060	63	211,900	15,400
Foster	78,718	59,029	24,976	324	84,329	5,611
Glocester	211,253	125,379	83,770	3,290	212,439	1,186
Hopkinton	161,426	102,396	50,833	12,251	165,480	4,054
Jamestown	196,685	68,937	96,991	27,973	193,901	(2,784)
Johnston	1,031,654	367,606	784,464	10,261	1,162,331	130,677
Lincoln	1,275,208	271,180	904,872	133,808	1,309,860	34,652
Little Compton	115,800	44,099	72,643	27,239	143,981	28,181
Middletown	2,004,374	202,470	867,306	1,085,928	2,155,704	151,330
Narragansett	1,150,770	197,800	752,288	320,920	1,271,008	120,238
Newport	5,731,478	310,104	2,683,723	2,924,305	5,918,132	186,654
New Shoreham	1,133,930	11,170	408,431	639,809	1,059,410	(74,520)
North Kingstown	1,052,445	331,080	673,629	138,213	1,142,922	90,477
North Providence	795,368	408,082	434,941	1	843,024	47,656
North Smithfield	509,493	154,320	331,243	3,711	489,274	(20,219)
Pawtucket	1,855,553	901,017	1,024,666	5,211	1,930,894	75,341
Portsmouth	499,891	218,991	296,557	46,659	562,207	62,316
Providence	10,465,629	2,257,319	6,920,873	2,545,954	11,724,146	1,258,517
Richmond	259,345	96,149	155,188	5,181	256,518	(2,827)
Scituate	210,520	132,283	75,173	9,218	216,674	6,154
Smithfield	1,356,377	272,126	887,533	189,018	1,348,677	(7,700)
South Kingstown	1,536,007	386,853	983,884	213,219	1,583,956	47,949
Tiverton	453,131	199,352	262,955	1,748	464,055	10,924
Warren	533,487	133,129	345,873	4,286	483,288	(50,199)
Warwick	5,461,100	1,033,439	3,490,688	1,479,145	6,003,272	542,172
Westerly	1,997,590	285,934	1,010,658	799,315	2,095,907	98,317
West Greenwich	355,308	77,141	133,855	142,069	353,065	(2,243)
West Warwick	908,983	363,946	438,668	172,655	975,269	66,286
Woonsocket	1,165,900	520,903	639,515	58,370	1,218,788	52,888
Total	\$52,720,528	\$13,309,171	\$31,463,156	\$11,355,337	\$56,127,672	\$3,407,144

Education Aid

The Education Adequacy Act (2010-S-2770, Substitute A as Amended) provided a new school funding formula that creates a single methodology for distributing state aid to all public schools. The core principle behind the formula is that state funding should follow the student; therefore, the distribution of state funds changes annually based on shifts in enrollment. This formula applies to all public schools, charter schools, the Davies Career and Technical School, and the Metropolitan Career and Technical Center. The Act does not change the funding methodology for the School for the Deaf, since it is an education program that already has a state, federal and local share.

Beginning in FY2012, the formula established a per-pupil spending amount and allocated this funding based on student enrollment, adjusting for poverty (as measured by the number of families whose income is below 185.0 percent of the federal poverty guidelines). The formula also adjusts for local revenue generating capacity and overall poverty level, as well as the concentration of children living in poverty.

The Act includes a multi-year transition plan to ease districts into the new formula, allowing time for school districts and municipal governments to adjust for gains or losses in education aid. The plan provides a transition period of ten years from the formula implementation in FY2012 for those districts projected to receive less school aid than they did in the previous year, and seven years for those districts projected to receive more.

In FY2019, the formula aid to the districts, charter schools, and state schools increases by \$17.6 million, categorical aid increases by \$3.5 million, and group home aid decreases by \$532,463. FY2019 represents the eighth year of the transition period; consequently, the Budget assumes the formula is fully phased in for those districts that received an increase in FY2018. Accordingly, communities that received an increase in FY2018 but have a decrease in FY2019 will get the full decrease in FY2019, while those that decreased in FY2018 and continue to do so in FY2019 will be phased in. The table to the right shows the impact to districts considered fully phased in.

Districts	FY2019 Formula Change		Difference
	Total Change in State Funding	If phased in divide by 3	
Burrillville	(\$430,872)	(\$143,624)	(\$287,248)
Coventry	(712,714)	(237,571)	(475,142)
East Providence	(165,470)	(55,157)	(110,313)
Jamestown	(4,603)	(1,534)	(3,069)
Johnston	(506,234)	(168,745)	(337,489)
Lincoln	(695,438)	(231,813)	(463,625)
Warwick	(816,176)	(272,059)	(544,117)
Total	(3,331,507)	(\$1,110,502)	(\$2,221,004)

HOW THE FORMULA WORKS

Step 1 - Student Enrollment: Student enrollment is based on resident average daily membership (RADM), which refers to the average number of students who are residents of the community and were enrolled in the school district during the prior school year. The Budget is based on enrollment data as of March 2018.

Step 2 - Core Instruction Amount: The core instruction amount provides a base level of funding per pupil (\$9,422 in FY2018, a 2.8 percent increase from the FY2017 Budget as Enacted). It is derived from the average of northeast regional expenditure data from Rhode Island, Massachusetts, Connecticut and New Hampshire, as published by the National Center for Education Statistics (NCES).

Step 3 - High Need Student Weight (40.0 percent): The Act includes a single factor to adjust the core instruction amount to address the effects of poverty and other factors influencing educational need. The student success factor, also referred to as the high need student weight, increases the core instruction amount by 40.0 percent, or \$3,769 based on the FY2018 core instruction amount of \$9,422 ($\$9,422 \times 0.40 = \$3,769$), for each student whose family income is at or below 185.0 percent of federal poverty guidelines.

Step 4 - Total Foundation Budget: The total foundation budget for each school district is calculated by adding the product of the total core amount and the total student success factor weight.

$$\text{Total Foundation Budget} = (\$9,422 \times \text{RADM}) + (0.40 \times \$9,422 \times \text{students in poverty})$$

Step 5 - State Share Ratio: The Education Adequacy Act creates a new share ratio by adding a wealth measure, based on the concentration of children living in poverty, to the single equalized weighted assessed valuation (EWAV) previously used to determine a district's ability to pay for the cost of education. The total foundation budget equals the student enrollment and the high-need student weight of the district multiplied by the core foundation amount. The State's share of the total foundation budget is the state share ratio calculated as follows:

$$\text{State Share Ratio (SSR)} = \sqrt{\frac{\text{EWAV}^2 + \%PK - 6\text{poverty}^2}{2}}$$

By squaring each factor, the formula amplifies the greater of the two variables. Consequently, school districts with less capacity to raise revenue than the State as whole and a higher concentration of child poverty look relatively poorer, while districts with a higher capacity to raise revenue and lower concentrations of poverty look relatively wealthier. Those poorer districts with the higher SSR will receive a greater portion of the calculated education costs as state aid than the wealthier districts.

The EWAV share ratio is based on each community's total assessed property value and median family income, relative to districts across the State. The total community property value includes motor vehicles, personal property and State payments in lieu of taxes. These values are brought to full market value based on market experience and then adjusted by the median family income. The higher the EWAV share ratio, the less capacity the community has relative to the rest of the state for generating locally derived revenue to support schools and the more state aid the community will receive. While similar to the share ratio used in the school construction formula to determine the state's share of debt service obligations, the Education Adequacy Act adjusted the EWAV calculation to increase the State share of total education budget.

The distribution includes an update to the median family income component of the EWAV based on the socio-economic data from the American Community Survey (ACS) provided by the United States Census Bureau. The index used to adjust for MFI is the ratio of the median family income of the municipality relative to the median family income statewide as reported in the American Community Survey (ACS) provided by the United States Census Bureau.

Step 6 - State Share of Foundation Budget: The State's share of the total foundation budget equals the state share ratio, discussed above, times the total foundation budget. Unlike many foundation formulas, the statute neither requires a minimum nor sets a maximum local spending level beyond the limits in the maintenance of effort requirements found in RIGL 16-7-23 and 16-7-23.1. Nonetheless, a municipality is responsible, to some degree, for the difference between the state share and the total foundation amount.

TABLE

The table on the following page provides a step-by-step calculation of each district's recommended formula distribution for FY2019.

FY2019 Education Aid Calculator¹

Districts	PK-12 RADM (Projected based on March 2017 Data)	Poverty based on March 2017 Data	RADM	Core Instruction Funding (C = \$9,422)	A*C=D	Student Success Factor Funding (F = 0.4*\$9,422 = \$3,769)	B*F=G	D*G=H	% Poverty	PK6	EWAV	Ratio	State Share of Foundation Budget	H*I=J	K	FY2018 Enacted (excludes group home and categoricals)	Change in State Funding	J-K=L	FY2019 (Year 8) formula Change if + is L/J; if - is L/J
Barrington	3,367		145	\$31,723,874	\$546,476	\$32,270,350	5.6%	22.5%	16.4%	\$5,290,812	\$5,157,779	\$133,033	\$133,033						
Burrillville	2,263		708	21,321,986	2,668,310	23,990,296	34.4%	63.9%	51.3%	12,310,751	13,040,423	(729,672)	(729,672)						
Charlestown	818		195	7,707,196	734,916	8,442,112	24.7%	0.0%	17.5%	1,474,460	1,660,642	(186,182)	(186,182)						
Coventry	4,670		1,405	44,000,740	5,295,164	49,295,904	31.7%	56.7%	45.9%	22,643,353	23,060,907	(417,554)	(417,554)						
Cranston	10,206		4,122	96,160,932	15,534,994	111,695,926	43.5%	63.2%	54.3%	60,596,918	57,303,968	3,292,950	3,292,950						
Cumberland	4,595		907	43,294,090	3,418,302	46,712,392	23.7%	57.8%	44.2%	20,634,323	18,967,499	1,666,824	1,666,824						
East Greenwich	2,480		160	23,366,560	603,008	23,969,568	9.0%	14.9%	12.3%	2,950,351	2,535,361	414,990	414,990						
East Providence	5,263		2,669	49,587,986	10,058,927	59,646,913	52.3%	64.3%	58.6%	34,957,824	34,854,923	102,901	102,901						
Foster	278		58	2,619,316	218,590	2,837,906	21.8%	45.8%	35.9%	1,017,871	1,142,883	(125,012)	(125,012)						
Glocester	533		77	5,021,926	290,198	5,312,124	14.9%	54.0%	39.6%	2,104,168	2,389,577	(285,409)	(285,409)						
Hopkinton	1,103		245	10,392,466	923,356	11,315,822	24.6%	59.1%	45.3%	5,122,188	5,273,139	(150,951)	(150,951)						
Jamestown	654		56	6,161,988	211,053	6,373,041	10.3%	0.0%	7.3%	464,161	452,432	11,729	11,729						
Johnston	3,289		1,390	30,988,958	5,238,632	36,227,590	45.7%	53.3%	49.6%	17,985,420	18,225,966	(240,546)	(240,546)						
Lincoln	3,046		782	28,699,412	2,947,202	31,646,614	27.5%	46.2%	38.0%	12,031,312	12,332,011	(300,699)	(300,699)						
Little Compton	364		54	3,429,608	203,515	3,633,123	10.6%	0.0%	7.5%	272,315	397,073	(124,758)	(124,758)						
Middletown	2,199		635	20,718,978	2,393,188	23,112,166	35.1%	28.9%	32.1%	7,430,516	7,862,135	(431,619)	(431,619)						
Narragansett	1,267		269	11,937,674	1,013,807	12,951,481	24.9%	0.0%	17.6%	2,280,362	2,102,116	178,246	178,246						
Newport	2,160		1,371	20,351,520	5,167,025	25,518,545	67.8%	0.0%	47.9%	12,234,060	11,378,178	855,882	855,882						
New Shoreham	119		20	1,121,218	75,376	1,196,594	18.5%	0.0%	13.1%	156,532	122,100	34,432	34,432						
North Kingstown	3,757		733	35,398,454	2,762,530	38,160,984	25.4%	20.0%	22.9%	8,723,604	10,705,101	(1,981,497)	(1,981,497)						
North Providence	3,584		1,568	33,768,448	5,909,478	39,677,926	45.8%	67.4%	57.6%	22,862,888	21,512,305	1,350,583	1,350,583						
North Smithfield	1,719		314	16,196,418	1,183,403	17,379,821	21.3%	44.3%	34.8%	6,040,807	5,842,519	198,288	198,288						
Pawtucket	8,688		4,441	81,858,336	24,274,841	106,133,177	77.0%	87.5%	82.4%	87,472,187	88,188,641	(716,454)	(716,454)						
Portsmouth	2,308		380	21,745,976	1,432,144	23,178,120	17.7%	9.2%	14.1%	3,269,389	3,821,874	(552,485)	(552,485)						
Providence	22,791		19,326	214,736,802	72,835,829	287,572,631	87.4%	86.6%	87.0%	250,190,833	245,114,202	5,076,631	5,076,631						
Richmond	1,138		171	10,722,236	644,465	11,366,701	18.8%	51.9%	39.0%	4,436,691	4,676,150	(239,459)	(239,459)						
Scituate	1,313		216	12,371,086	814,061	13,185,147	14.6%	24.0%	19.9%	2,619,103	3,548,200	(929,097)	(929,097)						
Smithfield	2,387		350	22,490,314	1,319,080	23,809,394	16.8%	41.5%	31.7%	7,537,638	6,009,184	1,528,454	1,528,454						
South Kingstown	3,075		570	28,972,650	2,148,216	31,120,866	20.0%	5.5%	14.7%	4,564,541	6,478,789	(1,914,248)	(1,914,248)						
Tiverton	1,830		498	17,242,260	1,876,862	19,119,122	30.7%	38.6%	34.9%	6,667,683	6,456,229	211,454	211,454						
Warwick	8,912		3,059	83,968,864	11,528,759	95,497,623	36.3%	40.5%	38.5%	36,725,883	38,216,746	(1,490,863)	(1,490,863)						
Westerly	2,806		990	26,438,132	3,731,112	30,169,244	39.0%	0.0%	27.6%	8,319,822	8,690,035	(370,213)	(370,213)						
West Warwick	3,599		1,804	33,909,778	6,798,915	40,708,693	54.9%	72.2%	64.1%	26,108,923	24,295,114	1,813,809	1,813,809						
Woonsocket	5,883		4,449	55,429,626	16,767,391	72,197,017	80.7%	91.0%	86.0%	62,092,562	59,367,500	2,725,062	2,725,062						
Bristol-Warren ²	3,218		1,092	30,319,996	4,115,530	34,435,526				11,390,447	14,194,635	(2,804,188)	(2,804,188)						
Exeter-West Greenwich ²	1,658		263	15,621,676	991,194	16,612,870				4,287,871	4,949,253	(661,382)	(661,382)						
Charlton						16,612,870					114,962	(114,962)	(114,962)						
Foster-Glocester	1,156		217	10,891,832	817,830	11,709,662	17.3%	51.3%	38.3%	4,482,660	4,623,247	(140,587)	(140,587)						
Central Falls	2,572		2,427	24,233,384	9,146,878	33,380,262	89.0%	97.5%	93.3%	31,159,406	33,123,272	(1,963,866)	(1,963,866)						
District Total	131,068		60,136	\$1,234,922,696	\$226,640,557	\$1,461,563,253				\$810,910,635	\$808,187,070	\$2,723,565	\$2,723,565						
Charter School Total	9,476		6,733	89,282,872	25,375,330	114,658,202				90,239,211	82,748,545	7,490,666	7,490,666						
Davies	848		508	7,989,856	1,914,550	9,904,406				7,879,682	10,192,590	(2,312,908)	(2,312,908)						
Met School	779		483	7,339,738	1,820,330	9,160,068				6,664,142	8,582,211	(1,918,069)	(1,918,069)						
Urban Collaborative	135		112	1,271,970	422,106	1,694,076				1,466,306	1,494,741	(28,435)	(28,435)						
Total	142,306		67,972	\$1,340,807,132	\$256,172,874	\$1,596,980,006				\$917,159,976	\$911,205,157	\$5,954,819	\$5,954,819						

¹ Based on March 2018 enrollment updated for projected charter school growth.

² Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.

Source: Rhode Island Department of Education

CHARTER SCHOOL FUNDING

Under the formula, the funding mechanism for charter and state schools changed significantly. While previously sending district tuition per-student was based on the per-pupil expenditure of the sending district, without deductions, the formula allowed sending districts to retain 5.0 percent of the per-pupil expenditure as indirect aid. The indirect aid was intended to cover residual costs from the transfer of the student from the district to the charter school. Today, the sending district tuition is calculated by dividing the local appropriation to education from property taxes, net debt service and capital projects, by the district resident average daily membership (RADM), or enrollment: there is no indirect aid retained by the sending district.

$$\text{Tuition} = (\text{local appropriation to education} - \text{debt service} - \text{capital projects} / \text{District RADM}) - \text{local tuition reduction}$$

Local Charter and State School Tuition Reduction: Article 11 of the FY2017 Budget changed the above calculation to subtract a district-specific amount from the tuition paid for each student attending a charter or state school. The amount of the reduction is calculated based on differences in expenses between each district and charter schools. The expenditure data used for the calculation is the prior previous fiscal year; consequently, the calculation of unique costs for FY2019 is based on FY2017 data from the Uniform Chart of Accounts (UCOA). The reduction will be the greater of 7.0 percent of the district's per-pupil funding or the per-pupil value of each district's costs in the delineated expenditure categories. The categories include each district's costs for non-public textbooks, transportation for non-public students, retiree health benefits, out-of-district special education tuition and transportation, services for students age eighteen to twenty-one, pre-school screening and intervention, career and technical education tuition and transportation costs, debt service, and rental costs minus the average charter school expenses for the same categories. For districts using the reduction for costs categories, there is an additional reduction for tuition payments to mayoral academies where teachers do not participate in the state's teacher retirement system equivalent to the per-pupil, unfunded liability cost. The local tuition rate reductions provided pursuant to RIGL 16-7.2-5(c) are provided in the table on the following page.

**Projected Reduction in Sending District Tuition to Public Schools of Choice
(FY2019)**

LEA	Projected PSOC Enrollment	FY2019 Per Pupil Tuition Redution	Projected Mayoral Academy Enrollment	Additional Mayoral Academy Reduction	Total Tuition Reduction
Barrington	6	\$887	-	\$0	\$5,320
Burrillville	65	546	-	-	35,506
Charlestown	-	-	-	-	-
Coventry	64	654	-	-	41,876
Cranston	372	619	-	-	230,352
Cumberland	508	586	-	-	297,468
East Greenwich	14	955	-	-	13,367
East Providence	101	588	-	-	59,352
Foster	-	845	-	-	-
Glocester	-	812	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	9	1,953	-	-	17,577
Johnston	66	1,012	-	-	66,792
Lincoln	288	905	-	-	260,601
Little Compton	2	1,248	-	-	2,496
Middletown	11	826	-	-	9,085
Narragansett	17	1,325	-	-	22,521
Newport	24	1,478	-	-	35,472
New Shoreham	-	2,868	-	-	-
North Kingstown	132	871	-	-	114,981
North Providence	158	627	-	-	99,093
North Smithfield	57	748	-	-	42,650
Pawtucket	1,884	203	-	-	383,206
Portsmouth	9	942	-	-	8,479
Providence	4,974	318	-	-	1,583,829
Richmond	-	-	-	-	-
Scituate	11	950	-	-	10,447
Smithfield	28	891	-	-	24,960
South Kingstown	93	1,108	-	-	103,028
Tiverton	15	888	-	-	13,324
Warwick	133	912	-	-	121,254
Westerly	52	1,103	-	-	57,375
West Warwick	34	635	-	-	21,601
Woonsocket	431	206	160	613	186,866
Bristol-Warren	14	1,456	-	-	20,384
Exeter-West Greenwich	31	1,010	-	-	31,307
Chariho	94	839	-	-	78,835
Foster-Glocester	6	3,884	-	-	23,304
Central Falls	1,535	288	542	882	920,124
Total	11,238		702		\$4,942,831

Source: Rhode Island Department of Elementary and Secondary Education.

In FY2011, the State paid the total tuition costs of students attending the Davies and Met Schools, while the local districts provided transportation. Pursuant to the new funding formula, however, the State payment to these state schools is calculated by the same method used to calculate school district and charter school payments. The formula requires local districts to pay state school tuition, but allows the districts to charge the state and charter schools for transportation costs. Local payments are made to the charter or state school on a quarterly basis. Failure to make a payment could result in the withholding of state education aid to the district of residence.

In FY2011, prior to the implementation of the current funding formula, charter school funding was based on the per-pupil expenditure of the sending district; however, the State paid 5.0 percent of the per-pupil expenditure as indirect aid to the sending district, and a portion of the remaining 95.0 percent based on the share ratio of the sending district. The expenditure was based on the reference year as defined in RIGL 16-7-16(11) providing a two-year lag. Each quarter, the charter school billed the sending district for the portion of the per-pupil expenditure not paid by the State.

Please see the following examples for further clarification of the charter school formula used in FY2011.

Calculation	District A	District B
Per Pupil Expenditure:	\$8,000	\$8,000
Share Ratio:	70.0%	30.0%
Indirect Aid to Sending District:	\$400 (5.0% of \$8,000)	\$400 (5.0% of \$8,000)
State Share to Charter School:	\$5,320 (70.0% of (\$8,000 minus 5.0%))	\$2,280 (30.0% of (\$8,000 minus 5.0%))
District Share to Charter School:	\$2,280 (30.0% of (\$8,000 minus 5.0%))	\$5,320 (70.0% of (\$8,000 minus 5.0%))

WILLIAM M. DAVIES, JR. CAREER AND TECHNICAL HIGH SCHOOL AND THE METROPOLITAN REGIONAL CAREER AND TECHNICAL CENTER (MET)

In FY2011, the State paid the total tuition costs of students attending the Davies and Met Schools, while the local districts provided transportation. Pursuant to the new funding formula, the state payment to these state schools is calculated by the same method used to calculate school district and charter school payments. However, the formula requires local districts to pay tuition, but allows the district to charge the state schools for transportation costs. The local tuition costs are calculated by dividing the local appropriation to education from property taxes, net debt service and capital projects, by the district RADM and then subtracting the per-pupil, local tuition reduction. Local payments are made to the state school on a quarterly basis. Failure to make a payment could result in the withholding of state education aid to the district of residence.

NON-FORMULA PROVISIONS

Group Homes: The Group Home aid category was created by the General Assembly in 2001 to provide state support to districts hosting group homes in exchange for relieving the resident sending district of financial responsibility for students placed in group homes. When enacted, the Act maintained the current funding for group homes as a categorical grant program; however, the FY2017 Budget as Enacted increased the per-bed funding amount. The Group Home aid category provides \$17,000 annually per bed, except for group home beds associated with Bradley Hospital Children's Residential and Family Treatment (CRAFT) Program, which received \$26,000 per bed.

The FY2019 Budget includes \$3.6 million to fund group home beds. This is \$532,463 less than the FY2018 Budget as Enacted. This adjustment represents the most recent update on the number of group home beds per district and the decrease required pursuant to RIGL 16-7-22(1)(ii) to reduce the average daily membership of a district by the number of group home beds used in the group home aid calculation.

Group Home Aid

District	FY2018 Enacted			FY2019 Change from Enacted					FY2019 Enacted Total Aid
	FY2018 Enacted	Number of Beds	Aid based on bed count	FY2019 Number of Beds	Number of Beds	Aid change due to bed count	Aid change due to RIGL 16-7-22(1)(ii)	Total Change	
Burrillville	\$80,233	8	\$136,000	8	-	\$0	\$1,615	\$1,615	\$81,848
Coventry	85,982	8	136,000	8	-	-	1,546	1,546	87,528
Cranston	40,942	4	68,000	4	-	-	(1,567)	(1,567)	39,375
East Providence ¹	475,998	34	740,000	39	5	85,000	(37,501)	47,499	523,497
Lincoln	105,292	9	153,000	9	-	-	2,574	2,574	107,866
Middletown	322,549	22	374,000	14	(8)	(136,000)	(2,640)	(138,640)	183,909
Newport	154,312	14	238,000	14	-	-	(4,847)	(4,847)	149,465
North Providence	153,801	16	272,000	16	-	-	(3,412)	(3,412)	150,389
North Smithfield	106,653	8	136,000	8	-	-	(2,444)	(2,444)	104,209
Pawtucket	294,434	47	799,000	40	(7)	(119,000)	69,706	(49,294)	245,140
Portsmouth	590,830	37	629,000	30	(7)	(119,000)	(5,883)	(124,883)	465,947
Providence	601,949	104	1,768,000	103	(1)	(17,000)	(15,989)	(32,989)	568,960
Smithfield	218,712	16	272,000	16	-	-	(13,528)	(13,528)	205,184
South Kingstown	249,723	16	272,000	8	(8)	(136,000)	2,266	(133,734)	115,989
Warwick	354,602	30	510,000	24	(6)	(102,000)	33,650	(68,350)	286,252
Woonsocket	47,695	8	136,000	8	-	-	(2,452)	(2,452)	45,243
Bristol-Warren	108,583	8	136,000	8	-	-	(7,165)	(7,165)	101,418
Exeter-West Greenwich	115,918	8	136,000	8	-	-	(2,392)	(2,392)	113,526
Total	\$4,108,209	397	\$6,911,000	365	(32)	(544,000)	11,537	(\$532,463)	\$3,575,746

¹ East Providence experienced the 5 bed increase in FY2018 bringing total aid to \$523,497.

Categorical Programs: When the education funding formula was passed in 2010, five categorical funds were identified that would not be distributed according to the formula, but pursuant to other methodologies intended to address the priorities and funding needs of the districts. These categories include Transportation, High-Cost Special Education, Career & Technical Education, Early Childhood, and the Regionalization Bonus. Article 11 of the FY2017 Budget as Enacted added two new aid categories: English Learners and Density Fund. In the FY2019 Budget as Enacted an additional category for School Resource Officer Support was added at a funding level of \$2.0 million. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the relevant sections of this analysis.)

- Transportation:** This fund provides funding for transporting students to out-of-district, non-public schools and for 50.0 percent of the local costs associated with transporting students within regional school districts. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$7.4 million in FY2019, an increase of \$600,000 in regional transportation aid over the FY2018 Budget as Enacted.

Categorical	FY2019 Education Aid	
	Change from Enacted	Total Funding
Transportation	\$0.6	\$7.4
Early Childhood	1.1	7.4
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
English Learners	0.3	2.7
Public School Choice Density	(0.4)	0.5
Regionalization Bonus	-	-
School Resource Officer Support	2.0	2.0
Total	\$3.5	\$29.0

\$ in millions. Totals may vary due to rounding.

- Early Childhood Education:** This fund is designed to increase access to voluntary, free, high-quality pre-kindergarten programs. The funds will be distributed through a request for proposals process targeting communities in three tiers, with the first tier having the highest concentration of children at risk for poor educational outcomes. The Budget funds this category at \$7.4 million in FY2019, an increase of \$1.1 million over the FY2018 Budget as Enacted; however, the additional funding is provided from the Permanent School Fund. The additional funds are needed as a match to the fourth, and final year of the federal Pre-Kindergarten Expansion grant (\$4.9 million).

The Permanent School Funds, which are fees collected from auctioneer duties, are only available for one year. The \$1.1 million payment in FY2019 will exhaust much of the reserves in the account. The remaining balance and future collections will be used to provide \$300,000 annually to the Advance Course Network over the next five years.

Analyst Note: Since the Permanent School funds are only available for one year and FY2019 is the last year of the federal grant, in order to maintain the funding for the current 60 pre-kindergarten classrooms, the program will need an additional \$6.0 million from other funding sources in FY2020. It is not clear at this time if the United States Education Department would consider the funding gap a failure to provide the necessary federal match.

- **High-Cost Special Education:** This fund reimburses districts for instructional and related services provided to a student pursuant to an Individual Education Plan (IEP). The State reimburses costs that exceed five times the combined core instruction and student success factor funding (currently \$64,141 for FY2018). The program provides for a pro-rata reduction in reimbursements to districts based on available funding. The Budget funds this category at \$4.5 million in FY2019, level with the FY2018 Budget as Enacted.
- **Career and Technical Schools:** This fund contributes toward the initial investment needed to transform existing programs or create new programs and the costs associate with facilities, equipment maintenance and repair, and supplies associated with higher-cost programs at career and technical schools. The Budget funds this category at \$4.5 million in FY2019, level with the previous year
- **English Learners:** Article 11 of the FY2017 Budget as Enacted established a categorical fund for English Learners (EL). The fund provides additional aid of 10.0 percent of the per-pupil core instruction amount for each qualified EL student. This additional aid is then multiplied by the state share. When the article was originally enacted, the additional the per-pupil weight was \$898 for each identified English learner. In FY2019, the per-pupil weight increases to \$942, to reflect 10.0 percent of the \$9,422 core instruction amount. This amount is then multiplied by the state share ratio. The formula is provided below.

(Per-pupil core instruction amount x number of EL students) x 10.0 percent x state share ratio = additional state support per EL student

This support is then ratably reduced based on the total amount appropriated.

The Article restricted the funds to provide new services to EL students and required that the funds be managed in accordance with requirements enumerated by the Commissioner. The Article also required the Department to collect performance reports and approve the use of funds prior to expenditure to ensure the funded activities align to innovative and expansive activities. Distribution is subject to a pro-rata reduction based on the funds available. The Budget provides \$2.7 million in FY2019, an increase of \$250,000 over the previous fiscal year and approximately one-half of the estimated full funding amount.

- **Public School of Choice Density Aid:** Article 11 of the FY2017 Budget as Enacted established a new category of state aid for districts where 5.0 percent or more of the average daily membership enrolls in a public school of choice, such as Davies, the Met, or a charter school. Such districts receive an additional \$175 in FY2017, \$100 in FY2018, and \$50 in FY2019 for each student attending a public school of choice. The per-pupil amount is intended to offset costs that must be paid by a sending district even though students are attending a different school. Examples of such costs include heating, lighting, accounting services, teachers, and building administrator. While these costs can sometimes be reduced when enrollment declines are concentrated in specific schools or classrooms, public school of choice

enrollment are generally scattered across schools and grades within a district. In FY2019, the Budget includes \$478,350 in density aid to be divided among seven qualifying communities: Central Falls, Charlestown, Cumberland, Lincoln, Pawtucket, Providence, and Woonsocket. This represents a decrease of \$432,150 from the FY2018 Budget as Enacted.

- **Regionalization Bonus:** This fund provides a bonus to regionalized districts and those that regionalize in the future. In the first year, the bonus is 2.0 percent of the State's share of the total foundation aid. In the second year, the bonus is 1.0 percent of the State's share and in the third year the bonus phases out. The program provides for a pro-rata reduction in reimbursements to districts based on available funding. This category has not been funded since FY2014, as no new regional districts have been formed.
- **School Resource Officer Support:** Article 9 of the FY2019 Budget as Enacted establishes a new aid category to support new Resource Officers at public middle and high schools. The program provides support for districts to add Resource Officers but does not mandate their use. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018; however, for schools with < 1,200 students, only one resource officer position is eligible for reimbursement. Schools with $\geq 1,200$ students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget includes \$2.0 million for this category in FY2019.

The following table shows the education aid including the formula distribution, categorical aid, and group home aid.

FY2019 Education Aid¹

	FY2018 Enacted (excludes group home and categoricals)	FY2019		High-cost Special Education (>\$65,954)	Group Home Aid ²	English Learners	Public School Choice Density	Stabilization Funding ⁴	FY2019 Aid
		Formula Change	Transportation						
Barrington	\$5,157,779	\$133,033	\$96,001	\$93,435	\$0	\$987	\$0	\$0	\$5,481,236
Burrillville	13,040,423	(729,672)	39,665	34,735	81,848	772	-	-	12,467,771
Charlestown	1,660,642	(62,061)	-	-	-	88	3,900	-	1,602,569
Coventry	23,060,907	(417,554)	8,735	49,063	87,528	1,844	-	-	22,790,523
Cranston	57,303,968	3,292,950	779,881	401,376	39,375	87,376	-	-	61,904,927
Cumberland	18,967,499	1,666,824	94,019	28,110	-	14,406	25,400	-	20,796,258
East Greenwich	2,535,361	414,990	75,266	140,965	-	803	-	-	3,167,384
East Providence	34,854,923	102,901	1,682	191,312	523,497	36,169	-	-	35,710,484
Foster	1,142,883	(41,671)	18,645	44,451	-	-	-	-	1,164,308
Glocester	2,389,577	(95,136)	6,603	22,310	-	-	-	-	2,323,354
Hopkinton	5,273,139	(50,317)	-	-	-	227	-	-	5,223,049
Jamestown	452,432	11,729	-	57,927	-	146	-	-	522,234
Johnston	18,225,966	(240,546)	252,761	135,240	-	25,158	-	-	18,398,579
Lincoln	12,332,011	(300,699)	-	169,588	107,866	2,098	14,400	-	12,325,265
Little Compton	397,073	(41,586)	-	-	-	38	-	-	355,524
Middletown	7,862,135	(143,873)	-	73,466	183,909	3,710	-	-	7,979,347
Narragansett	2,102,116	178,246	-	33,212	-	-	-	-	2,313,574
Newport	11,378,178	855,882	-	25,784	149,465	23,814	-	-	12,433,122
New Shoreham	122,100	34,432	-	-	-	394	-	-	156,926
North Kingstown	10,705,101	(660,499)	-	80,311	-	2,753	-	-	10,127,666
North Providence	21,512,305	1,350,583	166,700	228,945	150,389	19,370	-	-	23,428,293
North Smithfield	5,842,519	198,288	15,231	57,667	104,209	1,221	-	-	6,219,135
Pawtucket	88,188,641	(716,454)	144,610	131,486	245,140	243,562	94,200	-	88,331,184
Portsmouth	3,821,874	(184,162)	-	74,526	465,947	495	-	-	4,178,680
Providence	245,114,202	5,076,631	289,475	788,599	568,961	1,631,690	242,700	-	253,712,259
Richmond	4,676,150	(79,820)	-	-	-	196	-	-	4,596,526
Scituate	3,548,200	(309,699)	34,248	96,755	-	-	-	-	3,369,504
Smithfield	6,009,184	1,528,454	75,225	35,816	205,184	1,112	-	-	7,854,976
South Kingstown	6,478,789	(638,083)	138,523	197,034	115,989	1,177	-	-	6,293,429
Tiverton	6,456,229	211,454	-	110,435	-	1,400	-	-	6,779,517
Warwick	38,216,746	(1,490,863)	5,021	348,357	286,252	13,700	-	-	37,379,213
Westerly	8,690,035	(123,404)	-	198,036	-	2,214	-	-	8,766,881
West Warwick	24,295,114	1,813,809	41,895	21,705	-	13,515	-	-	26,186,038
Woonsocket	59,367,500	2,725,062	14,720	136,365	45,243	143,694	21,550	-	62,454,134
Bristol-Warren ³	14,194,635	(934,729)	1,461,908	83,032	101,418	5,974	-	-	14,912,238
Exeter-West Greenwich ³	4,949,253	(220,461)	1,084,211	143,574	113,526	1,040	-	-	6,071,143
Chariho	114,962	(38,321)	1,972,645	76,971	-	-	-	-	2,126,257
Foster-Glocester	4,623,247	(46,862)	530,889	92,296	-	381	-	-	5,199,951
Central Falls	33,123,272	(654,622)	62,801	97,116	-	184,063	76,200	8,284,289	41,173,119
District Total	\$808,187,070	\$11,374,176	\$7,411,360	\$4,500,000	\$3,575,746	\$2,465,587	\$478,350	\$8,284,289	\$846,276,578
Charter School Total	82,748,545	7,744,753	-	-	-	248,301	-	-	90,741,599
Davies	10,192,590	(770,969)	-	-	-	9,567	-	4,236,467	13,667,655
Met School	8,582,211	(639,356)	-	-	-	13,127	-	1,399,152	9,355,134
Urban Collaborative	1,494,741	(71,053)	-	-	-	8,357	-	-	1,432,045
Total	911,205,157	\$17,637,550	\$7,411,360	\$4,500,000	\$3,575,746	\$2,744,940	\$478,350	\$13,919,908	\$961,473,011

¹ Based on March 2018 enrollment.² Based on final 12/31/2017 report from Rhode Island Department of Education.³ Calculations based on component district data as required by the Superior Court decision in Town of Warren v. Bristol Warren Regional School District, et. al.⁴ Stabilization funds include contract increase (\$355,000) for Central Falls and statewide COLA (\$328,529) for Davies.

Source: Rhode Island Department of Education

The following table shows the difference in education aid relative to the FY2018 Budget as Enacted.

FY2019 Education Aid - Change to FY2018 Budget as Enacted¹

Districts	FY2018 Enacted (includes group home and categorical)	FY2019 (Year 8) Formula Change	High-cost					English Learners	Public School Choice Density	Stabilization Funding ⁴	Total Change	FY2019 Education Aid
			Transportation	Special Education	Group Home ²							
Barrington	\$5,347,807	\$133,033	(\$2,247)	\$2,695	\$0	(\$53)	\$0	\$0	\$0	\$133,429	\$5,481,235	
Burrillville	13,185,861	(729,672)	9,143	718	1,615	106	-	-	-	(718,090)	12,467,771	
Charlestown	1,667,742	(62,061)	-	-	-	88	(3,200)	-	-	(65,173)	1,602,569	
Coventry	23,202,975	(417,554)	(4,155)	6,465	1,546	1,246	-	-	-	(412,452)	22,790,523	
Cranston	59,005,592	3,292,950	9,488	(425,303)	(1,567)	23,767	-	-	-	2,899,335	61,904,927	
Cumberland	19,188,664	1,666,824	(18,122)	(18,057)	-	2,450	(25,500)	-	-	1,607,595	20,796,259	
East Greenwich	2,739,941	414,990	3,142	8,945	-	366	-	-	-	427,443	3,167,384	
East Providence	35,519,125	102,901	(1,500)	39,456	47,499	3,003	-	-	-	191,359	35,710,483	
Foster	1,207,050	(41,671)	1,842	(2,912)	-	-	-	-	-	(42,741)	1,164,308	
Glocester	2,407,383	(95,136)	6,603	4,503	-	-	-	-	-	(84,030)	2,323,353	
Hopkinton	5,273,136	(50,317)	-	-	-	227	-	-	-	(50,090)	5,223,046	
Jamestown	473,751	11,729	-	36,732	-	21	-	-	-	48,483	522,234	
Johnston	18,638,808	(240,546)	(47,293)	43,702	-	3,908	-	-	-	(240,229)	18,398,579	
Lincoln	12,510,492	(300,699)	-	125,102	2,574	(605)	(11,600)	-	-	(185,228)	12,325,264	
Little Compton	397,113	(41,586)	-	-	-	(2)	-	-	-	(41,588)	355,525	
Middletown	8,262,828	(143,873)	-	3,766	(138,640)	(4,733)	-	-	-	(283,480)	7,979,348	
Narragansett	2,139,472	178,246	-	(4,012)	-	(131)	-	-	-	174,103	2,313,575	
Newport	11,589,919	855,882	-	(9,161)	(4,847)	1,329	-	-	-	843,203	12,433,122	
New Shoreham	142,067	34,432	-	(19,706)	-	132	-	-	-	14,858	156,925	
North Kingstown	10,749,543	(660,499)	-	38,708	-	(87)	-	-	-	(621,877)	10,127,666	
North Providence	22,019,145	1,350,583	4,915	54,881	(3,412)	2,180	-	-	-	1,409,148	23,428,293	
North Smithfield	6,025,062	198,288	198,288	(5,526)	3,342	(2,444)	413	-	-	194,073	6,219,135	
Pawtucket	89,154,022	(716,454)	26,818	(33,019)	(49,294)	30,712	(81,600)	-	-	(822,837)	88,331,184	
Portsmouth	4,476,100	(184,162)	-	11,535	(124,883)	90	-	-	-	(297,420)	4,178,680	
Providence	248,790,856	5,076,631	(5,441)	(5,620)	(32,989)	105,620	(216,800)	-	-	4,921,401	253,712,258	
Richmond	4,676,150	(79,820)	-	-	-	196	-	-	-	(79,624)	4,596,526	
Scituate	3,612,504	(309,699)	(2,575)	69,275	-	-	-	-	-	(242,999)	3,369,504	
Smithfield	6,341,204	1,528,454	(5,269)	3,745	(13,528)	369	-	-	-	1,513,772	7,854,976	
South Kingstown	6,955,454	(638,083)	18,019	92,100	(133,734)	(327)	-	-	-	(662,025)	6,293,429	
Tiverton	6,531,285	211,454	-	36,360	-	419	-	-	-	248,233	6,779,517	
Warwick	39,146,338	(1,490,863)	188	(209,912)	(68,350)	1,811	-	-	-	(1,767,125)	37,379,213	
Westerly	8,851,953	(123,404)	-	38,010	-	322	-	-	-	(85,072)	8,766,881	
West Warwick	24,376,899	1,813,809	(6,522)	3,675	-	(1,822)	-	-	-	1,809,140	26,186,039	
Woonsocket	59,646,576	2,725,062	(1,525)	87,902	(2,452)	15,621	(17,050)	-	-	2,807,558	62,454,133	
Bristol-Warren ³	15,727,352	(934,729)	161,640	(34,934)	(7,165)	76	-	-	-	(815,112)	14,912,239	
Exeter-West Greenwich ³	6,190,095	(220,461)	63,015	40,670	(2,392)	214	-	-	-	(118,953)	6,071,142	
Chariho	2,010,376	(38,321)	179,570	(25,113)	-	(256)	-	-	-	115,881	2,126,257	
Foster-Glocester	5,030,940	(46,862)	201,274	14,542	-	58	-	-	-	169,012	5,199,952	
Central Falls	40,320,646	(654,622)	14,517	39,582	-	202	(76,400)	1,529,194	-	852,473	41,173,119	
District Total	\$833,532,226	\$11,374,176	\$600,000	\$18,662	(\$532,463)	\$186,929	(\$432,150)	\$1,529,194	\$12,744,348	\$846,276,574		
Charter School Total	82,958,014	7,744,753	-	(18,662)	-	57,492	-	-	-	7,783,583	90,741,597	
Davies	13,367,825	(770,969)	-	-	-	(200)	-	1,070,999	-	299,830	13,667,655	
Met School	9,352,512	(639,356)	-	-	-	2,622	-	639,356	-	2,622	9,355,134	
Urban Collaborative	1,499,946	(71,053)	-	-	-	3,153	-	-	-	(67,900)	1,432,046	
Total	\$940,710,522	\$17,637,550	\$600,000	(\$0)	(\$532,463)	\$250,000	(\$432,150)	\$3,239,549	\$20,762,484	\$961,473,004		

¹ Based on March 2018 data updates.

² Based on final 12/31/2017 report from the Department of Children, Youth and Families.

³ Calculations based on component district data as required by the Superior Court decision in *Town of Warren v. Bristol Warren Regional School District, et. al.*

⁴ Stabilization funds include contract increase (\$355,000) for Central Falls and statewide COLA (\$328,529) for Davies.

Source: Rhode Island Department of Education

School Construction Aid: In 1960, the school housing aid program was enacted by the General Assembly to guarantee adequate school facilities for all public school children in the state, and to prevent the cost of constructing and repairing facilities from interfering with the effective operation of the schools. Applications for aid to support the construction and renovation of school buildings are submitted to and evaluated by the Rhode Island Department of Elementary and Secondary Education (RIDE). State aid is provided for approved projects based on a percentage of cost. The percentage provided by the State to the school district is determined based on a share ratio designed to measure a community’s need. For FY2019, the minimum state share is 35.0 percent and the maximum is 96.7 percent for Central Falls; the state share for charter schools is 30.0 percent.

The 2010 General Assembly passed legislation increasing the minimum share ratio from 30.0 percent in FY2011 to 35.0 percent in FY2012 and to 40.0 percent in FY2013. The 2012 General Assembly froze the reimbursement rate at 35.0 percent, but provided that projects completed after June 30, 2010, that received approval from the Board of Regents by June 30, 2012, receive the 40.0 percent minimum.

The 2011 General Assembly enacted legislation limiting the approval of new projects between FY2012 and FY2015, to those necessitated by immediate health and safety reasons. Any project requested during the

moratorium must be reported to the chairs of the House and Senate Finance Committees. Any project approval granted prior to the adoption of the school construction regulations in 2007, which is currently inactive, and any project approval granted prior to the adoption of the school construction regulations in 2007, which did not receive voter approval or which has not been previously financed, is no longer eligible for reimbursement. Article 22 of the FY2015 Budget extended the moratorium from June 30, 2014, to May 1, 2015, limiting the approval of new projects between FY2012 and FY2015 to those necessitated by immediate health and safety conditions.

As part of the legislation, RIDE was charged with developing recommendations for further cost containment strategies in the school housing aid program. The following recommendations were submitted on March 22, 2012:

- Establish capital reserve funds on the state and local level.
- Reduce the minimum share ratio.
- Limit costs associated with bonding by establishing a mechanism to allow districts with poor bond ratings to borrow at a lower interest rate, reduce the State’s reimbursement rate on interest, and provide incentives for districts to refinance bonds.

Article 13 of the FY2014 Budget as Enacted provided an incentive to communities to refinance existing school housing bonds by allowing communities to receive 80.0 percent of the total savings, instead of distributing the savings based on the state share ratio. The increased savings to the communities would only apply to refinancing done between July 1, 2013, and December 31, 2015. The table shows the estimated savings realized through the incentive.

School Bond Refinancing Incentive Estimated Savings Summary			
Municipality	Local Savings	State Savings	Total Savings
Burrillville	\$391,582	\$97,896	\$489,478
Central Falls	485,690	121,423	607,113
Cumberland	392,456	98,136	490,592
Johnston	41,684	10,421	52,105
Lincoln	1,590,165	397,541	1,987,706
New Shoreham	329,114	82,278	411,392
North Kingstown	419,141	104,785	523,926
North Providence	492,390	123,098	615,488
Pawtucket	44,094	11,023	55,117
Portsmouth	208,533	52,135	260,668
Providence	5,854,680	1,463,670	7,318,350
South Kingstown	232,603	58,151	290,754
Tiverton	753,270	188,317	941,587
West Warwick	525,572	131,393	656,965
Woonsocket	728,129	182,083	910,212
Total Savings	\$12,489,103	\$3,122,350	\$15,611,453

Article 9 of the FY2019 Budget as Enacted provides temporary incentives to encourage district to improve the condition of public school buildings in Rhode Island, establishes a permanent incentive for school safety and security projects, and establishes school maintenance expenditure requirements.

For FY2019, the Budget provides \$80.0 million, level funded with the FY2018 Budget as Enacted. The Department projects expenditures of \$69.4 million in school housing aid, a decrease of \$1.5 million from the FY2018 Budget as Enacted. Generally, the surplus would be deposited into the School Building Authority Capital Fund; however, pursuant to Article 9 of the FY2019 Budget as Enacted, in FY2019 and FY2020 the surplus will be used to provide technical assistance to districts.

School Building Authority Capital Fund: Article 9 of the FY2016 Budget as Enacted designated the Department of Elementary and Secondary Education (Department) as the State’s School Building Authority and charged the Department with implementing a system of state funding for school facilities, managing the school housing aid program, and developing a project priority system. The Authority oversees two distinct funding mechanisms for school facilities: the Foundation Program, as enumerated in RIGL 16-7-35 through 16-7-47, and the School Building Authority Capital Fund (Capital Fund), as created through the article. The FY2016 Budget added 1.0 FTE position to the Department for a new construction manager to

assist in developing procedures for the proposed Capital Fund. In FY2016, the Department received a one-time, pass-through appropriation of \$20.0 million in new general revenue to capitalize the Capital Fund, which is held in trust and administered by the Rhode Island Health and Education Building Corporation (RIHEBC).

For FY2019, the Budget provides \$10.6 million in general revenue from the surplus construction aid to provide technical assistance to districts. Through Article 9, the FY2019 Budget also shifts the 3.0 FTE positions currently responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and adds 1.0 FTE Director of School Construction Services. The new restricted receipt account, named the “School Construction Services”, will be funded by the Rhode Island Health and Education Building Corporation (RIHEBC) from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own reserves. While there is no limit on the amount or type of expenses that will be funded, the Article limits the fees that RIHEBC can levy on districts to one tenth of one percent (0.001) of the principal amount. The Budget provides \$697,171 in this account to provide for the cost of the 4.0 FTE positions and about \$48,658 for non-personnel overhead expenses. The new position will help with the anticipated increase in school housing applications due to the recent release of the statewide facilities study and the proposed \$250.0 million bond authorization. Proceeds from the bond will be used to capitalize both the traditional school construction program and the School Building Capital Fund as determined by the School Building Authority.

Analyst Note: Since the language of the article specifies that the restricted receipt account can only be used for “personnel” expenditures, the overhead expenses will have to be funded from a different source.

Currently, RIHEBC only charges municipalities for the out-of-pocket costs at closing, such as underwriters and bond counsel. The need to raise funds for the expenses of the School Building Authority may require the extension of the fee currently charged to non-profit borrowers to include municipalities; however, Article 9 limits the fee that RIHEBC can impose on cities, towns and districts to one tenth of percent (0.001) of the principal amount of the bond. Furthermore, since fees charged to the borrower are generally tolled into the bond issuance, the expenses paid may accrue interest.

FY2018 Supplemental Budget

DEPARTMENT OF ADMINISTRATION

Decentralized Service Charge Shift ***(\$31.9 million)***

The Budget decreases general revenue expenditures by \$31.9 million to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Revised Budget these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. There is a corresponding decrease totaling \$6.1 million comprising \$1.6 million in federal funds, \$3.9 million in other funds, and \$660,725 in restricted receipts.

Personnel and Operating Savings ***\$30.1 million***

The Department of Administration had a centralized account for statewide unspecified personnel and operating savings included in the Budget as Enacted prior to the savings being reflected within the appropriate State agency budgets. The FY2018 Budget as Enacted included \$30.1 million in statewide general revenue savings to be identified in the current fiscal year. When the savings occur, the Budget Office will distribute and account for the savings within the appropriate departmental budget accounts of the State agencies, and restores funding to the Department of Administration.

Information Technology - Decentralized Service Charge Shift ***(\$22.1 million)***

The Budget decreases general revenue by \$20.9 million, reflecting a net reduction of \$22.1 million in general revenue for the decentralization of statewide services provided by and previously centralized in the Department of Administration, offset by the inclusion of \$1.2 million in general revenue for centralized service charges budgeted to occur in this program. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Revised Budget these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. There is a corresponding decrease totaling \$10.0 million comprising \$6.5 million in federal funds, \$2.7 million in other funds, and \$794,089 in restricted receipts.

Personnel, Purchased Services, Operating, and Computers ***(\$8.1 million)***

The Budget decreases personnel, purchased services, operating, and computer costs by \$8.1 million in general revenue, reflecting the decentralization of statewide services. These services were previously provided by and centralized in the Department of Administration. This budget proposes a statewide decentralization of these services which are now reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Debt Service ***(\$1.2 million)***

The Budget decreases general revenue funded debt service payments by \$1.2 million. The reduction reflects adjustments to several debt service accounts, including: a reduction of \$1.7 million in certificates of participation for the School for the Deaf project, a reduction of \$1.6 million reflecting a delay in issuing new general obligation bond debt in FY2018, and a decrease of \$100,000 in Fidelity Job Rent Credits reflecting fewer jobs claimed by Fidelity Investments. These items are offset by an increase of \$2.0 million for DHS Debt Service.

Cranston St. Armory Facilities Management Shift ***\$749,894***

The Budget shifts \$749,894 in general revenue for facilities management costs related to the Cranston Street Armory from the Military Staff budget to the Department of Administration. The Governor's budget mistakenly included the funding under the Military Staff budget. However, management of the facility is the responsibility of the Division of Capital Asset Management and Maintenance. There is a corresponding increase under the Department of Administration.

Turnover ***(\$636,046)***

The Budget decreases general revenue by \$636,046 based on anticipated savings as stated in the Department's third quarter report for FY2018.

Fraud and Waste Data Tool ***(\$410,699)***

The Budget removes one-time funding for the statewide Fraud and Waste Data Tool resulting in a \$410,699 general revenue reduction compared to the FY2018 Budget as Enacted. The system detects fraud and waste, combining data across State agencies including the Department of Revenue, Department of Labor and Training, and the various human services agencies.

Water Resources Board ***\$409,152***

The Budget adds \$409,152 in general revenue to reverse the Governor's proposal to transfer the Water Resources Board and 3.0 FTE positions from the Department of Administration to the Division of Public Utilities and Carriers. The positions are: 1.0 General Manager (currently vacant), 1.0 Staff Director, and a 1.0 Supervising Civil Engineer. The action also transfers the funding source for the Water Resources Board from restricted receipts back to general revenue. This action maintains the Water Resources Board as an entity within the Department of Administration.

Pay for Success Pilot Program ***(\$300,000)***

The Budget reduces \$300,000 in general revenue, eliminating funding for the Pay-for-Success project in the Department of Corrections (DOC). As of June 7, 2018, no expenditures have been made for the program.

The initial funding was to support a pilot project for approximately 75 to 100 formerly incarcerated individuals to obtain skills development and employment training, while fostering access to transitional jobs and permanent employment. The Department of Corrections reports that they do not have enough eligible participants to move forward with this initiative at this time.

Unachieved E-Procurement Savings ***\$250,000***

The Budget adds \$250,000 in general revenue to reflect unachieved savings from the online E-Procurement system. The FY2018 Budget as Enacted authorized the state Chief Purchasing Officer to establish and collect from contractors listed on the master price agreement (MPA), an administrative fee not to exceed 1.0 percent of the total value of the annual expense against a contract awarded to a state contractor. Proceeds of the fee shall be deposited into a restricted receipt account and shall be used to implement and support a new online e-procurement system. The Department reported delays in implementing the 1.0 percent fee to MPA vendors resulting in unachieved general revenue savings of \$250,000. There is a corresponding \$539,204 decrease in restricted receipts reflecting unachieved fee collections.

Personnel Classification and Compensation Study Savings ***(\$219,559)***

The Budget eliminates \$219,559 in general revenue for the implementation services required for the Employee Compensation and Classification Study. The classification study was one of the recommendations received from the personnel study performed by the Segal Company. The Governor

reappropriated \$329,559 in unspent funds for the study from FY2017 to FY2018, of which only \$109,571 has been expended. This item eliminates a portion of the unexpended appropriation.

Statewide COLA

\$198,935

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$198,935 within the Department of Administration.

VRI Savings

(\$197,423)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the Department is \$197,423. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent. There are additional corresponding savings of \$89,849 in restricted receipts and \$28,759 in federal funds.

Capital Asset Management and Maintenance

(\$154,228)

The Budget decreases \$154,228 in general revenue to reflect lower expenditures for construction projects. The Governor requests that the savings be reallocated to the Department of Business Regulation in FY2018 to adjust the decentralized facilities management charges based on a reassessment of assigned spaces between the Department of Business Regulation and the Department of Labor and Training.

Building and Fire Codes Economic Impact Study Savings

(\$43,700)

The Budget decreases general revenues by \$43,700 for expenses within the Office of Management and Budget related to developing an economic impact analysis on code and rule changes of Building and Fire Safety Codes. The projected cost of the analysis was \$250,000. According to the Department's third quarter report, the analysis is complete. The projected cost is \$206,300, leaving a balance of \$43,700.

Rhode Island Capital Plan (RICAP) Fund Changes

\$6.2 million

The Budget includes \$47.3 million in RICAP funds for various capital projects in FY2018, \$6.2 million more than enacted. Significant projects include:

- **Pastore Center:** \$27.1 million in RICAP funds for various projects at the Pastore Center in Cranston, including \$7.9 million for the consolidation of hospitals, \$15.9 million in RICAP funds to renovate various structures at the Center, and \$3.4 million for electrical upgrades.
- **Rhode Island Convention Center and Dunkin Donuts Center:** \$2.5 million in RICAP funds to renovate the Rhode Island Convention Center and Dunkin Donuts Center for the Renewal and Replacement Fund in accordance with the bond covenants of the 2006 Series A bonds and asset protection at the Rhode Island Convention Center, and Veterans' Memorial Auditorium.
- **Cranston Street Armory:** \$1.1 million for the Cranston Street Armory stabilization project.

- **Chapin Health Laboratory:** \$1.0 million in RICAP funds in FY2018 and in FY2019 for the Chapin Health Laboratory. The structure requires renovations and updates to the HVAC and electrical systems that provide insufficient service.

DEPARTMENT OF BUSINESS REGULATION

Centralized Service Charges – Central Management **\$1.1 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Turnover and Operations **(\$463,550)**

The Budget includes \$463,550 in savings based upon a projected surplus of \$400,000 in personnel funds and a \$63,550 surplus in operating costs within the Department of Business regulation according to third quarter expenditure reporting. Through June 2018, the Department averaged 6.8 vacancies (6.7 percent).

Facilities Management - General Building **\$154,228**

The Budget increases by \$154,228 to meet revised facilities management cost allocations. The Division of Capital Asset Management and Maintenance (DCAMM) reassessed the square footage occupied by the Department of Business Regulation in the Center General Building on the Pastore Campus and found that they occupy more space than previously estimated. DBR's facility costs are adjusted accordingly.

Statewide COLA **\$81,914**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$81,914 within the Department of Business Regulation.

DEPARTMENT OF LABOR AND TRAINING

Centralized Service Charges **\$850,576**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

VRI Savings **(\$137,218)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to

recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum of \$40,000. The program is being offered in stages based on individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total saving projected across the Department is \$964,156 including \$137,218 in general revenue, \$639,233 in federal funds, \$80,470 in restricted receipts and, \$107,235 in other funds. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Fire Fighter Death Benefit

\$126,366

The Budget includes a general revenue increase of \$126,366 due to the payment of a one-time death benefit for firefighters who are killed in the line of duty. Per Rhode Island General Law 45-19-4.3(2), the State benefits paid to surviving spouses is 40.0 percent of the federal death benefit for firefighters and police officers killed in the line of duty. For FY2015, the year in which the death occurred, the federal benefit was \$339,310. This increase in spending for the fire fighter death benefit is slightly offset by savings within the police officer's relief fund.

Statewide COLA

\$28,249

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$28,249 within the Department of Labor and Training.

Facilities Management – General Building (federal funds)

(\$154,228)

The Budget is reduced by \$154,228 in federal funds due to a decrease in facilities management charges. The Division of Capital Asset Management and Maintenance (DCAMM) reassessed the square footage the Department of Labor and Training occupies in the General Building on the Pastore Campus and found that they occupy less space than previously estimated, resulting in a correction and a decrease in facilities management charges.

Center General Asset Protection (RICAP)

(\$1.0 million)

There is a decrease of \$1.0 million in RICAP spending in FY2018 due to funds being shifted to out years, including an increase of \$500,000 in FY2019. The Center General Asset Protection appropriation is not specific to any single asset protection project, thereby providing the Department with its own discretion as to which projects are worked on in a particular fiscal year. Examples of asset protection projects the Department plans to work on include carpet replacement, partial roof replacement, walkway repairs, HVAC replacement, painting, fire alarms, drainage repairs, and building envelope repairs.

DEPARTMENT OF REVENUE

Centralized Service Charges

\$5.9 million

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular

program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Personnel – Taxation **(\$611,672)**

The Budget reduces total personnel costs within the Division of Taxation in FY2018 by \$611,672. This reduction reflects current staffing levels, turnover, and updated benefit rates.

Statewide COLA **\$325,029**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$325,029 within the Department of Revenue.

Federal Tax Analysis **\$330,000**

The Budget provides the Department of Revenue with an additional \$330,000 in general revenue in FY2018 to fund the Department's efforts to analyze and efficiently implement the taxation changes resulting from the enactment of the new federal Tax Cuts and Jobs Act (TCJA) in December 2017. This effort included purchasing new tax modeling software and additional legal services to determine the impact to the State.

Personnel – Municipal Finance **(\$173,955)**

The Budget reduces total personnel costs within the Division of Municipal Finance in FY2018 by \$173,955. This reduction is primarily associated with the elimination of 3.0 FTE positions within the Division. These include a vacant 1.0 Data Control Specialist and two positions that have never been filled, a 1.0 Supervisor Local Government Assistant and a 1.0 Programming Services Officer.

Lottery Changes (other funds) **(\$669,034)**

The Budget decreases other funds by \$669,034 to properly account for savings within the Lottery Division associated with the \$25.0 million in undistributed savings from the FY2018 Budget as Enacted. The change corrects an improperly recorded increase in non-personnel costs.

LEGISLATURE

Statewide COLA **\$265,396**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$265,396 within the Legislature.

LIEUTENANT GOVERNOR

Statewide COLA **\$8,491**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$8,491 within the Office of the Lieutenant Governor.

OFFICE OF THE SECRETARY OF STATE***Centralized Service Charges*** **\$21,191**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Turnover **(\$150,000)**

The Budget decreases general revenues by \$150,000 based on anticipated savings as stated in the Office's third quarter report.

Statewide COLA **\$51,115**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$51,115 within the Office of the Secretary of State.

OFFICE OF THE GENERAL TREASURER***Centralized Service Charges*** **\$221,201**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Statewide COLA **\$18,716**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$18,716 within the Office of the General Treasurer.

Revenue Estimating Conference Adjustments (restricted receipts) **\$803,641**

Based on Treasury's testimony received during the Revenue Estimating Conference conducted in May 2018, the Conference adjusted the projected revenue collections and expenditures to the Unclaimed Property Program impacting claim payments, change in liability and the surplus transfer to the General Fund. Based on Conference projections, the transfer to the General Fund increases by \$803,641.

BOARD OF ELECTIONS***Centralized Service Charges*** **\$126,184**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Turnover **(\$95,000)**

The Budget decreases general revenue by \$95,000 based on anticipated personnel and operating savings stated in the third quarter report.

Statewide COLA **\$9,859**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$9,859 within the Board of Elections.

ETHICS COMMISSION***Centralized Service Charges*** **\$45,406**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Turnover **(\$38,900)**

The Budget decreases general revenue by \$38,900 based on anticipated personnel savings stated in the third quarter report.

Statewide COLA **\$13,426**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$13,426 within the Ethics Commission.

OFFICE OF THE GOVERNOR***Contingency Fund*** **(\$100,000)**

The Budget eliminates \$100,000 in general revenue from the Governor's Contingency Fund. The Governor's Office is annually appropriated general revenue for a contingency fund for unforeseen

expenses. This is a discretionary spending account. The FY2017 Budget as Enacted included \$242,000 in general revenue. At the close of FY2017, the fund balance was \$172,487. The Governor reappropriated \$67,089 to FY2018 for a total amount of \$317,089. To date a total of \$215,483 has been spent from the fund leaving a balance of \$101,606 that, if left unspent, will be reappropriated into the FY2019 revised budget. The Budget includes \$250,000 in the contingency fund for FY2019.

Centralized Service Charges

\$85,599

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Statewide COLA

\$44,988

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$44,988 within the Office of the Governor.

RHODE ISLAND COMMISSION FOR HUMAN RIGHTS

Centralized Service Charges

\$38,980

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

VRI Savings

(\$28,250)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the agency is \$28,250. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Statewide COLA

\$9,047

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA)

increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$9,047 within the Commission for Human Rights.

PUBLIC UTILITIES COMMISSION

Restricted Receipt Fund Changes ***(\$553,152)***

- **Water Resources Board:** The Budget eliminates \$409,152 in restricted receipts associated with the Governor's proposal to transfer the Water Resources Board and 3.0 FTE positions from the Department of Administration to the Division of Public Utilities and Carriers. The positions are: 1.0 General Manager (currently vacant), 1.0 Staff Director, and a 1.0 Supervising Civil Engineer. The action also transfers the funding source for the Water Resources Board from restricted receipts back to general revenue. This actions maintains the Water Resources Board as an entity within the Department of Administration.
- **VRI Savings:** The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total restricted receipt savings projected across the Commission is \$144,000. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

EXECUTIVE OFFICE OF COMMERCE

Turnover ***(\$419,250)***

The Budget includes \$419,250 in savings based upon a projected surplus of \$389,250 in personnel funds and a \$30,000 surplus in operating costs within the Executive Office of Commerce according to third quarter expenditure reporting. Through June 2018, Commerce has averaged 3.3 vacancies (19.4 percent).

Statewide COLA ***\$14,275***

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$14,275 within the Executive Office of Commerce.

Quonset Piers (RICAP) ***(\$1.7 million)***

The Budget includes a \$1.7 million reduction in RICAP expenditures associated with the multi-year pier improvement project at the Quonset Davisville Port in the Town of North Kingstown. The FY2017 Budget as Enacted authorized \$90.0 million in funding for Quonset Development Corporation from various sources, including a \$50.0 million bond referendum for infrastructure modernization and repairs at the Port that voters approved in November 2016. Based on the current project expenditure timetable, \$1.7 million is shifted to future project years, including \$660,000 in FY2019, \$500,000 in FY2020 and FY2021.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES***Caseload Changes******\$20.5 million***

The FY2018 Supplemental Budget increases general revenue costs by \$20.5 million to reflect the results of the November 2017 and May 2018 Caseload Estimating Conferences. Increases include nursing facilities costs and increased enrollments in managed care organizations.

Perry Sullivan***(\$3.0 million)***

In an effort to rebalance the State's long term care system in favor of home and community based services over nursing home services, the Long Term Care Service and Financial Reform Act of 2006 (commonly referred to as the Perry/Sullivan provision) requires savings from reduced nursing home usage to be reinvested to strengthen community-based alternatives.

The FY2018 Budget as Enacted includes \$3.0 million in general revenue funding (\$6.2 million all funds) in long-term care fee-for-service and Rhody Health Options programs. These funds have since been applied to pay for Home and Community Care wage increases that were enacted in FY2018, offsetting other general revenues.

IT Investment Fund - UHIP***(\$2.5 million)***

The FY2018 Supplemental budget shifts \$2.5 million in general revenue UHIP operating costs to the Information Technology Investment Fund.

Reappropriations***\$1.6 million***

The Budget includes \$1.6 million in general revenue reappropriations from FY2017. This includes \$360,057 for data analytics for services rendered but where invoices were delayed into FY2018; \$1.2 million for UHIP operating (non-personnel) expenses; and, \$95,000 in required state matching funds for a federal Medicaid Information Technology Architecture self-assessment as required under 42 CFR 433.

Enhanced Medicaid Claiming Technical Assistance***(\$250,000)***

The enacted budget contained funding for technical assistance to DCYF and EOHHS for enhanced Medicaid claiming. The assistance was not used so the funds are removed in both FY2018 and FY2019.

Consent Decree Court Monitor Transfer***\$225,000***

The FY2018 Budget as Enacted includes \$450,000 in the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to fund the work of the Consent Decree Monitor that oversees progress towards addressing issues related to employment services for adults with developmental disabilities. The budget transfers the contract and funding to EOHHS, citing "better monitoring". There is no change to the funding allocated for the monitor work, it merely shifts from BHDDH to EOHHS. The general revenues are matched by federal funds.

Turnover***(\$200,000)***

The Budget decreases general revenue by \$200,000 based on anticipated savings as stated in the third quarter report. The Department is authorized 285.0 FTE positions, but has experienced an average 112.5 vacant positions through FY2018.

Statewide COLA***\$106,635***

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0

percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$106,635 within the Office.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES

Child Welfare Services

\$19.0 million

The FY2018 Revised Budget includes additional general revenue expenditures of \$19.0 million related to residential placements, foster care, and adoption services within the Child Welfare program. The Governor's recommendation included \$8.8 million in assistance and grants based on the Department's request. This was based on increases in per diem rates and utilization of home- and community-based services. The General Assembly added \$13.5 million to this proposal based on a significant increase in caseload. This additional funding is offset by \$3.3 million in general revenue savings related to contract renegotiations as well as the Department's continued efforts to reduce congregate care placements.

Centralized Service Charges

\$3.4 million

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Personnel Savings

(\$1.7 million)

The Revised Budget includes general revenue savings of \$1.7 million related to the elimination of 4.0 vacant FTE positions in the Child Welfare program as well as the reallocation of staff between divisions. This figure also includes a reduction for salary and benefits within Juvenile Corrections, as requested by the Department, based on a declining census within the program.

Federal Claiming

(\$1.1 million)

The Revised Budget includes general revenue savings totaling \$1.1 million from efforts to increase federal claiming for eligible children and services. This includes \$800,000 through Title IV-E and \$250,000 through Medicaid. This initiative shifts expenses from general revenue to federal funds.

VRI Savings

(\$478,366)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided by program, the total general revenue savings projected across the Department is \$478,366. The savings are to be achieved by either leaving retiree positions vacant or filling positions at a reduced rate of 50.0 to 75.0 percent.

Statewide COLA **\$429,781**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$429,781 within the Department of Children, Youth, and Families.

Enhanced Family Support Services **(\$315,263)**

The Department shifted utilization of family preservation services from the Preserving Families Network (PFN), at a per diem rate of \$85.90, to the Enhanced Family Support Services (EFSS) program, at a per diem rate of \$32.58. These services support families at risk of losing their children. The two programs have comparable success rates. This shift reduced general expenditures by \$315,263 in FY2018.

Foundation Grants (restricted receipts) **\$301,104**

- **Kellogg Foundation Award:** The Department was awarded a three-year, \$415,000 grant from the W.K. Kellogg Foundation to improve services and supports for young children. The funds, in the amount of \$166,800 for FY2018, are to be used for the “Getting to Kindergarten” initiative. This project is designed to improve developmental and educational outcomes for children, birth to age five, who are involved in the child welfare system.
- **Rhode Island Foundation Award:** In FY2018, the Rhode Island Foundation provided two community improvement grants to DCYF totaling \$134,304. One grant provided \$70,000 to the Child Welfare program to support a foster care recruitment weekend. This event was designed to expedite the licensing and training process and increase the number of eligible foster families in Rhode Island. The other grant awarded \$64,304 to Juvenile Corrections for personalized learning programs at the Training School.

DEPARTMENT OF HEALTH**Centralized Service Charges** **\$2.2 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on prior-year use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear. In addition, there is an increase of \$724,248 in federal funds for centralized Information Technology Services, an increase of \$1.7 million in restricted receipts for centralized Information Technology Services and \$550,000 for centralized Human Resource services.

Statewide COLA **\$167,761**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$167,761 within the Department of Health.

Overdose Prevention Grant (restricted receipts) **\$600,000**

The Budget increases restricted receipts by \$600,000 to reflect the receipt of three grants totaling \$600,000 that the Department of Health will use to implement a statewide digital public awareness prevent campaign

to deter opioid use amongst youth. The Department received \$500,000 from The Pfizer Foundation, \$50,000 from the Rhode Island Foundation, and \$50,000 donation from Daniel Del Prete. The Department received these grants post enactment of the FY2018 Budget.

DEPARTMENT OF HUMAN SERVICES

Centralized Service Charges **\$5.6 million**

The Budget increases general revenue expenditures by \$5.6 million to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 revised Budget these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Statewide COLA **\$360,506**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$360,506 within the Department of Human Services.

May Caseload Estimating Conference **(\$344,306)**

The May 2018 Caseload Estimating Conference led to a general revenue decrease of \$344,306 and a federal funds decrease of \$2.0 million relative to the November 2017 Caseload Estimating Conference. The general revenue decrease is due to a \$723,186 decrease in Child Care Assistance, and a \$121,520 decrease in General Public Assistance (GPA). These decreases are partially offset by a \$500,400 increase in the Supplemental Security Income (SSI) program. The decrease in Child Care Assistance is due to an estimated decrease of 862 subsidies and the decrease in GPA is due to an estimated decrease of 80 persons utilizing the program in FY2018. The increase in the SSI program is primarily due to an estimated increase of 500 persons utilizing the program and an estimated \$0.50 increase in monthly costs per person.

Federal Funds Changes **\$1.0 million**

The Budget includes a net increase of \$1.0 million in federal funds, including the following:

- **Child Care Provider Union Increases:** The Budget increases federal funds by \$528,373 due to increases agreed upon in negotiations with the home based child care providers union. \$337,778 is due to the payment of a one-time stipend based on 2.0 percent of all child care provided between July 1, 2017, and June 30, 2018, and \$190,595 is due to a 2.5 percent rate increase. The Governor had included these funds as general revenue.
- **Veterans' Home:** The Budget is increased by \$497,225 to allow the Department to spend the remaining balance of federal funds authorized for the Veterans' Home which is located in Bristol and was completed in October of 2017.

Blind Vending Facilities (RICAP) **\$73,000**

There is an increase of \$73,000 in RICAP spending to fully fund the number of blind vending facilities the Department committed to in FY2018. Blind vending facilities provide employment opportunities for persons who are legally blind while meeting the food service needs of employees and the public.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS***Centralized Service Charges******\$7.0 million***

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

SIS-A Assessment Tool***\$5.8 million***

The Revised Budget adds \$8.9 million in general revenue to reflect an increase in costs for direct services within the Division of Developmental Disabilities in FY2018. This is primarily related to reassessments using the SIS-A tool, which resulted in higher utilization of the costliest service levels. This increase in expenditures is partially offset by savings initiatives totaling \$3.1 million related to limiting use of the SIS-A tool and reducing tier levels for certain individuals who were reassessed improperly.

Eleanor Slater Hospital Unachieved Savings***\$3.5 million***

The FY2018 Budget as Enacted assumed savings related to the hospital consolidation project and enhanced third party collections, of which \$4.0 million was not achieved. The Revised Budget restores this funding, which is partially offset by two savings initiatives projected to reduce overtime expenditures by a total of \$546,000. This includes consolidating patients and closing one unit at Eleanor Slater Hospital, as well as transitioning six patients into other residential settings.

Residential Services***\$2.6 million***

The Revised Budget restores \$3.2 million of unachieved general revenue savings related to residential services for individuals with developmental disabilities. This increase is offset by initiatives to rebalance residential services and place individuals in more appropriate, cost effective settings. This includes reducing the group home census by 110 individuals and partially closing two RICLAS Special Care Facilities.

L9 Supplemental Authorizations***(\$2.3 million)***

The Revised Budget includes general revenue savings of \$2.3 million related to implementing more stringent standards for supplemental authorization approvals and reducing the number of individuals who receive services above their tier level.

Person-Centered Supported Employment Performance Program***(\$2.0 million)***

The Revised Budget reduces general revenue expenditures by \$2.0 million within the Person-Centered Supported Employment Performance Program (PCSEPP), a performance-based contract for supported employment services provided to individuals in the Consent Decree target population. Based on utilization of the program, there was a balance of unspent funds for FY2018.

Personnel Savings***(\$741,646)***

The FY2018 Revised Budget includes Department-wide general revenue savings of \$741,646 related to personnel. These savings are primarily attributable to a reduction in overtime expenses. The Department is working to improve management of workers' compensation claims and bring individuals back to work where feasible. This will reduce overtime costs for other employees. A small portion of the personnel savings is attributable to the transfer of positions between divisions.

Retroactive Physician Contract***\$577,520***

The Revised Budget includes \$577,520 in general revenue related to a retroactive payment from a new physician contract negotiated at Eleanor Slater Hospital. The payment was processed from December 20, 2016, to February 17, 2018, and physicians were paid a new wage beginning February 18, 2018.

Statewide COLA***\$505,764***

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$505,764 within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.

Legal Settlement***\$500,000***

The Department made an unexpected payment of \$500,000 related to a legal case that was settled in 2016. Five individuals were promised Shared Living Arrangement (SLA) levels of funding but were then reduced to Living with Family (LWF) levels of funding. This reduction was later appealed. Payments were made for two of the individuals in 2016, and the settlement was paid for the remaining three during FY2018.

JCAHO Mitigation Plan***\$350,000***

Eleanor Slater Hospital was issued a preliminary denial of accreditation from the Joint Commission for the Accreditation of Hospital Organizations (JCAHO) due to deficiencies throughout the hospital. The Department submitted a mitigation plan in September 2017, after which the Hospital's accreditation was reinstated. The Revised Budget includes \$350,000 from general revenue to support the mitigation plan.

Consent Decree Court Monitor Transfer***(\$225,000)***

The Revised Budget shifts funding for the Consent Decree Court Monitor from BHDDH to the Executive Office of Health and Human Services. This includes \$225,000 from general revenue (\$450,000 all funds).

Eleanor Slater Hospital Account (restricted receipts)***\$800,000***

The Revised Budget increases restricted receipts by \$800,000 to include an account which was erroneously excluded from the FY2018 Budget as Enacted. This account was used during FY2018 to offset general revenue expenses at Eleanor Slater Hospital.

Transfer of Hospital Consolidation Project (RICAP)***(\$3.3 million)***

The Revised Budget transfers funding for the Eleanor Slater Hospital consolidation project from BHDDH to the Department of Administration (DOA). This removes \$3.3 million in Rhode Island Capital Plan (RICAP) funds from BHDDH's budget in FY2018.

Administrative Buildings Asset Protection (RICAP)***\$2.1 million***

The Revised Budget increases funding to address environmental deficiencies in the Department's administrative buildings on the Pastore Campus. This includes upgrades to HVAC systems, roof repairs, and window replacements. The FY2018 Budget as Enacted included \$250,000 in RICAP funds for this project. The Revised Budget increases funding by \$2.1 million based on actual expenditures.

GOVERNOR'S COMMISSION ON DISABILITIES***Centralized Service Charges* **\$25,090****

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Statewide COLA* **\$3,409*

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$3,409 within the Commission on Disabilities.

COMMISSION ON THE DEAF AND HARD OF HEARING***Centralized Service Charges* **\$35,000****

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Interpreter Services* **(\$20,000)*

The Budget reduces funding for interpreter services to reflect \$30,000 in turnover savings from a vacant staff interpreter position, partially offset by an increase of \$10,000 for contracted interpreter services.

Statewide COLA* **\$3,051*

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$3,051 within the Commission on the Deaf and Hard of Hearing.

OFFICE OF THE CHILD ADVOCATE***Personnel* **(\$154,664)****

The FY2018 Revised Budget includes general revenue savings of \$154,664 related to personnel. The Office had a balance of federal funds at the beginning of FY2018 and chose to reallocate the funds for personnel expenses, saving \$113,220 in general revenue that would have otherwise been spent. The Office also began FY2018 with two vacant positions which were filled mid-year, resulting in turnover savings of \$41,444.

Centralized Service Charges**\$93,447**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Turnover and Operations Savings**(\$64,245)**

Based on its third quarter report, the Office of the Child Advocate projected a surplus, primarily related to personnel and operations in FY2018. General revenue savings total \$64,245 (\$88,205 all funds).

Furniture and Equipment**\$39,516**

The Revised Budget adds \$39,516 from general revenue for furniture and equipment, which was ordered in FY2017 but could not be delivered until FY2018. The Budget makes this adjustment to reflect when the expenses were charged to the Office of the Child Advocate.

Contracted Services**\$30,000**

The Office requested the addition of 1.0 FTE to support an increase in workload. The additional staff member was anticipated to increase general revenue expenditures by \$43,382. Instead, the Budget includes additional general revenue totaling \$30,000 to allow the Office to utilize a temp agency.

Statewide COLA**\$4,922**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$4,922 within the Office of the Child Advocate.

OFFICE OF THE MENTAL HEALTH ADVOCATE**Centralized Service Charges****\$81,049**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Statewide COLA**\$4,702**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$4,702 within the Office of the Mental Health Advocate.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION***Statewide COLA* **\$282,603****

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$282,603 within the Department of Elementary and Secondary Education.

Textbook Reimbursement Adjustment* **(\$151,040)*

The State reimburses school committees for the cost of providing free English/language arts and history/social studies textbooks to students in kindergarten through 12th grade who reside in the community. The FY2018 Budget as Enacted provided \$240,000 in state funding for the reimbursement of costs for textbooks. The Budget reduces funding for this program by \$151,040 to reflect actual costs in FY2018.

Advanced Placement (AP) Tests* **\$115,000*

The Budget includes \$115,000 in general revenue to provide subsidized rates to low-income students taking AP tests. This funding is only provided for reimbursements in FY2018 for tests taken in the 2016/2017 school year. Previously, this program was funded from a federal grant, which ended in FY2017. This program is discontinued in FY2019.

Centralized Service Charges* **\$114,222*

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Group Home Aid* **\$85,000*

The Budget increases group home aid by \$85,000 to reflect the addition of five new beds in East Providence.

Teacher Retirement* **(\$60,058)*

The State pays 40.0 percent of the employer's share of the teacher retirement contribution each year. The state contribution in the FY2018 Budget as Enacted assumed a 2.5 percent increase in total wages from FY2017 to FY2018; however, the actual wage data through April 3, 2018, indicates an increase in wages closer to 2.0 percent. Based on the third quarter report from the Department of Elementary and Secondary Education, the Budget reduces the state contribution for teacher retirement by \$60,058.

Professional Development for Dyslexia Certification (restricted receipts)* **\$44,680*

The Budget includes an increase of \$44,680 in restricted receipts to reflect a new grant from the Rhode Island Foundation. The grant will support local educators in receiving a graduate certificate in Dyslexia Knowledge and Practice from the University of Rhode Island.

Rhode Island Capital Plan (RICAP) Fund Changes* **(\$4.0 million)*

The Budget includes a net decrease of \$4.0 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Davies Advanced Manufacturing:** The Budget shifts \$3.3 million in RICAP funding for the advanced manufacturing project at Davies from FY2018 into FY2019. As part of a statewide initiative to develop a trained workforce in advanced manufacturing careers, Davies Career and Technical School received funding under the Prepare RI program in partnership with General Dynamics Electric Boat. The grant allowed for the purchase of new, upgraded Computer Numerical Control (CNC) milling equipment. This project provides the shop upgrades and equipment needed for Davies to incorporate training in welding, CNC milling processes, and computer training to develop a workforce that will support partnerships with employers such as Electric Boat.
- **Davies Career and Technical School – HVAC:** The Budget decreases project funding by \$682,000 in RICAP funds to reflect project delays while future plans are finalized to determine whether to renovate or reconstruct the building based on the pending master plan. The reduction leaves \$324,155 to cover current year expenditures.
- **Davies Career and Technical School – Asset Protection:** The Budget decreases RICAP funded asset projection expenditures by \$100,000 to \$374,041 to reflect current year expenditures while future plans are finalized based on the pending master plan.

PUBLIC HIGHER EDUCATION

General Obligation Bond Debt Service

\$1.4 million

The Budget provides \$31.0 million in FY2018 for general obligation debt service for the three institutions, including URI (\$22.8 million), RIC (\$6.2 million), and CCRI (\$2.1 million). Relative to the FY2018 Budget as Enacted, this is an increase of \$107,338 at URI and \$1.3 million at RIC. The increase is due primarily to the issuance of \$40.0 million in bonds for higher education facilities projects in April 2017.

Voluntary Retirement Incentive

(\$1.0 million)

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

In FY2018, the general revenue share of the projected savings in public higher education is \$1.0 million, including \$366,777 at URI, \$364,551 at RIC, and \$314,554 at CCRI. The savings are to be achieved by either leaving retiree positions vacant or filling positions at a reduced rate of 50.0 to 75.0 percent.

Nursing Education Center

(\$337,529)

The Nursing Education Center (NEC) is a partnership between the State, Rhode Island College, and the University of Rhode Island to provide a state-of-the-art facility to be shared by the institutions thus reducing redundancy. The two schools took possession of the space in April 2017. Under the terms of the lease, the first rent payment was made in September 2017. The reduction in FY2018 reflects the adjustment of the enacted to budget to reflect actual costs.

Statewide COLA

\$312,069

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0

percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$312,069 within Public Higher Education.

RI Promise Scholarship program

\$231,086

Article 3 of the FY2018 Budget established the RI Promise program to provide students with two years of free tuition and mandatory fees at the Community College of Rhode Island, less federal and all other financial aid available to the recipient. In the first year of the program CCRI realized a 43.0 percent increase (477 students) in first-time, full-time students; however the budget only predicted a 25.0 percent increase in enrollment. Consequently, the FY2018 Revised Budget includes an additional \$231,086 to meet the current demand of the program.

Office of Postsecondary Commissioner Personnel Savings

(\$201,517)

In order to contribute toward the \$25.0 million statewide reduction in the FY2018 Budget as Enacted, the OPC agreed to manage state-financed operating expenditures and vacancy rates to achieve a \$100,000 base reduction in overall operating costs in the FY2018 Revised and FY2019 Budgets. In FY2018, an additional \$201,517 reduction is realized due largely to turnover savings achieved through hiring delays.

IT Administrative Implementation Fund

(\$186,418)

Since FY2000, the Office of the Postsecondary Commissioner (OPC) has been appropriated a sum to finance IT-related acquisitions and enhancements at the institutions. Initially this funding was dedicated to standard maintenance agreements and routine software costs associated with the implementation of PeopleSoft systems at URI and RIC and the Banner/Oracle system at CCRI. Over time, the ongoing costs for these systems was absorbed into the operating budgets at the institutions and the IT Administrative Implementation Fund became a discretionary, competitively distributed funding pool for IT projects and system enhancements at the schools. The Budget reduces funding for the program by \$186,418, leaving a balance of \$500,000 for CCRI to build capacity and student services to support the 43.0 percent increase (477 students) in first-time, full-time student enrollment due to the RI Promise Scholarship Program.

Rhode Island Capital Plan (RICAP) Fund Changes

(\$6.6 million)

The Budget includes a net decrease of \$6.6 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Community College of Rhode Island - Knight Campus Renewal:** The Budget reduces RICAP funding for this project by \$3.6 million in FY2018, shifting \$600,000 into FY2019 and \$1.5 million into each FY2020 and FY2021. The Knight Campus Megastructure, which was completed in 1972, will be comprehensively renovated, including painting, door replacements, and interior and exterior upgrades. Plans include elevator upgrades, hi-tech AV upgrades, the relocation of several offices, modifications to the cafeteria, student dining commons, student lounge, and bookstore, as well as roadway and landscape improvements to the main entrance road and facility entrance.
- **University of Rhode Island - Biological Resources Lab:** The Budget reduces RICAP funding for this project by \$3.0 million in FY2018, shifting \$2.3 million into FY2019 and \$700,000 into FY2020. Construction of a small lab animal care facility that meets current federal standards will allow URI to centralize and replace older facilities. It will be constructed on the lower two floors in the University's new College of Pharmacy. The new lab will contain animal Bio Safety Level 2 laboratories, lab animal holding rooms, cage washing facilities, and redundant emergency HVAC and electrical systems for secure care of the animals and research work.

RHODE ISLAND STATE COUNCIL ON THE ARTS***Turnover*** **(\$44,000)**

The Budget reduces funding for personnel costs by \$44,000 to reflect turnover achieved by filling positions at a lower base rate and lags in filling two positions.

Statewide COLA **\$6,193**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$6,193 within the State Council on the Arts.

RHODE ISLAND ATOMIC ENERGY COMMISSION***Statewide COLA*** **\$8,206**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$8,206 within the Atomic Energy Commission.

Asset Protection (RICAP) **\$27,649**

The Budget increases RICAP funding for asset protection projects at the Atomic Energy Commission to fully fund current year projects and correct an error in the Governor's supplemental budget proposal. The Agency has planned to use \$27,649 in reappropriated funds from the prior year in FY2018; however, the funds were inadvertently omitted in the budget proposal.

RHODE ISLAND HISTORICAL PRESERVATION AND HERITAGE COMMISSION***Personnel Turnover*** **(\$100,000)**

The Budget includes a \$100,000 general revenue savings associated with turnover. The Commission has selected a new Director who will be starting later than anticipated, resulting in savings. The savings are slightly offset by an increase of \$22,140 in restricted receipts which is the result of additional interest earning and will be used to offset personnel costs.

Statewide COLA **\$7,930**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$7,930 within the Historic Preservation and Heritage Commission.

DEPARTMENT OF THE ATTORNEY GENERAL***Turnover and Operations Savings*** ***(\$792,182)***

The Budget includes a general revenue savings of \$792,182 in FY2018. These savings include \$632,921 in turnover and \$159,262 in operations savings based on the Department's quarterly reports. The Department has averaged 8.0 FTE vacancies throughout FY2018.

Statewide COLA ***\$211,529***

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$211,529 within the Department of the Attorney General.

State Match Medicaid Fraud ***(\$62,500)***

The Budget is reduced by \$62,500 in general revenue and \$750,000 in federal funds due to a shift of the implementation of the Medicaid/Medicare fraud prevention program from FY2018 to FY2019. The Department received federal permission to solicit a request for proposal (RFP) to procure data mining services. The FY2019 Budget includes \$250,000 in general revenue, representing the Department's 25.0 percent State match to \$750,000 in federal funds.

Google Forfeiture Funds (federal funds) ***\$11.5 million***

The Budget includes an \$11.5 million increase in federal Google forfeiture funds. The Department has been using the funds for the design and construction of a new customer service center in the Pastore Complex. The building is expected to be completed in the summer of 2018. In the FY2017 Budget Google forfeiture funds were included as restricted receipts, in FY2018 they were shifted into federal funds.

DEPARTMENT OF CORRECTIONS***Centralized Service Charges*** ***\$13.7 million***

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Statewide COLA ***\$1.6 million***

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$1.6 million within the Department of Corrections.

Population Per Diem Adjustment ***(\$300,000)***

There is a savings of \$300,000 in general revenue per-diem operating expenses in FY2018 due to a smaller than projected population within the Department of Corrections. The Department reported a population of

2,729 in their May 2018 report. The FY2018 Revised Budget projected a population of 2,853 in FY2018 and 2,865 in FY2019.

Substance Abuse Treatment Grant (federal funds) \$235,359

The Budget includes \$235,359 in additional federal funds due to a newly received federal grant. The purpose of the grant is to reduce recidivism and improve public safety by establishing a contract with a community-based, mental-health and substance-abuse treatment provider to identify eligible program participants who are awaiting trial at the Intake Center.

Rhode Island Capital Plan (RICAP) Fund Changes (\$6.8 million)

The Budget includes a net decrease of \$6.8 million in Rhode Island Capital Plan (RICAP) funds, including the following:

- **Medium Infrastructure Improvements:** There is a decrease of \$3.0 million in RICAP spending in FY2018 due to a delay in projects at the Medium Moran Facility. Funding will not be expended in FY2018 but will be shifted to FY2022 and FY2023. Projects to be completed in later years at the Medium Moran Facility include the removal and replacement of the existing stone ballast roof, renovations to the HVAC system, as well as expansions of the laundry room, industries corridor, and dining areas.
- **Intake Service Center Exterior Envelope and HVAC:** There is a decrease of \$1.3 million in RICAP spending in FY2018 due to delays in projects at the Intake Service Center (ISC), although funding will not be expended in FY2018 it will be needed in the later years of the Department's five year RICAP plan including a shift of \$250,000 to FY2019. The HVAC system currently at the ISC center is not in compliance with current building code standards and needs renovating. Renovation of the ISC's exterior envelope includes DryVit patching and sealing, repainting/resealing of brick veneers, and replacement of all windows and casements due to water damage.
- **Dix Building Renovations:** There is a decrease of \$1.0 million in RICAP spending in FY2019 due to delays in the architectural and engineering work related to the Dix building. Funds from FY2018 will be shifted to FY2019 and FY2020. The Dix Building is being renovated from an inmate facility into an administrative building.
- **Correctional Facilities Study:** There is a decrease of \$850,000 in RICAP spending in FY2018 related to the Department's Correctional Facilities Study. The Governor included \$1.1 million for this study, \$850,000 more than the FY2017 Enacted appropriation, which was based on bids received. The Department suggested a new high security facility be built since this is the most expensive facility for the Department to operate. Before the Department can move forward with approval for a new High Security facility, a study of the category of all populations within all the Department's facilities is required. The purpose of the study is to explore ways the Department could create cost efficiencies within their facilities.
- **Asset Protection:** There is a decrease of \$500,000 in RICAP funding in FY2018 based on the Department's projected spending. Asset protection projects include renovations and improvements to facilities that will extend their useful life by at least 10 years and cost more than \$50,000.
- **Gloria McDonald Renovations:** There is a decrease of \$151,133 in RICAP spending in FY2018 related to a parking lot project planned at the Gloria McDonald facility. The Division of Capital and Asset Management (DCAM) will be completing the project with available funds. DCAM intends to install additional parking in the rear of the facility to accommodate visitors.

JUDICIARY***Statewide COLA******\$677,834***

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$677,834 within the Judiciary.

VRI Savings***(\$597,022)***

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total savings projected across the Judiciary is \$597,022 in general revenue and \$23,303 in restricted receipts. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Noel Shelled Courtroom Build Out (RICAP)***(\$1.6 million)***

The Budget shifts \$1.6 million in RICAP funding for this project from FY2018 into FY2019. The Noel Shelled Courtroom Build-Out (NCBO) will expand the capacity of the Noel Judicial Complex by completing unfinished courtroom space within the interior shell. The build out will also include an additional lot for parking, as the current lot is near capacity for the courtrooms currently in use.

MILITARY STAFF***Cranston St. Armory Facilities Management Shift******(\$749,894)***

The Budget shifts \$749,894 in general revenue for facilities management costs related to the Cranston Street Armory from the Military Staff budget to the Department of Administration. The Governor's budget mistakenly included the funding under the Military Staff budget. However, management of the facility is the responsibility of the Division of Capital Asset Management and Maintenance. There is a corresponding increase under the Department of Administration.

Operating and VRI Savings***(\$196,244)***

The Budget decreases general revenue by \$196,244 based on anticipated operating savings as stated in the third quarter report and savings achieved from the voluntary retirement incentive.

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last

group of employees had to submit a written notice of their election to retire on or before March 15, 2018. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent. There are additional corresponding savings of \$50,250 in federal funds.

Statewide COLA **\$14,661**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$14,661 within the Military Staff.

Rhode Island Military Family Relief Fund (restricted receipts) **(\$50,000)**

Pursuant to the Governor's Budget Amendment dated May 8, 2018, the Budget decreases restricted receipts by \$50,000 based on updated projections to anticipated revenues into the fund in the current fiscal year.

Rhode Island Capital Plan (RICAP) Fund Changes **(\$4.5 million)**

The Budget includes a net decrease of \$4.5 million in Rhode Island Capital Plan (RICAP) funding in FY2018 for various projects.

- **Armory of Mounted Commands:** Decreases \$960,000 and shifts \$700,000 to FY2019 for the roof replacement project. The project began but is not moving fast enough to require any more than \$25,000 in FY2018 reflecting the Military Staff's revised project timeline and projected expense plans.
- **Asset Protection:** Decreases \$300,000 for various projects within the State armories to reflect the Military Staff's revised project timeline and projected expense plans.
- **Bristol Readiness Center:** Includes \$125,000 in FY2018 based on the Military Staff's revised project timeline and projected expense plans.
- **Joint Force Headquarters Building:** Decreases \$4.2 million and shifts \$2.4 million to FY2019. The project is underway and based on the Military Staff's revised project timeline and projected expense plans, the balance of the funding is not required until the first and second quarters of the upcoming fiscal year.
- **Middletown Armory Land Transfer:** Adds \$700,000 to compensate the Rhode Island Airport Corporation for a long-term lease on land adjacent to the Middletown Armory to allow for the construction of a new National Guard building.

RHODE ISLAND EMERGENCY MANAGEMENT AGENCY

Centralized Service Charges **\$184,096**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

VRI Savings **(\$30,376)**

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and

budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total general revenue savings projected across the agency is \$30,376. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent. There is a corresponding savings of \$49,411 in federal funds, and \$1,213 in restricted receipts.

Statewide COLA

\$4,496

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$4,496 within the Rhode Island Emergency Management Agency.

Rhode Island Capital Plan (RICAP) Fund Changes

\$1.7 million

The Budget includes a net increase of \$1.7 million in Rhode Island Capital Plan (RICAP) funding in FY2018 for various projects.

- **Rhode Island Statewide Communications System Network (RISCON):** \$1.5 million each year from FY2018 to FY2021 in RICAP funds to support the Rhode Island Statewide Communications System Network (RISCON). The project enhances and further develops RISCON, the main communications platform used by all public safety agencies in the State for the daily operations.
- **RIEMA Building Feasibility Study:** \$189,750 in FY2018 in RICAP funds to conduct a RIEMA building feasibility study to evaluate the agency's spatial needs and explore building options to relocate the headquarters and emergency operations center from its present location at 645 New London Avenue in Cranston. The feasibility study did not consider reusing the current headquarter facilities.

DEPARTMENT OF PUBLIC SAFETY

Centralized Service Charges

\$1.3 million

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Turnover

(\$972,837)

The Budget includes \$972,837 in savings based upon a projected surplus in personnel funds within the Department of Public Safety according to third quarter expenditure reporting. This is equivalent to 20.5 FTE positions (average cost of \$79,692). Through June 2018, the Department has averaged 35.8 vacancies (5.9 percent).

Statewide COLA **\$676,598**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$676,598 within the Department of Public Safety.

Operating and Personnel – E-911 **(\$392,585)**

The Budget reduces operating and personnel general revenue expenditures in FY2018 by \$392,585. The reduction reflects personnel savings associated with the voluntary retirement incentive program and operating savings on computer equipment expenditures.

Utilities and Operating Expenses **\$356,459**

The Budget includes \$365,459 of additional general revenue to cover projected utility and operating expenditures based on third quarter reporting by the Department. This includes \$216,420 in utility expenses and \$140,039 in costs associated with vehicle overhead.

Personnel **(\$142,713)**

The Budget eliminates \$142,713 in proposed general revenue funding the personnel costs associated a new 1.0 Public Information Officer that the Department hired at the end of FY2017. The FY2018 Budget as Enacted did not include funding for the position.

State Police Overtime and Supplies (restricted receipts) **\$388,304**

The Budget increases restricted receipts by \$388,304 to cover overtime expenses and security expenses. The restricted receipt funding is generated through reimbursements for services provided to non-state agencies.

Fire Marshal Training Academy (restricted receipts) **\$187,834**

The Budget increases restricted receipts by \$187,834 to accommodate the two additional training academy classes that took place in FY2018.

OFFICE OF THE PUBLIC DEFENDER**VRI Savings and Turnover** **(\$171,406)**

The Budget decreases general revenue by \$171,406 based on anticipated turnover savings as stated in the third quarter report and savings achieved from the voluntary retirement incentive.

The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Statewide COLA**\$93,015**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent on July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$93,015 within the Office of the Public Defender.

Centralized Service Charges**\$12,093**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT**Centralized Service Charges****\$2.5 million**

The Budget increases general revenue expenditures to reflect the decentralization of statewide services provided by and previously centralized in the Department of Administration. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. In the FY2018 Budget as Revised these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. These do not reflect increases in spending on these areas by the agency; only a change in which agency the expenditures appear.

Clean Diesel Program**(\$749,493)**

The Budget eliminates funding for the Clean Diesel Program. The FY2017 Budget as Enacted included \$2.0 million for the new Rhode Island Clean Diesel Fund established within DEM; however, due to implementation delays the funding was not utilized in FY2017. Consequently, \$1.0 million in funding was shifted into FY2018. In FY2019, the program funding is eliminated.

The program is intended to reduce emissions from heavy-duty engines operating on state roads and help companies improve supply chain efficiency as described in the United States Environmental Protection Agency's SmartWay Program. In FY2018, the Budget reduces funding for the Clean Diesel Program by \$749,493 in general revenue, leaving \$250,000 in grant funding through the program for the fiscal year.

Voluntary Retirement Incentive**(\$967,991)**

The State of Rhode Island is offering a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum amount of \$40,000, at a total projected cost of \$9.0 million. In addition, severance costs could exceed \$2.4 million. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees must submit a written notice of their election to retire on or before March 15, 2018. In FY2018, the projected savings for DEM is \$967,991.

Statewide COLA**\$261,956**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$261,956 within the Department of Environmental Management.

Minimum Wage Increase**\$73,262**

Article 14 of the FY2018 Budget as Enacted increased the minimum wage from \$9.60 to \$10.10 per hour effective October 1, 2017. This increase will impact the seasonal workers in DEM for March through June of 2018. The FY2018 Budget as Enacted included \$67,770 in general revenue for the increase; however, the budget provides an additional \$73,262 to cover the actual cost in FY2018 for a total of \$141,032. The minimum wage was last increased on January 1, 2016, from \$9.00 to \$9.60 per hour.

Beach Parking Fee Payments to Host Communities**(\$56,234)**

The Budget includes a decrease of \$56,234 (\$466,266 total general revenue) for beach parking fees paid to host communities based on actual receipts. Parking fees at State-owned beaches are collected through the sale of season passes and daily fees. The State retains the entire amount of revenue collected from the season passes; however, host communities are paid 27.0 percent of the fees collected through daily parking fees.

Rhode Island Capital Plan (RICAP) Fund Changes**(\$6.3 million)**

The Budget includes a net decrease of \$6.3 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Dam Repair:** The Budget reduces RICAP funding for dam repair by \$2.1 million, leaving a balance of \$250,643 in FY2018, to reflect an updated project schedule. Of the total reduction, \$1.9 million is shifted into FY2019 to allow the project to continue uninterrupted pending the approval of the ballot question in November to provide general obligation bond proceeds for dam repair. This project allows DEM to complete engineering studies, designs and repairs to “high-hazard” State-owned dams which, if they were to fail, would cause significant property damage and potential for loss of life. The State owns 10 high hazard and four significant hazard dams.
- **Recreational Facilities Improvements:** The Budget decreases funding for recreational facilities by \$1.5 million, leaving \$2.3 million in FY2018, to bring funding in line with the updated project schedule. Of the reduction \$900,000 is shifted into FY2019 to support bathroom renovations at Fishermen’s Memorial Campground and water and sewer line repairs at Colt State Park.
- **Galilee Piers:** A total of \$1.0 million in RICAP funding is shifted from FY2018, with \$500,000 going into each FY2019 and FY2020, to reflect the updated project schedule. The Port of Galilee is home to 170 commercial fishing vessels and provides affordable berthing spaces close to wholesale and retail seafood processing businesses. Since 2009, the Department has rebuilt numerous piers, as well as the southwest and northwest bulkhead. Current plans include designing and building the south bulkhead, repairing pilings, continued reconstruction of piers, reconstruction and maintenance of the facility/workshop/garage, and various electrical repairs.
- **Natural Resources Offices/Visitor’s Center:** The Budget reduces current year funding by \$822,744 in RICAP funds and shifts \$500,000 into FY2019. According to the Office of Management and Budget, the reduction in FY2018 funding is due to project delays caused by staffing vacancies. This project involves the construction of a new Natural Resources Offices/Visitor’s Center to coordinate staff programming by providing office space, laboratories, storage, workshop areas for mosquito abatement

testing, the state veterinarian, and the administrative office, including the Freshwater Fisheries and Wildlife sections of the Division of Fish & Wildlife.

- **Blackstone Valley Park Improvements:** The Budget reduces funding by \$496,270 in FY2018 and shifts \$250,000 into FY2019 to reflect updated expenditure projections. This project provides funds to the Friends of the Blackstone River for improvements to areas around the Blackstone River Valley focused on enhancing river access and safety, and complimenting the State's efforts to improve this river corridor. The Friends of the Blackstone River is a non-profit organization, recognized by the Rhode Island Rivers Council and dedicated to making the Blackstone River fishable and swimmable.
- **Marine Infrastructure/Pier Development:** The Budget shifts \$250,000 in funding from FY2018 into FY2019 to reflect updated expenditure projections. This project is for the development of a fishing pier, boating access ramp, and public restroom facility at Rocky Point in Warwick; a fishing pier and public restroom facility at India Point in Providence; and a fishing pier at Green Lane in Middletown.
- **State Recreation Building Demolition:** The Budget reduces FY2018 RICAP funding by \$100,000 to reflect the updated project schedule. The FY2019 funding remains at \$100,000, consistent with the FY2018 Budget as Enacted.

COASTAL RESOURCES MANAGEMENT COUNCIL

Legal Services **(\$40,000)**

The Budget reduces funding for contracted legal services by \$40,000 in FY2018, leaving a balance of \$86,000. In FY2017 the Council spent \$73,000 for contracted legal services, and, as of May 14, 2018, the Council had only spent \$67,000.

Statewide COLA **\$20,435**

The Governor and the Department of Administration announced a tentative agreement between the State and the state employee bargaining units for a proposed 4-year contract that provides cost-of-living adjustment (COLA) increases of 2.0 percent retroactive to January 2018, 2.5 percent in January 2019, 2.0 percent in July 2019, and 1.0 percent in January 2020. The current agreement is projected to increase general revenue expenditures by \$20,435 within the Coastal Resources Management Council.

Rhode Island Capital Plan (RICAP) Fund Changes **(\$250,000)**

The Budget includes a net decrease of \$250,000 in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Rhode Island Coastal Storm Risk Study:** The Budget eliminates the \$150,000 in RICAP funding for this project in FY2018 and recommends shifting the project into FY2021, since the project has not yet started.
- **Narragansett Bay SAMP:** Due to project delays, the Budget shifts \$100,000 in RICAP funding from FY2018 and puts half into FY2019 and FY2020. This project will update the Coastal Resources Management Program (RICRMP) to current federal standards and develop a Narragansett Bay Special Area Management Plan (SAMP) to protect the Bay's fisheries, as well as recreation and marine-based resources. The CRMC has a contract with the University of Rhode Island to conduct this; however, no expenditures are anticipated until FY2019.

DEPARTMENT OF TRANSPORTATION

Federal Funds Changes **(\$7.5 million)**

The Budget includes a net decrease of \$7.5 million in federal funds, including the following:

- **Turnover Savings:** The Budget includes \$6.5 million in turnover savings in FY2018. The average FTE cost at DOT is \$111,267. This savings assumed approximately 58.6 FTE positions will not be filled in FY2018 out of 775.0 authorized FTE positions.
- **Voluntary Retirement Incentive Savings:** The State of Rhode Island provided a voluntary retirement incentive (VRI) payment to state employees who were eligible to retire on or before December 31, 2017. The VRI is intended to achieve strategic and budgetary objectives by prioritizing the filling of the resulting vacancies while allowing the State to recognize the long-term service of its employees and provide them with the flexibility to retire. Eligible employees who elect to retire within the designated enrollment periods will receive a one-time payment equal to two times the employee's current annualized longevity amount up to a maximum of \$40,000. The program is being offered in stages based on the individual employee's longevity entitlements. The last group of employees had to submit a written notice of their election to retire on or before March 15, 2018.

While the projected savings from the VRI is provided within each program, the total savings projected across the Department is \$1.9 million, including \$1.0 million in federal funds and \$905,340 in other funds. The savings is projected to be achieved by either leaving retiree positions vacant or filling the position at a reduced rate of 50.0 to 75.0 percent.

Other Funds Changes

\$76.1 million

The Budget includes a net increase of \$76.1 million in other funds, including the following:

- **Highway Maintenance Account:** The Budget includes an additional \$68.0 million in carry-forward funds from FY2017 for a total of \$142.0 million in the Highway Maintenance Account. These funds are used to pay for road and bridge maintenance throughout the State.
- **Gas Tax Adjustment:** The Budget includes an additional \$1.6 million in gas tax funds to reflect an upward revision of the gas tax estimate from the Department of Revenue. Of the \$1.6 million, \$1.0 million will stay within the DOT, \$490,415 will be transferred to the Rhode Island Public Transit Authority (RIPTA), and \$176,047 will be transferred to the Rhode Island Turnpike and Bridge Authority (RITBA).
- **Centralized Service Charges Adjustment:** The Budget increases other funds, specifically gas tax expenditures, by \$2.9 million to reflect additional funds needed for the decentralization of statewide services provided by and centralized in the Department of Administration. These accounts include accounts for information technology, capital asset management and maintenance, and human resources.

T.F. Green Airport Improvements (RICAP)

(\$700,000)

There is a decrease of \$700,000 RICAP spending in FY2018 based on the availability of other resources to the Rhode Island Airport Corporation (RIAC). RIAC's own Capital Improvement Plan included \$2.0 million in FY2018 for airport improvements including runway safety area improvements and the improvement of their current Federal Inspection Service (FIS) facility.



ARTICLES

Article 1: Relating to Making Appropriations in Support of FY2019

Article 1 outlines the appropriation amounts from all fund sources for FY2019. In most cases, the appropriations are by fund source at the program level in each department or agency. The article includes the FTE position authorizations by department or agency. Other sections of the article outline the use of contingency funds; out-year appropriation changes in Rhode Island Capital Plan Fund projects; expenditure limits for internal service funds; and, disbursements of Lottery, Temporary Disability Insurance, Employment Security, and University and College Funds.

This article also:

- Authorizes debt payments for the I-195 Redevelopment District Commission loan.
- Sets the airport impact aid formula.
- Caps the amount the Judiciary may charge to five state agencies (Public Defender's Office, Office of the Attorney General, Department of Corrections, DCYF, and Department of Public Safety) for public courthouse occupancy costs at \$1.2 million.
- Requires that Rhode Island Housing and Mortgage Finance Corporation continue to provide resources to support the Neighborhood Opportunities Program; an amount, however, is not designated. The Article requires a report be provided to the Director of Administration, chair of the Housing Resources Commission, State Budget Officer, and the chairs of the House and Senate Finance Committees on the number of housing units produced and funding.
- Requires the following transfers be made to the State Controller by June 30, 2019: \$4.0 million from the Rhode Island Infrastructure Bank and \$750,000 from the Rhode Island Commerce Corporation.

APPROPRIATIONS

Article 1 makes appropriations from general revenues and authorizes expenditures of federal funds, restricted receipts, and other funds for the fiscal year ending June 30, 2019.

Expenditures by Source	FY2017 Final	FY2018 Enacted	FY2019 Enacted	Change to Enacted	% Change
General Revenue	\$3,672.5	\$3,767.7	\$3,908.4	\$140.7	3.7%
Federal Funds	2,977.4	3,134.1	3,208.2	74.1	2.4%
Other Funds	1,881.4	2,079.2	2,174.5	78.4	3.8%
Restricted Receipts	228.0	261.7	281.8	20.1	7.7%
Total	\$8,759.3	\$9,242.8	\$9,572.9	\$313.2	3.4%

\$ in Millions. Totals may vary due to rounding.

Expenditures by Function	FY2017 Final	FY2018 Enacted	FY2019 Enacted	Change to Enacted	% Change
General Government	\$1,439.8	\$1,503.6	\$1,534.3	\$30.7	2.0%
Health and Human Services	3,838.3	3,935.2	4,068.3	133.1	3.4%
Education	2,435.3	2,589.5	2,658.9	69.4	2.7%
Public Safety	545.5	591.6	605.3	13.7	2.3%
Natural Resources	84.6	108.8	115.1	6.3	5.8%
Transportation	415.8	514.1	591.0	76.9	15.0%
Total	\$8,759.3	\$9,242.8	\$9,572.9	\$330.1	3.6%

FTE Authorization **14,959.0** **15,160.2** **15,209.7** **49.5** **0.3%**

\$ in Millions. Totals may vary due to rounding.

In addition, Article 1 provides for the annual appropriation of the Contingency Fund; Temporary Disability Insurance Funds (TDI); Employment Security (UI Trust Fund); University and College Funds; and, Lottery Division funds for award winnings during FY2019.

Article 1 establishes 16 specific, capped internal service accounts to permit reimbursement of costs for work or other services performed by certain departments or agencies for any other department or agency. There are three new accounts established pursuant to Article 7, Section 10 of the FY2018 Budget as Enacted that authorized the Governor to establish centralized accounts for each agency and allow the Department

of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration. Reimbursements may only be made up to the expenditure cap for each account, as outlined below.

Internal Service Account	FY2018 Enacted	FY2019 Enacted	Change
State Assessed Fringe Benefits	\$41,229,448	\$41,383,271	\$153,823
Administration Central Utilities	24,910,320	22,910,320	(2,000,000)
State Central Mail	6,838,505	6,539,120	(299,385)
State Telecommunications	3,244,413	3,602,419	358,006
State Automotive Fleet	12,510,602	12,549,973	39,371
Surplus Property	3,000	3,000	-
Health Insurance	251,804,700	251,953,418	148,718
State Fleet Revolving Loan Fund	273,786	273,786	-
Other Post-Employment Benefits	63,852,483	63,858,483	6,000
Capital Police	1,306,128	1,395,433	89,305
Corrections Central Distribution Center	6,784,478	6,769,493	(14,985)
Correctional Industries	7,581,704	8,050,590	468,886
Secretary of State Records Center	807,345	947,539	140,194
Human Resources Internal Service Fund	-	12,131,620	12,131,620
DCAMM Facilities Internal Service Fund	-	39,212,184	39,212,184
Information Technology Internal Service Fund	-	32,282,229	32,282,229
Total	\$421,146,912	\$503,862,878	\$82,715,966

FUND TRANSFERS

Article 1 requires transfers from several quasi-public agencies be made to the State Controller by June 30, 2019, to support the General Fund. This includes another \$4.0 million from Rhode Island Infrastructure Bank and \$750,000 in unobligated Anchor Institution Tax Credit funds from the Rhode Island Commerce Corporation. The following table illustrates the required transfers for FY2018 and FY2019:

Agency	FY2018 Enacted	FY2018 Revised	FY2019 Enacted	Change
Electric and Gas Distribution Company	\$12.5	\$12.5	\$0.0	(\$12.5)
Health and Educational Building	6.0	6.0	-	(6.0)
Narragansett Bay Commission	5.0	5.0	-	(5.0)
Infrastructure Bank	3.5	3.5	4.0	0.5
RI Housing	1.0	1.0	-	(1.0)
Quonset Development Corporation	1.0	1.0	-	(1.0)
Public Utilities Commission	0.3	0.3	-	(0.3)
DBR - Insurance Companies Assessment for Actuaries	-	0.8	-	-
DBR - Commercial Licensing Restricted Receipts	-	0.8	-	-
Water Resources Board Corporate Account	-	1.1	-	-
Commerce Corporation - Anchor Institution Tax Credit	-	-	0.8	0.8
Total	\$29.3	\$32.0	\$4.8	(\$24.6)

\$ in millions

FTE POSITION CAP AND APPROVAL

Article 1 establishes the authorized number of full-time equivalent (FTE) positions for each State department and agency. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. Statewide, the Budget provides a net increase of 49.5 FTE positions from the FY2018 Budget as Enacted. Explanations of each departmental change are summarized in the personnel special section. Following are the changes included in the Budget as Enacted:

Expense by Function	FY2018 Enacted	FY2019 Enacted	Change to Enacted
General Government	2,365.9	2,438.9	73.0
Human Services	3,715.6	3,682.6	(33.0)
Education	3,924.9	3,959.4	34.5
Public Safety	3,210.0	3,160.0	(50.0)
Natural Resources	429.0	425.0	(4.0)
Transportation	775.0	755.0	(20.0)
Subtotal	14,420.4	14,420.9	0.5
<i>Higher Ed. Sponsored Positions</i>	<i>739.8</i>	<i>788.8</i>	<i>49.0</i>
Total FTE Positions	15,160.2	15,209.7	49.5

CAPITAL APPROPRIATIONS

Article 1 authorizes amounts from the Rhode Island Capital Plan (RICAP) Fund, not otherwise appropriated, to be expended during the fiscal years ending June 30, 2020, June 30, 2021, June 30, 2022, and June 30, 2023. These amounts supersede appropriations provided for FY2019 within the FY2018 Budget as Enacted.

Subject to final General Assembly approval, any unexpended or unencumbered funds from the RICAP Fund project appropriations in excess of \$500 may be reappropriated to the next fiscal year and made available for the same purpose. Any remaining funding less than \$500 may be reappropriated at the discretion of the State Budget Officer.

Article 2: Relating to State Funds

This article adjusts or establishes new restricted receipt accounts as follows:

- Amends RIGL 16-59-9 to expand the use of the Westerly Higher Education and Industry Center restricted receipt account for additional Industry Centers that may be established throughout the state.
- Amends RIGL 35-3-15 to change the date when the Governor reports the reappropriation of unexpended funds from the previous fiscal year from August 15 to August 20.
- Exempts two restricted receipt accounts from the 10.0 percent indirect cost recovery charge provisions under RIGL 35-4-27. The proposed exemptions would apply to the School for the Deaf – School Breakfast and Lunch Program, and the School Construction Services account.
- Establishes a new restricted receipt account for the Atomic Energy Reactor fees to support the technical operations and maintenance of equipment.
- Adds language under RIGL 40-1-17 authorizing the Department of Human Services, with the approval of the Governor, to receive, expend, and enter into contracts for other source funding, public, or private, from legislative enactments, bonds, bequests, donations, grants, gifts, or devices.

FISCAL IMPACT

The initiatives within this article would reduce indirect cost recovery receipts by \$75,467 and increases restricted receipt collections up to \$120,000 for Atomic Energy Reactor fees.

ANALYSIS AND BACKGROUND

This article addresses various restricted receipts accounts. The changes are explained in detail below.

Higher Education and Industry Centers

Section 1 amends the title and expands the use of the Westerly Higher Education and Industry Center restricted receipt account for additional Industry Centers that may be established throughout the state. The title change removes *Westerly* to signify statewide expansion to accommodate additional centers such as the one proposed for northern Rhode Island. The restricted receipts provide for the personnel and operating costs for the centers and are generated from lease payments and occupancy fees charged for the use of the facility. Electric Boat began using the existing Westerly facility to train employees in January 2017. The facilities provide classroom and laboratory space for existing students in the area, as well as space for collaborative programs with local industries. The job skill centers are managed through the Office of the Postsecondary Commissioner.

Reappropriation Reporting Period

Section 2 of the article amends RIGL 35-3-15 to change the date when the Governor reports the reappropriation of unexpended funds from the previous fiscal year from August 15 to August 20. According to the State Budget Office, the goal is to bring the reappropriation letter timing in line with the State Controller's release of the preliminary closing report. In recent years, final payables were still being determined after August, making it difficult to know if an agency had the funding for a reappropriation or not. By matching those two dates, the Budget Office will have better information to make decisions.

Indirect Cost Recovery Exemptions

Section 3 deals with indirect cost recovery exemptions. State law permits the assessment of a 10.0 percent indirect cost recovery charge on most state restricted receipt accounts in order to support the common costs associated with the collection of funds and administration of the accounts. RIGL 35-4-27 enumerates those restricted receipts exempted from this assessment. This article expands the list to include the following accounts:

- **School for the Deaf – School Breakfast and Lunch Program:** This is a new account similar to the school breakfast/lunch program at Davies. Cash receipts for full-price and reduced-price meals and federal reimbursements for reduced and free meals (and also the after-school meal program and the fresh fruit/vegetable program), will be placed into this account with the proceeds funding the contract used by School for the Deaf for their food service vendor (Aramark).

The National School Lunch and School Breakfast programs require the use of a segregated account now that School for the Deaf is newly designated as a stand-alone “School Food Authority” (SFA), instead of being melded into the North Providence LEA for SFA purposes. The School for the Deaf has budgeted \$57,500 in each year within the account, roughly equivalent to anticipated annual revenues. Passage of this article would forgo future general revenue collections by approximately \$5,750.

- **School Construction Services:** Article 9 authorizes the creation of the School Construction Services restricted receipt account within the budget of Elementary and Secondary Education. This account will be financed by the Rhode Island Health and Education Building Corporation’s sub-allotments of fees generated from the origination of municipal bonds and other financing vehicles used for school construction and its own reserves. This account shall be utilized for the express purpose of supporting any departmental expenditures incurred in the administration of the school construction aid program. The Budget includes \$697,171 and 4.0 FTE positions from Elementary and Secondary Education (3 existing positions and one new “Director of School Construction Services”) to this funding stream. Passage of this article would forgo future general revenue collections by \$69,717.

Department of Human Services

Section 4 amends RIGL 40-1-17 authorizing the Department of Human Services, with the approval of the Governor, to receive, expend, and enter into contracts for other source funding, public, or private, from legislative enactments, bonds, bequests, donations, grants, gifts, or devices.

Atomic Energy Commission Reactor Fees:

Section 5 establishes a new restricted receipt account for the Atomic Energy Reactor fees (the Rhode Island Nuclear Science Center) to support the technical operations and maintenance of equipment. Currently a total of \$8,000 in fees is projected to be deposited into the state general fund in FY2018 and for FY2019. Almost all of the fees received are paid for services rendered to the BioPhysics Assay Lab (BioPAL), a Worcester based analytical and research company. However, BioPAL has agreed to transfer the portion of their business that requires a nuclear reactor, to the Rhode Island Nuclear Science Center. Projected receipts from this action are \$100,000 to \$120,000. The account will not be exempt from the indirect cost recovery provisions of RIGL 35-4-27. Because of the timing to enact the Budget and because there would be a minimal increase in the collection of receipts, the Budget does not increase general revenues in FY2019. Lastly, language in the section stipulates that any amount in the account that is above \$200,000 on the last business day of the fiscal year, be transferred to the general fund.

Article 3: Relating to Government Reform

This article makes several changes to the State’s general laws regarding state offices, the Tobacco Settlement Finance Corporation Board, and clarifies in general law which state agency the Rhode Island Film Office is part of. Specifically, this article:

- Authorizes the transfer of the Division of Construction Permitting, Approvals, and Licensing, consisting of the State Building Code Commission, Contractor’s Registration Board, and the Fire Code Board of Appeal along with 26.0 FTE positions to a new consolidated Building, Design, and Fire Professionals division within the Department of Business Regulation.
- Authorizes the transfer of the Office of the State Fire Marshal from the Department of Public Safety into a new consolidated Building, Design, and Fire Professionals division within the Department of Business Regulation.
- Repeals the location of the Municipal Police Training School at the University of Rhode Island or at other state-owned property as determined by the Superintendent of the State Police. *This item was originally part of Article 7, of the Governor’s proposed budget.*
- Clarifies in general law the 2015 legislative change that the Rhode Island Film Office is in the Rhode Island Council of Arts and not the Department of Administration.
- Amends RIGL 42-133-6 regarding the board membership of the Tobacco Settlement Finance Corporation Board. The change removes members from the State Investment Commission and one general public member and replaces them with the State Budget Officer, the State Treasurer or designee, and the Director of Revenue or designee.

FISCAL IMPACT

Most of the statutory items selected for amendment have no direct savings attached to them.

ANALYSIS AND BACKGROUND

Contractors’ Registration Board: Section 1 provides statutory changes transferring the Contractors’ Registration Board into a new consolidated Building, Design, and Fire Professionals division program within the Department of Business Regulation. This combines several building/construction regulatory responsibilities that are currently spread out across various State agencies. The program would bring together the staff and operations of:

- The Contractor’s Licensing Board
- The Fire Code Safety Board of Appeal and Review
- The Office of the State Fire Marshal
- The Boards for Design Professionals

In addition, the section amends RIGL 5-65 to allow the Department of Business Regulation to efficiently license contractors, by eliminating the need for contractors to register “under oath,” thereby creating an opportunity to provide for electronic application possibilities.

Section 2 changes the name “Division of Design Professionals” into “Building, Design, and Fire Professionals division.”

Section 3 through Section 9 amend several sections of general law to effectuate the transfer of the Contractors’ Registration Board from the Department of Administration to the Department of Business Regulation and the Office of the Fire Marshal from the Department of Public Safety to the Department of Business Regulation.

Section 5 transfers the responsibility of amusement park rides from the Department of Administration to the Department of Business Regulation.

Section 8 amends RIGL chapter 42-14 to clarify duties, removes obsolete references, renames the Banking and Insurance Division the Financial Services Division, and removes the position of administrator of Banking and Insurance to create Superintendents Banking and Insurance.

Municipal Police Training School: Section 10 repeals the location of the Municipal Police Training School at the University of Rhode Island or at other state-owned property as determined by the Superintendent of the State Police. *This item was originally part of Article 7, of the Governor's proposed budget.*

Tobacco Settlement Finance Corporation: Section 11 amends RIGL 42-133-6 regarding the board membership of the Tobacco Settlement Finance Corporation Board. The change removes members from the State Investment Commission and one general public member and replaces them with the State Budget Officer, the State Treasurer or designee, and the Director of Revenue or designee.

Rhode Island Film Office: Section 12 amends RIGL 44-31.1-2 and 44-31.2-6 as a “housekeeping” action reflecting the 2015 legislative change that transferred the Rhode Island Film Office from the Department of Administration to the Rhode Island Council on the Arts.

Article 4: Relating to Taxes and Revenue

This article authorizes state-regulated sports betting and makes changes and adjustments to several of the State's tax laws and their enforcement. Specifically, Article 4:

- Authorizes and provides a framework for sports betting in Rhode Island.
- Permits the Lottery to undertake pilot programs for the purpose of identifying potential new revenue opportunities.
- Clarifies that certain products and services are subject to the State's sales tax.
- Exempts keg and barrel containers that are sold to alcoholic beverage producers from the State sales tax.
- Creates a new division within the Department of Revenue (DOR) that would specialize in the management and collection of delinquent monies owed to the State.
- Changes the distribution of the 5.0 percent state hotel tax.
- Preserves the State's personal exemption in the wake of changes to federal tax law and permits Division of Taxation to take actions to comply with federal tax changes.

FISCAL IMPACT

Article 4 is estimated to generate a net \$42.8 million in general revenue in FY2019. The \$43.4 million in additional revenue is partially offset by \$601,755 in expenses for the Department of Revenue's proposed collections unit.

Article 4 Fiscal Impact

Change	Impact
Sports Wagering and Other Lottery Initiatives	\$27.6
Sales Tax Changes	14.5
DOR Collections Unit	0.7
Total	\$42.8

\$ in millions

The change in the hotel tax distribution will have the following impact on the recipient entities:

Recipient	FY2019 Impact
Aquidneck Island District	\$257,263
Providence	(27,394)
Warwick Department of Economic Development	(30,068)
All Other Districts	152,944
Providence/Warwick Convention & Visitors Bureau	163,845
Municipalities	-
RI Commerce Corporation	(516,589)

ANALYSIS AND BACKGROUND

Article 4 establishes state-regulated sports wagering, make targeted adjustments to the sales tax, creates a new collection division within the Department of Revenue, and provides the Division of Taxation authority to comply with federal tax changes while preserving the state’s personal tax exemption.

Sports Wagering and Other Lottery Initiatives

Article 4 authorizes sports betting in Rhode Island, and provides an extensive framework for the regulation of the activity by the Division of Lottery (Lottery) at the Department of Revenue. This framework addresses:

- Statutory definitions; promulgation of rules and regulations
- Facility, security, and audit requirements
- Vendor qualifications and requirements
- Prizes
- Compulsive gambling programming and funding
- Allocation of sports wagering revenue among the State, the sports wagering vendor, the Twin River and Tiverton facilities, and the Towns of Lincoln and Tiverton.

Section 4 – Definitions and Authority: This section provides the definitions underpinning to sports wagering, including limits on what is permitted. Sports betting may only take place on-site at either the Twin River Lincoln or Tiverton facilities. Remote or offsite sports betting is prohibited. Mobile sports betting online applications are also not permitted. It establishes the authority of the Department of Revenue to oversee its sports betting, authorizes the Lottery Division to contract with a sports wagering vendor, and outlines generally the additional powers and duties of the DOR and Lottery. Section 4 also prohibits wagering on any collegiate sporting event that takes place in Rhode Island or one in which a Rhode Island-based college participates in, regardless of where it occurs. Lastly, this section also extends the existing compulsive gambling treatment programming provided by Twin River in cooperation with the State to those with sports betting problems.

Sections 5, 6, and 7 – Regulatory and Operational Framework: This section provides much of the regulatory framework by which the State, through the Lottery Division, will implement, operate, conduct and control sports wagering in Rhode Island. Included here is the authority of DOR to promulgate rules, regulations and establish security provisions. Section 5 also delineates the allocation of sports wagering revenue among the State, the sports wagering vendor, the host facilities, and the host communities. This allocation is summarized here:

Sports Wagering Revenue Allocation	
State	51.0%
IGT (vendor)	32.0%
Twin River & Tiverton	17.0%
Lincoln	\$100,000
Tiverton	\$100,000

Revenue Projection Methodology: The Office of Revenue Analysis (ORA) projects that sports wagering would yield \$23.5 million for the State of Rhode Island in FY2019. The methodology for this projection is summarized in the following table:

Sports Wagering FY2019 Revenue Estimate

Factors	Assumptions
Locations*	2
Estimated total handle	\$973.1
Estimated hold percentage	5.5%
Estimated total hold	\$53.5
State's share of revenue	51.0%
Est. full year state revenue	\$27.3
Starting date	October 1, 2019
Adjusted estimate, partial year	\$23.5
<i>\$ in millions</i>	
<i>*Lincoln and Tiverton</i>	

In preparing its revenue estimate, ORA utilized a study conducted by Oxford Economics for the American Gaming Association titled “Economic Impact of Legalized Sports Betting”. The study systematically looked sports betting across the 50 states and its estimates for Rhode Island provide the foundation for ORA’s calculations.

The total amount of money wagered is known as the handle. After all winnings are paid, the amount of money left over is the hold.

According to the study, estimates that the sports betting handle for Rhode Island, or total amount of money wagered, for location-based, limited sports wagering ranges between \$654.6 million and \$972.5 million. Article 4 assumes an estimated handle of \$973.1 million, slightly higher than the upper range from the study. This was adjusted upward based the experience of IGT (the State’s casino gaming vendor) in other gaming markets where sports betting is underway.

Lottery and Gaming Pilot Authorization:

Article 4 also permits the Lottery to undertake time-limited pilot programs for the purpose of identifying and evaluating potential new revenue opportunities. Each pilot initiative will be required to have a periodic, subjective evaluation using measurable criteria to determine its ongoing revenue generating capacity.

According to the Division of the Lottery, there are a number of innovative new gaming opportunities that it is considering to pilot, including stadium gaming. Stadium gaming allows casino patrons to play multiple table style games simultaneously through the use of interactive video terminal.

ORA estimates that a stadium gaming pilot and other gaming opportunities will generate \$4.1 million in general revenue in FY2019. The Budget include \$27.6 million in total general revenues in FY2019 associated with these initiatives, with \$23.5 million attributable to sports wagering.

Sales and Excise Tax Changes

Article 4 makes several changes to sales and use taxes. These include subjecting vendor-hosted prewritten computer software, or “Software as a Service” (SaaS), to the State’s sales tax as well as certain security

Article 4 - Estimated Handle

Factors	Amount
Total amount wagered on sports in RI -top range	\$972.5
Total amount wagered on sports in RI - bottom range	654.6
<i>Assumed handle under Article 4</i>	<i>973.1</i>

Article 4 - Estimated Hold

Factors	Amount
Lowest annual hold % last 10 fiscal years - Nevada	4.4%
Highest annual hold % last 10 fiscal years - Oxford Study	6.5%
<i>Est. hold percentage (range mid-point)</i>	<i>5.5%</i>

Article 4 Revenue Calculation

Factors	Assumptions
Est. handle	\$973.1
Est. hold percentage	5.5%
Est. total hold	\$53.5
State share percentage	51.0%
<i>Est. full year state revenue</i>	<i>\$27.3</i>
Start Date	October 1, 2019
Est. percentage of wagering Oct. - June (Nevada)	86.0%
Adjusted estimate, partial year	\$23.5
<i>\$ in millions</i>	

services. It also exempts kegs and alcoholic beverage containers used in the manufacturing of an alcoholic product.

Software as a service: Article 4 modernizes the State’s sales and use tax relative to the purchasing, delivery, and use of software products and services. Historically, computer software was purchased on a hard disk or came loaded on a personal computer. This tangible aspect has given way to the downloading of products and other web-based delivery or housing platforms.

According to ORA, states are increasingly incorporating “Software as a Service” in their definitions of taxable services. ORA indicates that at least 14 other states, many of which are part of the interstate Streamline Sales Tax Agreement, tax SaaS.

This article requires the collection of sales and use taxes on vendor-hosted prewritten computer software. This software includes accounting and invoicing platforms, sales trackers, planning, performance, and monitoring software, and webmail and electronic messaging.

ORA utilized U.S. Census and Division of Taxation audit data to determine an estimate on the number of firms offering services. From this estimate, ORA’s modeling projects \$4.8 million in sales tax general revenue to be collected as a result of this initiative in FY2019.

Security services: Typically sales and use taxes are collected on tangible goods. According to ORA, the beginning in 2012, the State increased the number of services it collected taxes on, including taxi services, pet care, and room sellers.

Article 4 authorizes the collection of sale and use taxes on investigation, security guard, and armored car services. Investigation services related to private detective and investigation activity. Security guard services consist of services such as bodyguards, guard dog, parking security, and patrol services. Armored car services involve the pickup and delivery of cash, receipts, or other valuable items. These services do not include security systems or locksmiths. According to ORA, Massachusetts and Connecticut tax these services.

ORA utilized a Rhode Island specific sales tax simulation model to generate an estimate of the amount of economic activity attributable to the Investigation and Security category as defined by North American Industry Classification System (NAICS). ORA then calculated the percentage of that estimate that the investigation, and armored car services make up and applied the 7.0 sales tax rate to come up with its projection \$9.7 million in FY2019.

Seeds: Article 4 modifies the definition of food and food ingredients for purposes of sales tax by removing the exclusion of marijuana seeds or plants from the definition. ORA does not project a revenue impact regarding this exclusion.

Kegs: The article also exempts from the sales tax any keg or other alcoholic beverage container sold to brewers or other alcoholic beverage producers if the container is used in the manufacturing of beverage. This exemption results in a loss of \$15,000 of general revenue in FY2019.

The Budget includes a net \$14.5 million in new revenue related these sales tax changes.

DOR Collections Unit

Sections 8 and 9 of Article 4 establish a collections unit within the Department of Revenue for the purpose of assisting state agencies in the collection of debts owed to the State.

DOR is authorized to initially implement a pilot unit as a precursor to a fully mobilized collection division. As part of the pilot DOR may enter in agreements with any State agency to collect any delinquent debt. The debt must arise from a debtor failing to make timely payments pursuant to a written settlement agreements, final administrative order, or final judgement from a court or department.

Agency referring a debt must:

- Notify the debtor of its intention and of the right to appeal that decision not less than 30 days before the transfer.
- Provide the unit with all of the relevant supporting documentation.
- Attest that it has complied with all applicable laws and regulations relating to the collection of the debt.

Once referred to the collection unit, the debt will accrue interest at an annual rate determined by adding 2.0 percent to the prime rate effective the preceding October 1. The interest cannot exceed 21.0 percent or be less than 18.0 percent per year.

Upon referral of a debt, the collection unit shall

- Provide the debtor a “Notice of Referral” advising that the debt has been referred and that interest will accrue as describe above.
- Initiate any action that is available under State law for the collection of the debts.

Upon the receipt of payments toward debts, the collection unit shall disburse the proceeds as follows:

- To the appropriate federal account to reimburse the federal government funds owed them by the State.
- The balance to go to the referring agency.

The Budget includes \$601,755 to fund the personnel (7.0 FTE positions) and operations of the collection unit in FY2019. The initiative is projected to generate \$1.3 million in additional revenue.

Federal Tax Change Adjustments

Section 13 of Article 4 amends the State’s personal income tax statutes in order to preserve the State’s personal exemption in the wake of changes to federal tax law. Rhode Island’s personal exemption calculation is statutorily tied to the federal personal exemption, which was eliminated in December 2017 with the enactment of the federal Tax Cuts and Jobs Act (TCJA). Article 4 adjusts the calculation method to what it was just prior to the TCJA and includes new audit protections around personal exemption qualification data.

Section 14 of the article also provides the Division of Taxation with authority to amend tax forms and other related instructions required of the U.S. Internal Revenue Service as it relates to the changes made by the TCJA but as of yet have not been communicated to states. This change would allow the Division to meet these requirements without formal action by the General Assembly, and ensure timely implementation of the federal tax changes.

Hotel Tax Distribution

Section 15 of Article 4 alters the distribution of the 5.0 percent state hotel tax. The change is outline here:

FY2019 Reallocation of 5.0% Hotel Tax Revenues
Previous Allocation **FY2019 Budget**

Recipient	State Hotel Tax Share	Amount of State Hotel Tax	State Hotel Tax Share	Amount of State Hotel Tax	Difference from FY2018 Law
Aquidneck Island District	42%	\$3,601,678	45%	\$3,858,941	\$257,263
Convention Authority of the City of Providence	28%	1,831,831	30%	1,804,437	(27,394)
Warwick Department of Economic Development	28%	973,055	30%	942,986	(30,068)
All Other Districts ¹	42%	2,141,216	45%	2,294,160	152,944
Providence/Warwick Convention & Visitors Bureau ²	23/12/5%	2,698,818	24/20/5%	2,862,663	163,845
Municipalities	25%	5,644,332	25%	5,644,332	-
RI Commerce Corporation ³	24/60/28/70%	6,718,747	21/50/25/70%	6,202,158	(516,589)

¹ Does not include state hotel tax revenues from the Statewide tourism district. State hotel tax revenues received from hotels located in this district are received by CommerceRI.

² Shares of state hotel tax revenue are as follows: 23.0% (FY 2018 Law) or 24.0% (Budget) for rooms rented in Providence and Warwick, 12.0% (FY 2018 Law) or 20.0% (Budget) for rooms rented at the Omni Providence, and 5.0% (FY 2018 Law and Budget) for room rentals in the rest of the State.

³ Shares of state hotel tax revenue are as follows: 24.0% (FY 2018 Law) or 21.0% (Budget) for rooms rented in Providence and Warwick, 60.0% (FY 2018 Law) or 50.0% (Budget) for rooms rented at the Omni Providence, 28.0% (FY 2018 Law) or 25.0% (Budget) for room rentals in the rest of the state except from the Statewide district, and 70.0% from rooms rented in the Statewide District.

Source: Office of Revenue Analysis

Article 5: Relating to Capital Development Program

This article submits a total of \$367.3 million in ballot referenda to Rhode Island voters for their approval. Proposed as three questions on the November ballot, the following projects are included.

Article 5: Relating to Capital Development Program

November 2018 Bond Referenda	Amount
Rhode Island School Buildings	\$250.0
Higher Education Facilities	70.0
<i>University of Rhode Island Narragansett Bay Campus</i>	\$45.0
<i>Rhode Island College School of Education and Human Development</i>	25.0
Green Economy and Clean Water	47.3
Coastal Resiliency and Public Access Projects	5.0
Capital for Clean Water and Drinking Water	7.9
Wastewater Treatment Facility Resilience Improvements	5.0
Dam Safety	4.4
Dredging - Downtown Providence Rivers	7.0
State Bikeway Development Program	5.0
Brownfield Remediation and Economic Development	4.0
Local Recreation Projects	5.0
Access to Farmland	2.0
Local Open Space	2.0
Total	\$367.3

\$ in millions.

FISCAL IMPACT

The article permits \$367.3 million in bond referenda to be placed on the November 2018 ballot including, \$250.0 million for Rhode Island School Buildings, \$70.0 million in bonds for higher education, and \$47.3 million in bonds for the Green Economy. Assuming full issuance in bond year 1 and 5.0 percent interest, debt service payments begin in FY2020 at \$29.5 million. Total debt service over the life of the bonds would be \$589.5 million, including \$222.2 million in interest payments.

ANALYSIS AND BACKGROUND

Rhode Island School Buildings

The Budget includes a \$250.0 million bond referendum for the construction, renovation, and rehabilitation of the State's public schools. The referendum allows the State to issue \$250.0 million in notes over a five-year period but not more than \$100.0 million in notes in any one year. The bond proceeds will fund the foundational school housing aid program and the School Building Authority Capital Fund with the allocation between the two programs to be determined by the School Building Authority. Assuming full issuance in bond year 1 and 5.0 percent interest, debt service payments begin in FY2020 at \$20.1 million. Total debt service over the life of the bond would be \$401.2 million, including \$151.2 million in interest payments. *More detailed information on the proposed program can be found under Article 9 Relating to School Construction and Education in this publication.*

Higher Education Facilities

- **University of Rhode Island Narragansett Bay Campus:** The Budget provides a \$45.0 million bond referendum to fund repairs and construct new facilities on the University of Rhode Island's Narragansett Bay Campus in support of the ongoing and evolving educational and research needs for the marine disciplines at the Campus. The Bay Campus has grown to a 6.9 acre oceanfront campus with 60 structures and a large vessel pier. The majority of the buildings were constructed between the late 1960's and the 1980's. In 2015, the University created a Master Plan Report for the Narragansett Bay Campus. The report evaluates all existing buildings and site conditions, and establishes priority projects for a comprehensive renewal of the campus to meet current and future programmatic needs. This project will address the renovations and replacements identified in the Master Plan. Assuming full issuance in bond year 1 and 5.0 percent interest, debt service payments begin in FY2020 at \$3.6 million. Total debt service over the life of the bond would be \$72.2 million, including \$27.2 million in interest payments.
- **Rhode Island College School of Education and Human Development:** The Budget includes a \$25.0 million bond referendum to renovate Horace Mann Hall which houses the School of Education and Human Development at Rhode Island College. The structure was built in 1969 and is approximately 46,000 square feet. The project includes the reconfiguration of offices and the Tech Center; an addition to the west end of the building; a new elevator; and, window replacement. The existing facility is not energy efficient or able to support modern classroom technology. Assuming full issuance in bond year 1, as shown in the voter pamphlets, and 5.0 percent interest, debt service payments begin in FY2020 at \$2.0 million. Total debt service over the life of the bond would be \$40.1 million, including \$15.1 million in interest payments.

Green Economy

The Budget includes a \$47.3 million general obligation bond authorization be placed on the November 2018 ballot for environmental and recreational purposes. Assuming full issuance in bond year 1 and 5.0 percent interest, debt service payments begin in FY2020 at \$3.8 million. Total debt service over the life of the bond would be \$75.9 million, including \$28.6 million in interest payments. The bond proceeds would be allocated as follows:

- **Coastal Resilience and Public Access Projects:** The referendum provides \$5.0 million for matching grants, of up to 75.0 percent of project costs, to public and non-profit entities to restore and/or improve the resiliency of vulnerable coastal habitats, as well as river and stream floodplains. The funds will leverage support for local programs to improve community resiliency and public safety during increased flooding, major storm events, and environmental degradation.
- **Capital for Clean Water and Drinking Water:** The referendum provides \$7.9 million for infrastructure improvements including wastewater treatment upgrades and storm water quality improvements to combined overflow abatement projects. The funds will provide the state match to recapitalize the Clean Water and the Drinking Water revolving funds at the Rhode Island Infrastructure Bank (RIIB). The revolving funds are capitalized by federal Environmental Protection Agency (EPA) grants, with the State providing a 20.0 percent match, generally through general obligation bond proceeds. Other funding is available from RIIB revenue bonds and revolved capital. The revolving funds were last capitalized with state funds from the proceeds of the 2012 general obligation bond. The funding for the state match of the Clean Water Fund is projected to have a deficit of \$859,678 in FY2019. The Drinking Water Fund was depleted in FY2017 and has been capitalized with RIIB proceeds as an interim solution. According to RIIB, the investment of \$7.9 million is projected to leverage approximately \$39.0 million in federal funds.
- **Wastewater Treatment Facility Resilience Improvements:** The referendum includes \$5.0 million to provide matching grants, for up 50.0 percent of project costs, for resiliency improvements to wastewater

treatment facilities vulnerable to increased flooding, major storm events, and environmental degradation.

- **Dam Safety:** The referendum provides \$4.4 million for repairing and/or removing state-owned dams. The dam safety project allows the Department of Environmental Management (DEM) to complete engineering studies, designs and repairs to “high-hazard” State-owned dams which, if they were to fail, would cause significant property damage and potential for loss of life. The State owns 10 high hazard and four significant hazard dams. During the past 11 years, the Department completed repairs to the Stillwater Dam in Smithfield, the Olney Pond Dam in Lincoln Woods, the Bowdish Lake Dam at the George Washington Management Area, and the upper J.L. Curran Dam in Cranston. More recently, the Department began construction on the lower J.L. Curran Management Area in Cranston and the Wyoming Pond Upper Dam in Hope Valley. The reconstruction of the Trestle Trail culvert replacement and the Silver Spring Dam reconstruction project are next on the priority list. Other dams in need of repair include the Browning Mill Pond Dam in Hopkinton and Burlingame Reservoir Dam in Gloucester.
- **Dredging – Downtown Providence Rivers:** The referendum provides \$7.0 million for the State to provide additional dredging analysis and dredging of the Providence Rivers from the Woonasquatucket River north of the Providence Place Mall to its confluence with the Providence River; the Moshassuck Rivers from Smith Street to its confluence with the Providence River; the Providence River from Steeple Street to Point Street; and, a sediment basin upstream of the Providence Place Mall and I-95 for approximately 600 feet.
- **State Bikeway Development Program:** The referendum provides \$5.0 million for the State to design, repair, and construct bikeways, including the East Bay bike path. In November 2016, the voters approved \$10.0 million in general obligation bonds to design and construct bikeways, including the completion of the Blackstone River Bikeway, and the South County Bikeway. These funds have been obligated and the 2018 funds will build on this program.
- **Brownfield Remediation and Economic Development:** The referendum provides \$4.0 million for grants, matching up to 80.0 percent of project costs, to public, private and/or non-profit entities for brownfield remediation projects. According to the Department of Environmental Management (DEM), brownfields comprise between 100,000 and 120,000 acres of land across the State, much of it in prime commercial or industrial locations within urban areas. The clean-up and re-purposing of these sites will remove hazards, attract jobs, and protect the urban environment. The federal Environmental Protection Agency estimates that brownfield clean-up increases adjacent property values by 2.0 to 3.0 percent. Voters approved \$5.0 million in general obligation bond for brownfield remediation projects in November 2014 and again in November 2016. DEM awarded \$3.8 million of these grant funds to support 14 projects across the State. Another round of awards was held in the spring of 2016 to award the remaining \$1.3 million. The 2016 bond funds are being used to grow this program as will the 2018 bonds if approved by voters.
- **Local Recreation Projects:** The referendum provides \$5.0 million for grants, matching up to 80.0 percent of project costs, to municipalities for the acquisition, development, or rehabilitation of local recreational facilities such as sports fields, tennis courts, and playgrounds. The grant applications will be evaluated and ranked by the State Recreation Resources Review Committee, which is comprised of state and local government officials and representatives of non-profit agencies. DEM exhausted the remaining \$4.0 million in 2014 bond funds for grant awards in 2016. In FY2016, voters approved \$2.0 million in general obligation bonds. The new bond proceeds would be used to continue the program in FY2019.
- **Access to Farmland:** The referendum includes \$2.0 million to protect the State’s working farms through the State Farm Access Program and the purchase of Development Rights by the Agricultural Land Preservation Commission.

- **Local Open Space:** The referendum provides \$2.0 million for matching grants, for up to 50.0 percent of project costs, to municipalities, local land trusts, and nonprofit organizations for the acquisition of fee-simple interest, development rights, or conservation easements on open space and urban parklands. Applications are reviewed by the Governor’s Natural Heritage Preservation Commission. In the 30-year history of this program, over 160 conservation projects preserving over 10,000 acres of land have been acquired including Sunset Farms in Narragansett, Weetamoe Woods in Tiverton, Glacier Park in Westerly, and Mount Hope Farm in Bristol. In November 2016, voters approved \$4.0 million in general obligation bonds.

Article 6: Relating to the Rhode Island Public Rail Corporation

This article amends a joint resolution from 2010 relating to the Rhode Island Public Rail Corporation (Rail Corp.). The article:

- Amends the resolution to include all transportation programs, including rail passenger and freight services under the Department of Transportation's responsibilities.
- Amends the resolution to include rail stops at the planned Pawtucket/Central Falls Station.
- Increases the Rail Corp.'s liability insurance policy from \$200.0 million to \$295.0 million, to include the addition of the Pawtucket/Central Falls Station. The Rail Corp.'s annual insurance payment, which is funded with Federal Congestion Mitigation and Air Quality Funds, will increase by \$200,000 to \$1.6 million total.
- Revises the Rail Corp.'s evergreen letter of credit to include a self-insurance retention rate of up to \$7.5 million, rather than set at \$7.5 million. The self-insured retention rate is the amount that the insured must pay before the insurance policy will cover a loss. Allowing the rate to be lower than \$7.5 million gives the insured the ability to reduce the cost of maintaining the letter of credit, and could reduce the costs to the State in the event of a major claim. The Rail Corp.'s annual fee to maintain the evergreen letter of credit is \$26,250, funded with Federal Congestion Mitigation and Air Quality Funds, and is not expected to change.

Article 7: Relating to Fees

This article adjusts various fees and licensing regulations. Specifically, Article 7:

- Authorizes the State to collect a Hospital Licensing Fee and increases the current rate of 5.856 percent in net patient services revenue to 6.0 percent.
- Authorizes a tiered set of fees for individuals to obtain copies of certain vital records.
- Increases the fee for annual license registration and renewal to sell mutual funds in Rhode Island from \$1,000 to \$1,750.
- Increases the two-year claims adjuster license fee from \$150 to \$250.
- Changes the recertification/renewal period for Certified Food Safety Managers from three years to five.
- Removes the requirement to get a separate license for retail frozen dessert processing for businesses who are already registered as a food establishment.
- Eliminates the \$50 fee barbers and hairdressers must pay annually per chair or workstation.
- Amends the suite of E-911 surcharge statutes to better reflect the surcharge's purpose of supporting infrastructure, operations, and personnel at the state and municipal level.

FISCAL IMPACT

The FY2019 fiscal impact of Article 7 is summarized in the following table:

Article 7 Fiscal Impact	
Item	Impact
Hospital License Fee	\$180.8
Mutual Fund Registration Fee Increase	6.9
Insurance Claims Adjuster License Fee Increase	3.0
Vital Records Surcharge	0.4
Adjustments to Certain Business Regulations	(0.3)
Total	\$190.8
<i>\$ in millions</i>	

ANALYSIS AND BACKGROUND

This article adjusts various registration and license fees, provides the annual reauthorization of the fee for operating a hospital in the State, and clarifies the emergency services and first responder telecom surcharges associated with E-911.

Hospital License Fee

The hospital licensing fee is a provider tax that the State levies on hospitals. In past fiscal years, it has been used to generate state funds that are then matched with federal Medicaid funds and returned to hospitals for their care for the uninsured and indigent through the Disproportionate Share Hospital (DSH) program.

- It is calculated as a percent of gross patient services revenues, which includes revenue from patient care activity but excludes revenue from non-patient activity such as research, academic activity, and investment earnings.
- The fee is set in each year's budget for that year, so annual legislative action is required for the fee to continue.
- Hospitals pay the fee in a single payment in July of each fiscal year.
- The fee is imposed only on hospitals licensed pursuant to RIGL 23-17 with the exception of those hospitals whose primary services and patient beds are psychiatric in nature. Thus, Bradley and Butler Hospitals do not pay the fee.
- The federal government limits hospital licensing fees to 6.0 percent. Article 7 sets the rate at 6.0 percent.

Hospital Licensing Fee Revenue		
Fiscal Year	Rate	Revenue
2008	3.480%	\$73.9
2009	5.473%	121.5
2010	5.314%	124.9
2011	5.465%	135.8
2012	5.430%	138.0
2013	5.313%	138.5
2014	5.246%	145.9
2015	5.745%	155.3
2016	5.862%	169.1
2017	5.652%	168.0
2018	5.652%	181.0
2019	6.000%	180.1

\$ in millions

Though the State's largest hospitals are non-profit and do not pay corporate income taxes or property taxes, the hospital license fee has become a considerable source of revenue for the State since its substantial increase in FY2009. In FY2019 it is estimated to generate \$180.1 million.

Mutual Fund Registration Fee Increase

Rhode Island charges an initial and an annual renewal fee of \$1,000 to register a mutual fund to be sold in Rhode Island. The Budget increases these fees to \$1,750. According to the Department of Business Regulation (DBR), this increase would keep the fee in alignment with rates charged in other New England states. Initial fees range from \$500 in Connecticut to \$2,500 in Massachusetts. Renewals range from \$500 in Connecticut to \$1,500 in Vermont. There are approximately 9,100 mutual funds registered to be sold in Rhode Island. This increase is projected to generate \$6.9 million in general revenue in FY2019.

Insurance Claims Adjuster License Fee Increase

The current fee to maintain an insurance claims adjuster license in Rhode Island is \$150 every two years. The Budget increases the biennial fee to \$250. According to the Department of Business Regulation (DBR), 49 states license the various classes of insurance claims adjusters, including independent, public, and company levels. Massachusetts and Connecticut charge \$200 and \$300, respectively. There are approximately 60,000 insurance claim adjusters license in Rhode Island, a majority of who are not residents of the state. This increase is projected to generate \$3.0 million in general revenue in FY2019.

Vital Records Surcharge

The article authorizes a tiered set of fees for individuals to obtain copies of certain vital records. The fees established are \$5 for mail-in certified records, \$3 for duplicate certified records, and \$2 for walk-in requests for certified records requests. The revenue generated from these fees will be deposited into the Information Technology Infrastructure Fund for purposes of supporting the Electronic Statewide Registration System (ESRS) at the Department of Health. The proposal projects to generate \$350,351 annually.

The additional funding for ESRS is in part to ensure capacity during the implementation of the REAL-ID. REAL-ID is a federally mandated standard for state driver's licenses and identification cards. Rhode Island is required to implement this standard beginning December 2018. The State projects an increased demand for copies of birth certificates and other REAL-ID supporting documentation, over the following 22-month period. The Department of Health plans to establish an Office of Vital Records satellite office at the main Division of Motor Vehicles office in Cranston to provide customers accessibility to certified birth certificates onsite when they apply for a REAL-ID.

Adjustment to Certain Business Regulations

Article 7 amends or eliminates several business licensing and regulatory fees. These changes are made to assist in reducing the regulatory burden on small business. The total estimated annual savings for these business sectors is \$304,200.

The Budget reduces the license renewal fee for wholesale food processors from \$500 per year to \$300. This change is expected to reduce general revenue by \$104,200.

The article removes the requirement of a separate license for retail frozen dessert processing for any business that is already registered as a food establishment under Rhode Island law. Elimination of this requirement results in an estimated \$80,000 reduction in general revenue.

It also changes the recertification/renewal period for Certified Food Safety Managers from three to five years. Extending the period is estimated to reduce general revenues in FY2019 by \$60,000.

Lastly, it eliminates the \$50 fee barbers and hairdressers must pay annually per chair or workstation. This change is estimated to reduce general revenue by \$60,000 in FY2019.

Emergency Services and First Response Surcharge

Article 7 renames the E-911 Surcharge to the Emergency Services and First Response Surcharge to better reflect the purpose and use of the funds. The article also places reporting requirements on the Department of Administration's Office of Digital Excellence (ODE). ODE must provide the General Assembly with recommendations for shared services across municipalities and to report on how the Information Technology Investment Fund plans to fund projects related to emergency services and other public safety activities.

The State levies a surcharge on both wireline and wireless phone lines, as do most states, that helps fund emergency services, particularly, the E-911 Uniform Emergency Telephone System.

The wireline surcharge amounts to \$1.00 per line, per month, while the wireless surcharge amounts to \$1.26 per line, per month.

The additional \$0.26 levied on wireless lines was enacted in 2004 and funds the costs and maintenance of a GIS database, and funds a primary and secondary answering point improvements. All surcharge collections are deposited general revenues.

The following table is a snapshot of surcharge collections, and general revenue expenditures for E-911. Beginning in FY2016, 10.0 percent of revenue collected through E-911 surcharges (on wireless, wireline, and pre-paid accounts) has been deposited into the Information Technology Investment Fund (ITIF) established in RIGL 42-11-2.5. The ITIF is used to acquire information technology hardware, software, consulting services, and ongoing maintenance.

E-911 Revenues vs. Expenditures

Fiscal Year	E-911		Net to General	
	E-911 Revenue	Expenditures	Deposit to ITIF	Fund
2010	\$17,898,223	\$4,635,901	\$0	\$13,262,322
2011	17,248,460	4,829,770	-	12,418,690
2012	17,255,771	4,766,586	-	12,489,185
2013	17,507,117	5,103,735	-	12,403,382
2014	17,454,670	5,444,296	-	12,010,374
2015	17,640,703	5,320,615	-	12,320,088
2016	16,649,747	5,152,654	1,426,334	10,070,759
2017	16,845,536	5,212,708	1,364,968	10,267,860
2018*	16,388,000	5,894,522	1,327,070	9,166,408
2019*	16,249,600	6,968,614	1,315,870	7,965,116

*FY2018 and FY2019 revenue estimates are provided by the Budget Office; expenditures reflect the FY2018 Revised and FY2019 Governor's budgets. The general revenue reduction in FY2016, FY2017, FY2018, and FY2019 reflects the transfer to the Information Technology Investment Fund (ITIF) of 10.0 percent (\$1.5 million) of the surcharge revenue from E-911 wireless, wireline, and pre-paid accounts.

Article 8: Relating to Motor Vehicles

Article 8 makes a number of changes affecting the Division of Motor Vehicles (DMV). The article delays the reissuance of license plates one year; merges fees relating to duplicate licenses and routine information changes; reduces the phased-in transfer of DMV fees to the Highway Maintenance Account, and eliminates the fee associated with reinstating a registration that has been suspended due to an invalid inspection sticker.

FISCAL IMPACT

This article will have the following fiscal impacts in the FY2019 Budget and FY2018 Supplemental Budget:

- Delaying the reissuance of license plates saves \$3.0 million in general revenue expenditures in the FY2019 budget; funding for the initiative shifts from FY2019 to FY2020. Under current law, individuals are charged \$6 above the regular registration fee per license plate. The delay also would result in a projected loss of \$1.8 million in general revenue.
- Duplicate license and information update fees are merged together instead of being two distinct fees. This change results in a \$20 fee increase to update information on an individual's license. The article exempts money generated by the new merged fee category from the required transfer of DMV fees to the Rhode Island Highway Maintenance Account (RIHMA). The fee increase and exemption combine for a projected general revenue increase of \$3.1 million.
- The revised FY2018 Budget includes a \$10.3 million increase attributable to a proposed delay in the transfer of DMV fees to the RIHMA. Under current law, 80.0 percent of applicable DMV fees are supposed to be transferred to the RIHMA in FY2018. Article 8 holds back an additional 20.0 percent in the general fund, only transferring 60.0 percent.
- The article eliminates the requirement to pay a \$250 fee to reinstate a vehicle registration that has been suspended, denied, or revoked for failing to have a valid inspection (pursuant to RIGL 31-38-2, 31-38-3, 31-38-4, or 31-47.1-3).

ANALYSIS AND BACKGROUND

Delay License Plate Reissuance

The article delays the license plate reissuance from January 1, 2019, to January 1, 2020. Funding for the initiative shifts from FY2019 to FY2020, resulting in a \$3.0 million reduction in expenditures in FY2019. Under current law, individuals are charged \$6 above the regular registration fee per license plate. Delaying the reissuance also results in a loss of approximately \$1.8 million in revenue in FY2019.

Under RIGL 31-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every 10 years. The law was revised in 1995 to require plate reissuances every 10 years, and in 2009, the General Assembly required a full reissuance in 2011. This is the sixth time that this requirement has been postponed. The following table summarizes the date changes and the rationale:

Session	Date	Delay Date	Reason
2011	9/2011	9/2013	\$3.3 million savings initiative
2013	9/2013	9/2015	Budget reduction target initiative
2015	9/2015	7/2016	Need to align plate design w/ state tourism campaign
2016	7/2016	4/2017	RIMs - Staff would have to be taken away from implementation
2017	4/2017	1/2019	Launch of RIMs System/Reprogramming legacy IT system
2018	1/2019	1/2020	Real ID - Staff would have to be taken away from implementation

Reduction in Highway Maintenance Account Funding

The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account (RIGL 39-18.1-4) within the Intermodal Surface Transportation Fund (ISTF). The account is funded via surcharges associated with licenses, vehicle registrations, inspection stickers, titles, and other related fees. Under RIGL 39-18.1-5, funds from the Rhode Island Highway Maintenance Account are authorized for projects that appear in the State's transportation improvement program.

Changes to the RI Highway Maintenance Account Fee Deposit Schedule

Fiscal Year	Original Law % of fees deposited	Current Law % of fees deposited	Article 8 % of fees deposited
FY2016	25%	25%	25%
FY2017	75%	50%	50%
FY2018	100%	80%	60%
FY2019	100%	100%	100%

Fee Deposit Schedule: Article 8 adjusts, for the second consecutive year, the phase-in schedule for transferring of all vehicle license and registration fees from the general fund to the RIHMA. The transfer of these fees to the RIHMA is part of the sustainable transportation funding reforms adopted by the General Assembly in the FY2015 Budget as Enacted. The original schedule called for 25.0 percent of the fees to be transferred during FY2016, 75.0 percent during FY2017, and all fees in FY2018 and beyond.

The enacted FY2018 Budget as Enacted retained 25.0 percent more of the fees in FY2017 for the general fund and 20.0 percent more in FY2018. The complete transfer of funds was delayed until FY2019. This resulted in a \$13.0 million reduction in funding to the RIHMA in FY2017.

Article 8 article reduces transfers to the RIHMA in the FY2018 Supplemental Budget from 80.0 percent to 60.0 percent; resulting in a \$10.3 million reduction in funding to the RIHMA in FY2018. The combined impact on the RIHMA over two fiscal years is a loss of \$23.3 million.

The RIHMA is further impacted by this article by exempting duplicate license and updated information fees as describe below.

Duplicate License / Updated Information Fees: The fee to obtain a duplicate license currently costs \$25. In order to update information on license, such as a new address or a change in name, an individual must pay a \$5 fee. This article merges the latter service with the duplicate license fee, effectively raising the fee to update licenses by \$20.

DMV Fee	Current Fee	Article 8 Fee	Change
Duplicate Licence Fee	\$25	\$25	\$0
Update Information Fee	5	25	20

As part of the State's sustainable transportation infrastructure priorities, both of the fees are statutorily required to be deposited in the RIHMA pursuant to the phase-in described above. Section 3 of the article permanently eliminates this requirement and retains all revenue from these fees in the General Fund.

DMV Fee	Current Revenue	Article 8 Revenue	Change
Duplicate Licence Fee	\$506,450	\$506,450	\$0
Update Information Fee	100,540	502,700	402,160
total	\$606,990	\$1,009,150	\$402,160

Shifting these DMV fees to the General Fund represents a \$606,990 annual reduction to the Rhode Island Highway Maintenance Account under the current fee amount.

Elimination of Vehicle Reinstatement Fee

The article eliminates the requirement to pay a \$250 fee to reinstate a vehicle registration that has been suspended, denied, or revoked for failing to have a valid inspection (pursuant to RIGL 31-38-2, 31-38-3, 31-38-4, or 31-47.1-3).

The penalty for operating a vehicle without a valid inspection sticker is a fine of \$85 and, under RIGL 31-38-2 and RIGL 31-38-3, may also include suspension of the vehicle's registration. The Division of Motor Vehicles (DMV), however, typically refrains from imposing the latter penalty. The DMV has never been able to determine all of the non-compliant vehicles at any one point in time. Violations are usually only discovered during routine traffic stops. If the penalty had been enforced, a fee of \$250 would have been charged to reinstate a vehicle's registration. Because the suspension penalty was never enforced, this fee was never collected.

With the advent of the Division's new IT system, DMV can now identify the status of vehicle inspections uniformly and accurately. The Department estimated that \$2.6 million in revenue would be generated in FY2019 from this fee. As DMV prepared to implement in the fall of 2017 and notice of the policy change was communicated, a public backlash materialized. The Governor placed a moratorium on the fee's enforcement and the General Assembly indicated that it would address it in the 2018 session. As a result of Article 8, it will no longer cost an individual to have a vehicle's registration reinstated if it has been revoked or suspended due to an invalid inspection sticker.

Article 9: Relating to School Construction and Education

This article augments the school construction program to incentivize districts to improve the condition of public school buildings in Rhode Island. The article also establishes state support for school resource officers at middle and high schools, and requires the Department of Elementary and Secondary Education to report current enrollment data in October instead of March

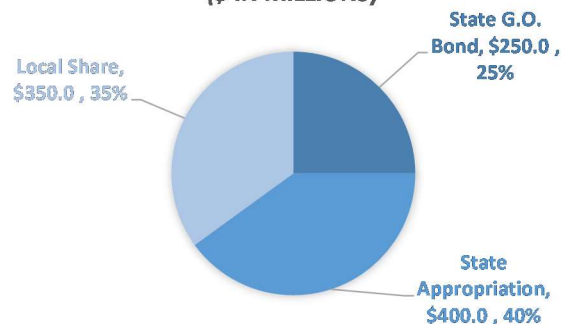
FISCAL IMPACT

The fiscal impact of the article is indeterminable at this time. The increased incentives for school construction will likely result in a greater State cost for school construction projects; however, fiscal impact depends on the districts applying for aid and the projects proposed. Both of these factors are unknown at this time.

In order to provide increased State funding for school construction projects, Question 1 on the 2018 ballot referenda, as provided in Article 5 of the Budget, provides funds for the construction, renovation, and rehabilitation of the State's public schools. Pursuant to language of the article, the State cannot issue more than \$250.0 million in notes over a five-year period and not more than \$100.0 million in notes in any one year.

To fund the \$1.0 billion in construction proposed over the next five years requires \$400.0 million in ongoing traditional school construction appropriations at the current level of \$80.0 annually; \$250.0 million in voter approved, state, general obligation bond proceeds, and \$350.0 million in local bond proceeds. According to the School Building Authority, of the \$400.0 million in ongoing, annual appropriations, only \$110.0 million is available for new projects since \$290.0 million is obligated for completed and currently projected projects through the traditional reimbursement program.

\$1.0 BILLION IN SCHOOL CONSTRUCTION OVER 5 YEARS (\$ IN MILLIONS)



The Budget includes \$2.0 million in FY2019 to reimburse districts for School Resource Officers at public middle and high schools; however, the actual cost is unknown as it is unclear how many districts will qualify for reimbursement. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018.

ANALYSIS AND BACKGROUND

School Construction

On September 13, 2017, through Executive Order 17-09, the Governor established the Rhode Island School Building Taskforce. The Taskforce was charged with reviewing the *State of Rhode Island Schoolhouses Report* and recommending a plan to address the deficiencies identified in that report while ensuring taxpayer investments in school construction are efficient and sustainable. On December 13, 2017, the Taskforce submitted a report detailing the recommendations on how the State, municipalities, and school districts can ensure that public schools in Rhode Island are warm, safe and dry, and equipped with 21st century learning environments. The specific recommendations include:

- Increasing the state share ratio for high priority projects to encourage districts to undertake more school repair and construction projects.
- Submitting a referendum to voters in the 2018 and 2022 ballots for authorization to issue \$250.0 million in general obligation bonds for public school construction and repair over five years, with no more than \$100.0 million issued in any one year, as well as prioritizing bond proceeds to fast-track emergency repairs on a pay-as-you-go basis.
- Shifting the state share of housing aid to a pay-as-you-go basis instead of a reimbursement model.
- Introducing policies to reduce costs and protect assets.
- Conducting a LEAN review of the current school construction approval practices at RIDE to ensure an efficient and timely process, and increasing School Building Authority staffing levels.
- Having RIDE work with the Department of Environmental Management to streamline the environmental approval process for large school construction projects.
- Ensuring that school buildings are regularly and properly maintained to prevent deterioration and reduce the need for costly repairs.

Article 9 is the response to the recommendations of the Taskforce and includes the following changes to the current school construction program.

Increases Share Ratio Incentives: While no longer allowing the School Building Authority (SBA) to offer incentives not promulgated in law, the article provides a new incentive for school safety and security, and temporarily expands incentives to encourage municipalities to address school building deficiencies. However, a district cannot receive a combined total of more than 20 incentive percentage points for projects that commence construction by December 30, 2023, nor can a district's share be decreased by more than one half of its regular share ratio or state share be increased by more than one half. Each of the temporary incentives require that the general obligation bond for \$250.0 million is approved by the voters in November 2018, and that 25.0 percent of project costs or a minimum of \$500,000 be specifically directed for the incentivized purpose. The article establishes that the share ratio for a project attaches at the time of approval by the Council on Elementary and Secondary Education, not at the time of bond issuance as previously provided. As indicated below, certain incentives cannot be utilized for the same project.

- **School Safety and Security:** The article provides a permanent share ratio increase of 5.0 percent for school safety and security, where 75.0 percent of project costs are spent for this purpose. This incentive does not expire and is not tied to the approval of the \$250.0 million bond referendum.
- **Health and Safety:** A temporary share ratio increase of 5.0 percent is available for health and safety projects, as defined by the School Building Authority and including remediation of hazardous materials, so long as the project commences by December 30, 2022, and is completed by December 30, 2027.

Analyst Note: The article eliminates the 4.0 percent incentive for energy conservation, access for people with disabilities, and/or asbestos removal. While asbestos removal would qualify as hazardous material, the definition established by the SBA will determine whether the remaining project purposes continue to be incentivized.

- **Educational Enhancement:** A temporary state share ratio increase of 5.0 percent is provided for educational enhancement, including early childhood and career and technical education, so long as the project commences by December 30, 2022, and is completed by December 30, 2027.
- Facilities Condition index **or** functional utilization (overcrowding or underutilization)
 - **Facilities Condition Index:** A 5.0 percent increase is provided for the replacement of a facility that has a facilities condition index of 65.0 percent or higher, so long as the project commences by December 30, 2023, and is completed by December 30, 2028. "Facilities condition index" is

defined as the cost to fully repair the building divided by the cost to replace the building as defined by the School Building Authority.

- **Functional Utilization of Facilities:** The article provides a 5.0 percent increase for new construction or renovation that increases the functional utilization of a facility from less than 60.0 percent to more than 80.0 percent, or decreases the functional utilization of any facility from more than 120.0 percent to between 85.0 and 105.0 percent. The project must commence by December 30, 2023, and be completed by December 30, 2028. Functional utilization is defined as the ratio of the student population within a school facility to the capacity of the facility to adequately serve students as defined by the SBA.
- Consolidation of buildings **or** functional utilization
 - **Consolidation:** A 5.0 percent increase is available for the consolidation of two or more buildings within or across districts into one building, so long as the project commences by December 30, 2023, and is completed by December 30, 2028.
- **Projects Approved between May 1, 2015, and January 1, 2018:**
 - Projects approved between May 1, 2015, and January 1, 2018, are eligible to receive up to 20 incentive points, so long as the increase does not increase the state share by more than half or decrease the local share by more than half.
 - Such projects with a cost in excess of \$1.5 million are only eligible for up to 5 points **if** project costs do **not** include an owner's program manager and a commission agent.
 - Incentive points are only applied to reimbursements occurring on or after July 1, 2018.
 - Any project previously approved that is withdrawn or resubmitted is not eligible for any incentive points.

Analyst Note: A Commissioning Agent is already required by regulation without a cost threshold. See RIDE 1.09-2.

The Taskforce recommended applying the new bonuses to projects approved in the last five years that have not broken ground.

Maintenance Expenditure Requirements: In an effort to encourage the maintenance and repair of schools, the article phases in annual expenditure requirements over five years.

- A district must meet one of the following maintenance expenditure thresholds:
 - 3.0 percent of operating budget beginning in FY2023: 1.0 percent in FY2019, 1.5 percent in FY2020, 2.0 percent in FY2021, and 2.5 percent in FY2022
 - 3.0 percent of replacement value budget beginning in FY2023: 1.0 percent in FY2019, 1.5 percent in FY2020, 2.0 percent in FY2021, and 2.5 percent in FY2022, or
 - \$3.00, subject to inflation, per square foot of building space beginning in FY2019
- "Maintenance expenditures" are defined as amounts spent for the purpose of keeping a school facility open and safe for use, including repairs, maintenance, and replacement to heating, lighting, ventilation, security, and other fixtures. Costs associated with contracted or direct custodial or janitorial services; the cleaning of school facility or fixtures; the care and upkeep of grounds; recreational facilities; parking lots; and the cleaning, repairs, or replacement of movable furnishings or equipment do not qualify.
- If a district does not meet the requirement in a given year, the State will divert an amount of housing aid, equivalent to the shortfall, into a restricted receipt account created by the district and dedicated solely to meeting the maintenance requirements.

- The Department of Elementary and Secondary Education is responsible for establishing a reporting mechanism to ensure the intent of the maintenance expenditure requirements is met.
- “Subject to inflation” is defined as the base amount multiplied by the percentage of increase in the Producer Price Index (PPI) for Nonresidential Building Construction as published by the United States Department of Labor.

Analyst Note: Under current regulation, a school district applying for school housing aid is required to have an asset protection plan for every school in the district, not just those for which aid is sought. Also, the district must have spent at least 50.0 percent of its asset protection budget pursuant to its asset protection plan in each of the previous three years prior to application. If a district fails to maintain compliance with the asset protection regulations, it may be prohibited from receiving school housing aid for at least one year and is subject to review by the Rhode Island Department of Education (RIDE) to determine district compliance. (RIDE School Construction Regulations 1.11-1) The Taskforce recommended increasing the 50.0 percent threshold in current regulation to 66.7 percent, and requiring minimum annual spending of 3.0 percent of the replacement value of the building in accordance with national best practices.

Costs Eligible for School Construction Aid: The article expands reimbursement eligibility to include costs associated with the following.

- Temporary housing, or swing space, for students if the district can demonstrate that no other option is available, the use of the space does not exceed 24 months, and the use is tied to a specific construction project.
- The remediation of brownfield sites up to \$1.0 million per project.

Cost Savings Proposals: In an effort to reduce project costs, the article proposes the following changes:

- **Prequalification of Prime Contractor:** Any project in excess of \$10.0 million, subject to inflation, requires the use of a prime contractor that has been prequalified by the School Building Authority (SBA).

“Subject to Inflation” is defined as the base rate multiplied by the percentage of increase in the Producer Price Index (PPI) for Nonresidential Building Construction as published by the United States Department of Labor, Bureau of Labor Statistics determined as of September 30 of the prior calendar year.

The article charges the SBA with developing a prequalification process for prime contractors, architects, and engineers seeking to bid on projects in excess of \$10.0 million. The prequalification will be valid for a maximum of two years, and the review process must include, at a minimum, the contractor’s history of completing projects on time and on budget, compliance with environmental and safety regulations, the maintainability of prior completed projects, and the use of women and minority owned subcontractors.

- **Owner’s Program Manager and Commissioning Agent:** Any project exceeding \$1.5 million, subject to inflation, requires the use of an owner’s program manager and a commissioning agent, the cost of which will be part of the project costs and shared by the district and the State based on the district’s share ratio, as recommended by the Taskforce.

Sale of Newly Constructed School: The article provides that if a newly constructed school is sold to a private entity within 30 years of construction, a portion of the sale proceeds equal to the housing aid reimbursement rate for that project will revert to the State.

Analyst Note: The reversion provided in the article only applies to new construction and not to renovation projects. Currently, the school construction regulations provide that where a building which has received school construction payments is closed and the building has not remained in service for 50 years, RIDE may recapture a portion of the housing aid reimbursement at its discretion. (RIDE School Construction Regulations 1.14)

School Building Authority: Pursuant to the enabling statute, the RIDE is the School Building Authority. In addition to the prequalification requirements for prime contractors, the article makes the following changes to the SBA:

- **Quarterly Progress Reports:** The article requires the SBA to collect, maintain, and make publicly available quarterly progress reports of ongoing school construction projects that include the cost and time schedule of each project.
- **Posting of Prequalified Contractors, Architects, and Engineers:** A list of prequalified professionals must be publicly posted annually with other program information. This is in addition to developing a prequalification and review process for such professionals.
- **Provide Technical Assistance and Guidance:** The SBA must provide technical assistance and guidance to school districts on the school construction application process. Generally, the difference between the annual appropriation for the foundation program for school housing (\$80.0 million in FY2019) and the actual expenditure (\$69.4 million in FY2019) would be deposited into the School Building Authority Capital Fund; however, pursuant to Article 9 of the FY2019 Budget as Enacted, in FY2019 and FY2020 the surplus will be used to provide technical assistance to districts
- **Retention of Services:** The article enables the SBA to retain the services of consultants as necessary to fulfill the requirements of the article.
- **Expenses Incurred:** The article requires the Rhode Island Health and Educational Building Corporation (RIHEBC) to pay for the expenses of the SBA from the School Building Authority Capital Fund, fees generated from the origination of municipal bonds and other financing vehicles used for school construction, and its own revenues. The article establishes a new restricted receipt account within the Department of Elementary and Secondary Education, named “School Construction Services”, which will be used to support personnel expenses related to the administration of the school construction aid program and financed from the fees and reserves. The FY2019 Budget also shifts the cost of 3.0 FTE positions currently responsible for the administration of the school construction program from general revenue to the new restricted receipt account, and adds 1.0 FTE Director of School Construction Services. While there is no limit on the amount or type of expenses that will be funded, the article limits the fees that RIHEBC can levy on districts to one tenth of one percent (0.001) of the principal amount. The Budget appropriates \$697,171 to this account to provide for the cost of the 4.0 FTE positions and about \$48,658 for non-personnel overhead expenses. The Taskforce acknowledged that the School Building Authority would likely need to increase staff; however, no recommendation was made as to how to fund the costs of current or additional staff.

Analyst Note: Since the language of the article specifies that the restricted receipt account can only be used for “personnel” expenditures, the overhead expenses will have to be funded from a different source.

- **Advisory Board:** The membership of the School Building Advisory Board remains at seven members; however, the member from the Governor’s staff is replaced with the chair of RIHEBC, and at least one of the four public members must be an educator. The article also allows the General Treasurer to appoint a designee.

\$250.0 million General Obligation Bond Proceeds: The article requires that the proceeds from the general obligation bond first be used to support the state share of the foundational aid program and offered to the districts on a pay-as-you-go basis, not as a reimbursement of debt service for previously completed projects. The proceeds will be offered based on each district’s proportionate share of the total state necessity school housing aid awarded to projects in that year. Excess funds may be transferred to the capital fund in an amount not to exceed 5.0 percent of the amount of bonds issued in a given year.

Auditor General Guidance: The Auditor General is charged with providing guidance to municipalities and school districts, within 90 days of the passage of the article, on the uniform financial reporting of construction debt authorized and issued, and on the funding received from the state.

Education Aid

The article creates a reimbursement for, but does not mandate, School Resource Officers at public middle and high schools. For FY2019 through FY2021, the State will reimburse one half the cost of salaries and benefits for qualifying positions created after July 1, 2018. For schools with < 1,200 students, one resource officer position is eligible for reimbursement, while schools with \geq 1,200 students may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. Districts will not receive aid for positions eliminated and then created anew.

To reduce the need for larger adjustments late in the legislative session, the article requires an annual December 1 update on funding formula costs based on actual October 1 data, instead of the current March update. In addition, the article requires the Department of Elementary and Secondary Education to provide the most recent data available and the projected enrollment growth or decline for the funding formula calculation provided in the Department's budget request.

Article 10: Relating to Making Revised Appropriations in Support of FY2018

This article makes revised appropriations for general revenues, and includes revisions to authorized expenditures from federal, restricted, and other funds, as well as authorized FTE levels for each agency and department for FY2018. The Budget includes \$63.8 million in additional general revenue spending compared to the FY2018 Budget as Enacted.

APPROPRIATIONS

The article increases the total FY2018 appropriations by \$255.4 million, of which general revenue expenditures increase by \$63.8 million. The article outlines funding changes at the program level by fund for each department.

Expenditures by Source	FY2017 Final	FY2018 Enacted	FY2018 Revised	Change to Enacted	% Change
General Revenue	\$3,672.5	\$3,767.7	\$3,831.5	\$63.8	1.7%
Federal Funds	2,977.4	3,134.1	3,231.5	97.4	3.1%
Other Funds	1,881.4	2,079.2	2,124.1	78.4	3.8%
Restricted Receipts	228.0	261.7	277.6	15.9	6.1%
Total	\$8,759.3	\$9,242.8	\$9,464.7	\$255.4	2.8%

\$ in Millions. Totals may vary due to rounding.

INTERNAL SERVICE ACCOUNTS

Article 10 authorizes the State Controller to establish 16 specific internal service accounts to reimburse costs for work or other services performed by certain departments or agencies for any other department or agency. Reimbursements may only be made up to an expenditure cap, as set in this article. The changes in these accounts are intended to bring the budgeted expenditures more closely in line with actual costs. There are three new accounts established pursuant to Article 7, Section 10 of the FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for each agency and allow the Department of Administration to draw upon these accounts for billable centralized services and deposit the funds into the rotary accounts under the Department of Administration.

Internal Service Account	FY2018 Enacted	FY2018 Revised	Change
State Assessed Fringe Benefits	\$41,229,448	\$50,124,687	\$8,895,239
Administration Central Utilities	24,910,320	22,910,320	(2,000,000)
State Central Mail	6,838,505	6,585,595	(252,910)
State Telecommunications	3,244,413	3,553,922	309,509
State Automotive Fleet	12,510,602	12,312,184	(198,418)
Surplus Property	3,000	3,000	-
Health Insurance	251,804,700	252,129,967	325,267
State Fleet Revolving Loan Fund	273,786	273,786	-
Other Post-Employment Benefits	63,852,483	63,852,483	-
Capital Police	1,306,128	1,190,149	(115,979)
Corrections Central Distribution Center	6,784,478	7,118,058	333,580
Correctional Industries	7,581,704	8,010,370	428,666
Secretary of State Records Center	807,345	940,491	133,146
Human Resources Internal Service Fund	-	12,012,230	12,012,230
DCAMM Facilities Internal Service Fund	-	37,286,593	37,286,593
Information Technology Internal Service Fund	-	32,179,344	32,179,344
Total	\$421,146,912	\$510,483,179	\$89,336,267

FTE POSITION CAP AND APPROVAL

The article revises the authorized number of full-time equivalent (FTE) positions for each State department and agency for FY2018. Departments and agencies may not exceed in any pay period the number of authorized FTE positions shown. Statewide, the Budget authorizes a net increase of 27.0 FTE positions from the FY2018 Budget as Enacted. Explanations of each departmental change are summarized in the personnel special section. The following changes in the revised budget include:

FTE Position Authorization

Expense by Function	FY2018 Enacted	FY2018 Revised	Change to Enacted
General Government	2,365.9	2,367.9	2.0
Human Services	3,715.6	3,728.6	13.0
Education	3,924.9	3,925.9	1.0
Public Safety	3,210.0	3,221.0	11.0
Natural Resources	429.0	429.0	0.0
Transportation	775.0	775.0	0.0
Subtotal	14,420.4	14,447.4	27.0
<i>Higher Ed. Sponsored Positions</i>	<i>739.8</i>	<i>739.8</i>	<i>0.0</i>
Total FTE Positions	15,160.2	15,187.2	27.0

TRANSFERS FROM QUASI-PUBLIC AND STATE AGENCIES

Article 10 requires transfers from several quasi-public be made to the State Controller by June 30, 2018, to support the General Fund.

Agency	FY2018 Enacted	FY2018 Revised	Change
Electric and Gas Distribution Company	\$12.5	\$12.5	\$0.0
Health and Educational Building	6.0	6.0	-
Narragansett Bay Commission	5.0	5.0	-
Infrastructure Bank	3.5	3.5	-
RI Housing	1.0	1.0	-
Quonset Development Corporation	1.0	1.0	-
Public Utilities Commission	0.3	0.3	-
DBR - Insurance Companies Assessment for Actuaries	-	0.8	0.8
DBR - Commercial Licensing Restricted Receipts	-	0.8	0.8
Water Resources Board Corporate Account	-	1.1	1.1
Total	\$29.3	\$32.0	\$2.7

\$ in millions

Article 11: Relating to Workforce Development

This article makes the following changes to the Department of Labor and Training regarding workforce development:

- For tax year 2019 only, establishes additional funding for the Real Jobs Rhode Island (RJRI) program. The article temporarily alters the Job Development Assessment (JDA) formula to direct additional funding, up to 75.0 percent of the interest earned by the Employment Security Fund, into the Job Development Fund (JDF). It directs less funding, equal to the additional amount put into the JDF, into the Employment Security Trust Fund.
- Eliminates the issuance of new Job Training Tax Credits as of January 1, 2018.
- Expands the State Work Immersion Program.

FISCAL IMPACT

The Budget includes \$11.0 million in all funds for Real Jobs Rhode Island including \$6.0 million that was included in the Governor's Budget. The total funding is comprised of, \$450,000 in general revenue from the elimination of the Jobs Training Tax Credit, \$5.5 million in restricted receipts for the additional funding created by adjusting the JDA, plus an additional \$5.0 million in general revenue funding.

The article establishes a formula in the Unemployment Insurance tax laws to enable the Department to adjust the Job Development Assessment for 2019 only, allowing up to 75.0 percent of the interest earned by the Employment Security (ES) Fund to be invested into the Real Jobs Rhode Island (RJRI) program. The interest earned in 2017 by the Employment Security Fund was \$7.0 million; therefore, the Budget increases restricted receipt resources in RJRI by \$5.5 million in FY2019.

ANALYSIS AND BACKGROUND

Real Jobs Rhode Island

The Real Jobs Rhode Island Program, created in 2015, has served over 325 employers and nearly 2,000 workers by investing in sector-based intermediaries who serve as RJRI partners. The RJRI model shifts focus from traditional workforce development programs, which were based on supply-side training programs, to a sector-based, demand-driven model allowing employers to design their own training programs to meet their needs.

Since 1989 Rhode Island employers have paid a Job Development Assessment (JDA) to support workforce development activities, the JDA is collected with the State's payroll and unemployment insurance taxes and has been adjusted over the years. Under previous law, the JDA was 0.21 percent of taxable wages, with 0.19 percent dedicated to job training programs operated by the Governor's Workforce Board (GWB) and 0.02 percent dedicated to costs associated with administering the State's Unemployment Insurance (UI) and employment service programs. These base allocations have not changed.

This article modifies the JDA, for tax year 2019 only, to allow the Department to divert an amount, up to 75.0 percent of the Employment Security Fund's investment earnings for the prior calendar year, to the Job Development Fund (JDF). This adjustment will hold both employers and employees harmless as it does not increase employer's total unemployment tax liability but rather alters where the funds are deposited. Less money will be deposited into the Employment Security Trust Fund and more will be directed towards the Job Development Fund. If this change is carried forward to future years, the amount of revenues deposited into the JDF would vary each year based on the amount of interest earned by the UI Trust Fund.

The adjusted JDA is computed by dividing the amount of interest earned by the Employment Security Fund in the prior calendar year by 110.0 percent of the taxable wages in the prior calendar year, and adding this

percentage to the base job development assessment (currently 0.21 percent). The new adjusted job development assessment would be in effect during the next ensuing calendar year.

The graphic below illustrates the adjusted JDA for 2019 under the article as projected by the Senate Fiscal Office using the methodology outlined in the legislation and estimated 2017 taxable wages and interest earned by the Employment Security (ES) Fund.

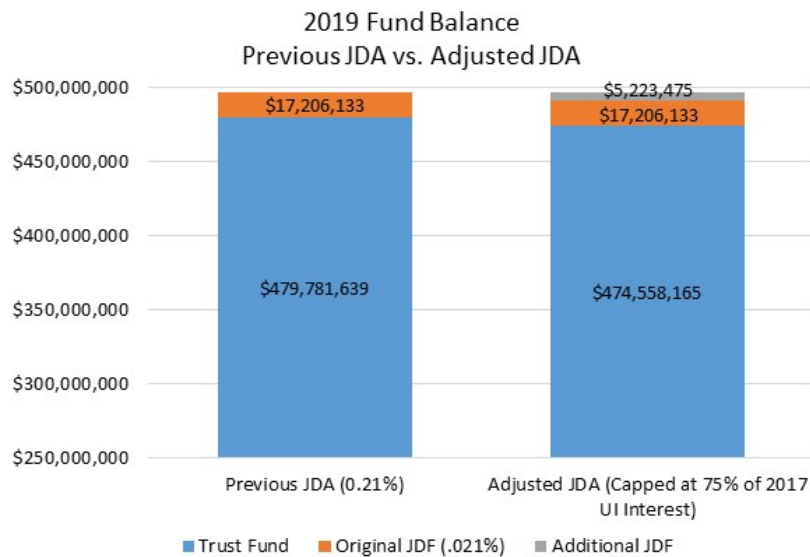
2019 Adjusted Job Development Assessment

$$\begin{aligned}
 & \left(0.21\% \right) + \left(\frac{\text{2017 Interest}}{110\% \text{ of 2017 Taxable Wages}} \right) = \text{Adjusted Job Development Assessment} \\
 & \left(0.21\% \right) + \left(\frac{\$6,964,633}{(110\% \times \$7,783,196,290)} \right) = 0.29\%
 \end{aligned}$$

Estimate created by Senate Fiscal Office

The following graphics illustrate the difference in the Job Development Fund (JDF) in 2019 under the article. The adjusted JDA, 0.29 percent, is applied to the 2017 taxable wages yielding approximately \$6.5 million; however, only 75.0 percent of the interest earned by the Employment Security Fund is allowed to be deposited into the JDF, 75.0 percent of the 2017 interest is \$5.2 million. The maximum allowable amount of \$5.2 million will be deposited into the JDF instead of the Trust Fund; the total balance of both funds together will remain the same.

Fund	Previous JDA (0.21%)	Adjusted JDA (Capped at 75% of 2017 UI Interest)	Difference
Trust Fund	\$479,781,639	\$474,558,164	(\$5,223,475)
JDF	17,206,133	22,429,608	5,223,475
Total	\$496,987,772	\$496,987,772	\$0



*Based on figures provided by the Department of Labor and Training
Totals may vary due to rounding*

Job Training Tax Credit

The article imposes a sunset on the Job Training Tax Credit. Beginning tax year 2018, no further credits will be issued. Credits remaining from previous years will still be valid until they are used or expire. This tax credit was created in 1996 and intended to provide qualifying employers with credit against their state tax obligations for expenses associated with training their employees; however, the program is not frequently used and the Department has not updated the policies or processes needed to determine qualification for the credits.

State Work Immersion Program

The Governor's Workforce Board (GWB) State Work Immersion Program, established in FY2014, was intended to help job seekers obtain temporary, paid, work experience that provides meaningful learning opportunities and increases the employability of the participant. Employers are incentivized to participate by being reimbursed a percent of the wages paid to participants.

This article provides greater flexibility within the Program by including secondary school students and participants in eligible training schools, allowing them to gain meaningful work experience. It also removes the minimum age requirement of 18, allowing younger students to participate. Lastly, the article removes the tiered reimbursement structure, allowing the GWB to decide the best way to reimburse the employers. Employers would be eligible to receive up to 75.0 percent of the participant's wages during their work experience.

Article 12: Relating to Economic Development

Article 12 establishes new sunset dates for most of the State’s economic development incentives and expands CommerceRI’s Small Business Assistance program to accommodate a larger percentage of “micro loans”. Specifically, Article 12:

- Reauthorizes eleven economic development incentive programs for another two years (June 30, 2020).
- Places additional reporting requirements above those already mandated for each of the reauthorized incentives and the permanently authorizes the Air Service Development Fund.
- Raises the limit on the amount of micro-lending that can take place under the Small Business Assistance Program.

FISCAL IMPACT

The Budget provides \$15.7 million for economic development incentives in FY2019. Additionally, the number of micro-loans (a loan with a principal between \$2,000 and \$25,000) permitted under the Small Business Assistance program is expanded 15.0 percent (up to 25.0 percent of total funding). Since 2016 the program has received \$5.5 million in appropriations and has awarded all but \$13,000. No additional funding is provided in the FY2018 Revised Budget or the FY2019 Budget as Enacted.

ANALYSIS AND BACKGROUND

This article reauthorizes certain economic development incentives, establishes new reporting requirements, and expands micro-lending under the Small Business Assistance program.

Reauthorization of Economic Development Incentives

Article 12 reauthorizes the following incentives for another two years:

- Rebuild RI
- Rhode Island Tax Increment Financing
- Tax Stabilization Incentive
- First Wave Closing Fund
- I-195 Redevelopment Project Fund
- Small Business Assistance Fund
- Wavemaker Fellowship program
- Main Street Rhode Island Streetscape Improvement Fund
- Innovation Initiative
- Industry Cluster Grants
- High School, College, and Employer Partnerships
- Qualified Jobs Incentive

Each of these programs were set to expire on December 31, 2018. The Governor’s Budget sought to permanently authorize these programs by eliminating the statutorily prescribed sunset. Article 12 does not include this proposal, but rather, establishes a new sunset date of June 30, 2020.

Reporting Requirements

The article places additional reporting requirements above those already mandated for each of the reauthorized incentives and the permanently authorizes the Air Service Development Fund.

Each quarter, the Commerce Corporation's board must now provide the General Assembly a report summarizing program accountability and reporting standards, outcome measurements, principles and guidelines, any modifications, adjustments, clawbacks, reallocations, alterations, or other changes made from the previous quarter. These new quarterly reports are in addition to the current requirement outlined here:

Economic Development Incentive Annual Reporting Requirements		
Incentive	Due	Reporting Items
Rebuild RI	1-Aug	approved applicants, total FTEs, total project costs, total material costs, total RI products purchased, and additional reasonable info
TIF	1-Sep	recipient name/address, credit amount, and economic/fiscal impact
	1-Sep	approved applicants, and economic/fiscal impact
	1-Jan	economic/fiscal impact
Tax Stabilization	1-Sep	approved applicants, and approved amounts
First Wave	30-Jun	commitment disbursement, use of funds, and economic/fiscal impact
I-195	30-Jun	commitment disbursement, use of funds, and economic/fiscal impact
Small Business Assistance	30-Jun	commitment disbursement, use of funds, and economic/fiscal impact
Wavemaker	no date specified	taxpayers receiving awards, schools attending, and employers
Main Street RI Streetscape	30-Aug	commitment disbursement, use of funds, and economic/fiscal impact
Innovation Initiative	30-Aug	total amount of awarded, matching funds awarded, total amount approved, description of services, and other info
Industry Cluster	30-Aug	number of grants, amount of grants, recipient name/address, recipient activities, and other info
School Partnerships	30-Aug	number of grants, amount of grants, and matching funds
New Qualified Jobs	1-Aug	approved applicants, total jobs, NAICS for each job, salary of each job, address of new employer
	1-Sep	name and amount

Small Business Micro-Lending

The Small Business Assistance program was established in FY2016 to help small businesses (under 200 employees) gain access to capital. The program originally received a \$5.5 million general revenue appropriation in FY2016 as capitalization. Maximum grants are capped at \$750,000. According to the Executive Office of Commerce, the program offers more operating flexibility than the long-standing Small Business Loan Fund, which is subject to federal regulations from the U.S. Economic Development Administration. The Commerce Corporation partners with private lending institutions to administer the applications and program. The following table shows the lenders and activity to date:

Lender	Award	Funding Date	Number of Loans	Total Loan Amount
BDC Capital	\$1,900,000	Dec-16	12	\$880,800
Business Development Co of RI	1,000,000	Nov-16	5	1,515,000
Community Investment Corporation (CIC)	1,000,000	Nov-16	6	739,115
South Eastern Economic Devel. Corp (SEED)	1,000,000	Nov-16	7	2,038,250
CIC Microloans	170,000	Nov-16	11	246,500
CWE Microloans	150,000	Jan-17	6	115,000
SEG Microloans	125,000	Nov-16	2	40,000
Rhode Island Black Business Association	100,000	Sep-17	-	-
Total	\$5,445,000		49	\$5,574,665

The total loan amount of \$5.6 million includes \$129,665 of private lender funds that have been leveraged by the program's general revenue funding.

Originally, 10.0 percent of the funds were to be allocated for "micro loans" of \$2,000 to \$25,000. The loans may be used to:

- Provide additional capital to businesses
- Provide direct lending for subordinated and mezzanine debt (debt that is associated with acquisitions and buyouts where it may be used to prioritize new owners ahead of existing owners in case of bankruptcy, or be used to convert a debt into a stock option)
- Provide collateral support and enhancement

Article 12 of the Budget amends the Small Business Assistance Program by raising the level of "micro-lending" permitted under the incentive. Article 12 raises micro-lending cap to 25.0 percent, or \$3,250 of the remaining fund balance within the program.

Small Business Assistance Fund								
Budget	Appropriation	Awarded	Balance	Percent Awarded	Obligated	Percent Obligated	Expended	Percent Expended
2016 Enacted (Final)	\$5,458,000	\$5,345,000	\$113,000	97.9%	\$5,345,000	97.9%	\$0	0.0%
2017 Enacted (Final)	-	100,000	13,000	99.8%	\$5,445,000	99.8%	-	-
2018 Enacted	-	-	13,000	99.8%	\$5,445,000	99.8%	-	-
<i>Subtotal - Activity to Date</i>	<i>\$5,458,000</i>	<i>\$5,445,000</i>	<i>13,000</i>	<i>99.8%</i>	<i>\$5,445,000</i>	<i>99.8%</i>	<i>\$0</i>	<i>0.0%</i>
2018 Revised	-	-	13,000	99.8%	\$5,445,000	99.8%	-	-
2019 Enacted	-	-	13,000	99.8%	\$5,445,000	99.8%	-	-
Total	\$5,458,000	\$5,445,000	\$13,000	99.8%	\$5,445,000	99.8%	\$0	0.0%

Article 13: Relating to Medical Assistance

This article makes several changes to the financing and delivery of the Medicaid program, including:

Hospitals

- Increases hospital inpatient and outpatient rates by \$14.3 million
- Maintains the Disproportionate Share Hospitals payment
- Funds the Graduate Medical Education (GME) program at \$5.0 million in FY2019

Nursing Homes

- Increases base payments by 1.5 percent effective July 1, 2018, and rates will increase another 1.0 percent on October 1, 2018
- Allows for automation of asset verification and changes to the transfer of asset provisions related to long-term services and supports

Home Care

- Increases payments to fee-for-service home care agencies paid through EOHHS, BHDDH, and Elderly Affairs
- Adds an annual inflator to home care rates based on the “New England Consumer Price Index card”

Other

- Establishes the Aging and Disability Resource Center in statute

Medicaid Reform Act of 2008 Resolution

- Allows EOHHS to reduce Medicaid Managed Care plan administrative and medical component rates
- Authorizes BH Link at BHDDH, to develop community-based alternatives to emergency department visits for addiction and mental health emergencies
- Allows for the reconfiguration of Non-Emergency Medical Transportation program
- Expands RIte Share eligibility for non-disabled adults that have access to employer-sponsored health insurance
- Allows EOHHS to seek waiver authority to implement a Community First Choice option
- Authorizes EOHHS to develop, in collaboration with the BHDDH, a health home for providing person-centered planning and a value-based alternative payment system for individuals with developmental disabilities

FISCAL IMPACT

This article reduces general revenue expenditures by \$27.9 million (\$60.9 million all funds) in FY2019.

ANALYSIS AND BACKGROUND

Hospitals

Increase Hospital Inpatient and Outpatient Rates: Hospitals are reimbursed by Medicaid on a fee-for-service basis and by MCOs for inpatient, outpatient, and emergency services. RIGL 40-8-13.4 allows EOHHS to review these rates annually to make adjustments to the payments by considering factors such as hospital costs, hospital coding, and availability of services to beneficiaries. Increases may not exceed the CMS Prospective Payment System Hospital Price Index, an inflation-based index.

The November 2017 Caseload Estimating Conference adopted hospital payment figures that were based on estimated 2.8 percent increases for inpatient services and 1.8 percent for outpatient services. The Budget reverses a rate freeze proposed by the Governor, increasing payments by \$14.3 million.

Disproportionate Share Payments: The Budget maintains the Disproportionate Share Payments to Hospital (DSH) program for FY2019. Federal law requires that state Medicaid programs make DSH payments to qualifying hospitals that serve a large number of Medicaid and uninsured individuals. The program allows \$139.7 million in payments to hospitals for FY2019.

Graduate Medical Education Program: The State has a Graduate Medical Education (GME) program that provides funding for Rhode Island's academic Level I trauma center hospitals that have a minimum of 25,000 inpatient discharges per year and provide at least 250 interns and residents per year. Currently, Rhode Island Hospital is the only hospital that qualifies for this funding. The FY2018 Budget as Enacted contains \$4.0 million in general revenue funding for the initiative.

For FY2019, the Governor proposed an amendment to the GME program to reduce state-only program funding and restructures the program to focus on mental health and substance use treatment at all teaching hospitals. The General Assembly maintained the current program structure, and added \$1.0 million, appropriating \$5.0 million for FY2019.

Nursing Homes

Nursing Facility Rates: Each October nursing homes are to receive an inflation-based rate increase, tied to the national nursing home inflation index. The November 2017 Caseload Estimating Conference adopted nursing homes payments assuming a 2.75 percent increase in FY2019. The Budget funds a 1.5 percent base increase effective July 1, 2018, and rates will increase another 1.0 percent on October 1, 2018. The article ties future inflation-based home care rate increases to the "New England Consumer Price Index card".

In the FY2017 Budget as Enacted, nursing facilities received the inflation-based rate increase, \$3.9 in general revenue (\$7.9 million all funds), with the condition that 85.0 percent of rate increase was used to increase wages and employee related benefits to certified nursing assistance (CNAs) and other direct care workers at nursing facilities. Rates were frozen for FY2018.

LTSS Automated Asset Verification: Asset verification is a key component to Medicaid eligibility determination. The Office proposes to automate asset verification functions related in long-term services and supports (LTSS) settings. The Office indicates that the current process is manual and caseworkers lack sufficient tools in the field to accurately verify information. The Office plans to purchase and implement an electronic asset verification system, resulting in savings for nursing homes and other LTSS spending.

The Budget assumes \$2.5 million in general revenue savings (\$5.2 million all funds) in FY2019. The estimate assumes that 102 nursing home members and 98 home and community-based services members would be found ineligible each year, equating to approximately 2.0 percent.

LTSS Resource Testing: The Budget amends the law to eliminate "loopholes" related to the treatment of annuities as it relates to asset and income testing. This includes testing for "asset transfers", or when a Medicaid applicant or beneficiary transfers a liquid financial resource for less than it is worth in the five years preceding the application. Federal law requires that these types of transfers disqualify an applicant for a penalty period before being eligible for Medicaid-funded long-term care. The Budget includes \$539,648 in general revenue (\$1.1 million all funds) savings in FY2019 from the initiative.

Home Care

Home Care Rates: The Budget increases payments to fee-for-service home care agencies paid through EOHHS, BHDDH, and the DHS Division of Elderly Affairs. Rates for skilled nursing increase by 20.0 percent effective July 1, 2018, and rates for personal care attendants increase by 10.0 percent, effective July 1, 2018. The Budget includes \$3.4 million in general revenue (\$7.0 million all funds) for the increases.

Going forward, the article includes annual inflator language for home care rates based on the “New England Consumer Price Index card”.

Other

Aging and Disability Resource Center: The article establishes the Aging and Disability Resource Center statutorily within the Department of Human Services, Division of Elderly Affairs. The Center provides information and resources about public and private long-term services and supports, and operates a toll-free information hotline.

Medicaid Reform Act of 2008 Resolution

Managed Care Plan Rates: The Governor’s Budget reduced expenditures to Managed Care Organizations (MCOs) by \$23.9 million in general revenue (\$70.1 million all funds) in FY2019. The changes require negotiations with MCOs and CMS as contracts will need to be amended. The Budget as Enacted eliminated a proposed reduction to managed care profit margins, and partially restored a proposed cut to medical component rates. After the restorations, the net reduction to MCOs is \$11.0 million in general revenue (\$38.2 million all funds) in FY2019.

MCO Reductions	General Revenue	All Funds
Medical Rate Component	(\$9.1)	(\$32.6)
Administrative Rate Component	(1.9)	(5.6)
Total	(\$11.0)	(\$38.2)

\$ in millions

- **MCO Medical Component:** The Governor proposed cuts to Managed Care Organization (MCO) medical component rates by a combined 3.75 percent, which includes a 1.0 percent “quality withhold” and a 2.75 percent base reduction to the rates. The State plans to establish benchmarks for lowering expenditures for high Medicaid utilizers, reduce cesarean births, and reduce emergency room utilization. The Governor included \$14.9 million in general revenue savings (\$44.0 million all funds) from the initiative. The Budget restores \$5.8 million in general revenues and \$11.4 million in federal funds to lessen the reduction to approximately 1.0 percent.
- **MCO Administrative Component:** The Governor’s Article 14 sought authority to reduce administrative rates paid to Managed Care Organizations (MCOs) by 2.5 percent in FY2019. The Budget includes \$1.9 million in general revenue savings (\$5.6 million all funds) in FY2019.

EOHHS indicates that managed care administrative costs have risen by 65.0 percent since FY2014, while enrollments have increased by 49.0 percent. Spending on MCO administration has increased from \$77.7 million in FY2014 to an anticipated \$128.2 million in FY2019. The Office indicates that the reduction will be an “incentive to MCOs to improve their operational efficiency and to work closely with Medicaid to identify areas of potential improvement to administrative processes.”

BH Link: In September 2017, the Department issued a Request for Proposal (RFP) to potential providers for the Behavioral Healthcare Link (BH Link) initiative. The Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals, has since contracted with Horizon Healthcare Partners to launch BH Link at a location in East Providence. This will be a statewide resource providing 24-hour assessment, treatment, and referral for individuals in behavioral health crises, offering a cost-effective alternative to an emergency department or correctional facility. BH Link is designed to provide emergency intake services; individuals needing comprehensive behavioral health or addiction support must seek care in a specialized facility.

The Budget includes \$650,000 from general revenues in FY2019 for BH Link, primarily for initial staffing needs, supported by approximately \$600,000 from federal substance abuse and mental health block grant funds. Article 13 also includes language to permit a Medicaid match for some services, which will require

a bundled rate. BHDDH estimates that it will be able bill Medicaid approximately \$1.2 million from all funds in the first year.

Analyst Note: According to the Department, as of August 2018, the architectural design was completed and the building permits were requested, although construction had not yet begun. Provided that there are no disruptions in the construction plan, the Department intends to launch BH Link in October 2018.

Non-Emergency Medical Transportation: Article 13 reduces reimbursements and removes State restrictions to align with Title XIX for the non-emergency medical transportation (NEMT) program. EOHHS plans to restructure the NEMT program to incentive cost-effective transportation solutions, including making changes to vendor payment methods, rate cuts, and other rebates.

The State's current NEMT vendor, Logisticare, has a contract that runs through December 31, 2018. The proposed changes would begin January 1, 2019. According to EOHHS, Logisticare has operating margins approaching 20.0 percent. The Budget includes \$3.8 million in general revenue savings (\$9.5 million all funds) from the initiative.

RIte Share Expansion: The article expands RIte Share eligibility and allows adult children with disabilities to remain on the parents' commercial health insurance coverage beyond age 26. RIte Share is a premium assistance program for those eligible for Medicaid and who have access to employer-sponsored commercial insurance, but for whom the share of those monthly premiums is unaffordable. Under the program, Medicaid pays the eligible member's share of the premiums, if cost effective. This shifts costs from Medicaid plans to employer-sponsored plans.

Under the initiative, EOHHS will expand on processes to identify those with Medicaid eligibility, including disabled persons, who have access to employer-sponsored health coverage. EOHHS indicates that as many as one-third of disabled and Medicaid eligible persons may have access to employer-sponsored insurance.

The Budget assumes \$673,617 in general revenue savings (\$1.4 million all funds) from the initiative. Of note, the RI Bridges system does not currently support RIte Share functionality.

Community First Choice: The article supports the redesign of the delivery system for beneficiaries receiving long term care services and supports. It promotes the transition of Medicaid beneficiaries to community-based services wherever appropriate by seeking waiver authority to promote the Community First Choice (CFC) option for seniors and people with physical disabilities and for intellectually or developmentally disabled people living with families or independently. EOHHS estimates that for the targeted population nursing homes cost \$63,833 per year compared to \$33,250 for home and community-based settings (HCBS). The CFC option provides additional funding to support transitions by providing enhanced federal financial participation for certain HCBS expenditures.

Based on an estimated transition of 26 members per month beginning in October 2018, EOHHS estimates \$3.0 million in general revenue savings from reduced nursing home costs and increased HCBS costs to be shifted to federal fund sources.

DD Health Home: Section 7 of Article 13 authorizes collaboration between EOHHS and BHDDH for the development of a health home initiative for conflict-free case management. New federal rules for conflict-free case management, effective in FY2020, stipulate that service providers cannot also act as case managers. Health homes aim to coordinate all aspects of care, including psychiatry, primary care, specialty care, medication, and wellness. Health homes are responsible for case management but do not provide direct services. The proposal also includes an alternative payment method, shifting from fee-for-service to a value-based methodology which is cost-effective and provides a more person-centered payment structure, consistent with the Department's goals.

The FY2019 Budget as Enacted includes funding to assist with the administrative costs of the new payment methodology. The initiative projects general revenue savings from fully realizing a 90.0 percent Medicaid

match, partially offset by increased administrative expenses. The net impact for FY2019 includes general revenue savings of \$1.0 million (\$1.4 million all funds).

Analyst Note: As of August 2018, BHDDH was collaborating with EOHHS and the Governor's Office regarding the Health Homes initiative. The launch date was part of this discussion but remained unclear, although the Department assured that the program would begin during FY2019.

Article 14: Relating to Edward O. Hawkins and Thomas C. Slater Medical Marijuana Act

This article makes a number of changes to the regulation of medical marijuana. Specifically, Article 14:

- Increases the compassion center license renewal fee from \$5,000 to \$250,000 annually.
- Permits out-of-state patient cardholders to purchase medical marijuana from Rhode Island compassion centers.
- Provides nurse practitioners and physician assistants in Rhode Island with the authority to certify patients in the program.
- Clarifies State medical marijuana rules do not apply to prescription medication. It also clarifies that hemp is not included in the definition of medical marijuana under the act.
- Provides a regulatory framework for medical marijuana testing laboratories in the State.
- Requires a new annual report from the Department of Business Regulation (DBR) to the General Assembly.

FISCAL IMPACT

The general revenue impact of Article 14 is summarized in the following table:

Change	Impact
Compassion Center Renewal Fees	\$735,000
Compassion Center Surcharges	150,000
Sales Taxes and Surcharges*	1,115,000
Total	\$2,000,000

** The revenue increase is primarily associated with the expansion of the program to out-of-state patient cardholders*

ANALYSIS AND BACKGROUND

Article 14 makes several changes to the State's medical marijuana program including increasing compassion center licensing fees, expanding the types of practitioners authorized to certify patients for the program and providing protections for testing facilities. Article 14's changes, effective June 22, 2018, are estimated to generate \$2.0 million in general revenue.

Compassion Center Registration

There are three licensed compassion centers under the State's medical marijuana program. Each center is required to obtain a license from the DBR and renew it annually. Article 14 increases the renewal fee from \$5,000 to \$250,000. The FY2019 Budget as Enacted includes \$735,000 in general revenue from this change. The Budget also assumes a \$150,000 increase in compassion center surcharge collections.

Compassion Centers	
Center	Location
Thomas C. Slater	Providence
Greenleaf	Portsmouth
Summit Medical	Warwick

Sales to Out-of-State Cardholders

Historically, Rhode Island law has provided marijuana cardholders from other States the same legal protections relative to the possession of marijuana as Rhode Island cardholders. State law, however, prohibited compassion centers from selling to marijuana products to them. Article 14 removes these

restrictions. The Budget includes \$1.1 million in additional sales tax and customer surcharge revenue primarily associated with this expansion.

Practitioners

Doctors are authorized to certify patients into the State's medical marijuana program. Article 14 extends this authority to nurse practitioners and physician assistants licensed in Rhode Island. The article specifically permits them to provide patients with official written certification required for participation in the program. It also extends to them all of the associated legal protections afforded to doctors under the act.

Protection of Prescription Medication Generally

Article 14 includes language that clarifies that the State's medical marijuana statutes and regulations do not apply to prescription medication identified as such by the U.S. Food and Drug Administration. It also clarifies that hemp is not included in the definition of medical marijuana under the act.

Testing Laboratories

The article provides a regulatory framework for medical marijuana testing laboratories in the State. Labs will be licensed and regulated by the Department of Health and authorized to collect, analyze, and test marijuana samples. Labs typically test for levels of Tetrahydrocannabinol, or THC, which is the active medicinal ingredient in marijuana, levels of contamination, chemicals, pests, and mold.

Article 14 also provides medical marijuana testing laboratories with the legal protections afforded other official classes of medical marijuana licensees. This specifically means that labs, their employees, and their board members are protected from prosecution, search, seizure, penalty, or denied privilege (including civil penalty or disciplinary action by a business), or arrest related to the lawful operation of a medical marijuana testing laboratory under Rhode Island statutes.

Reporting Requirements

Article 14 establishes a new annual reporting requirement for the medical marijuana program. After June 30, 2018, and within 60 days after the close of the previous fiscal year (first report due approximately August 31, 2018), DBR must file a report to the General Assembly that includes the following data:

- Number of applications for registry identification cards to compassion center staff
- Number of applications approved and denied
- Number of cards revoked
- Number of replacements issued
- Number of applications for licensed cultivators
- Number of plant tags ordered, delivered, and held
- Amount of total revenue collections related to the DBR medical marijuana regulatory activities

Article 15: Relating to Children and Families

This article changes the powers and duties of the Department of Children, Youth, and Families (DCYF), the regulation of child care facilities, and the administration of the Child Care Assistance Program. The article provides for a Voluntary Extension of Care (VEC) program that qualifies for federal Title IV-E funding, allows DCYF to implement penalties on child care providers, and establishes a tiered rate system for licensed child care centers caring for children ages one week to five years of age.

FISCAL IMPACT

The initiatives in this article are estimated to reduce general revenue expenditures by \$1,568 and increase all funds

Initiative	FY2019 Expenditure Impact		
	General Revenue	Federal Funds	All Funds
Voluntary Extension of Care	(\$1,568)	\$916,633	\$915,065
Tiered Child Care Reimbursement Rates	-	3,619,542	3,619,542
Total	(\$1,568)	\$4,536,175	\$4,534,607

expenditures by \$4.5 million in FY2019. This estimate does not include the \$5,500 in projected annual revenue collections for the implementation of child care violation fines.

ANALYSIS AND BACKGROUND

Voluntary Extension of Care

The article allows for the Voluntary Extension of Care (VEC) of foster youth between the ages of 18 and 21, which supports increased federal funding to administer the program. This option is available for young adults who are in foster care on their eighteenth birthday, or for former foster youth who were adopted or placed in guardianship after age 16. A voluntary placement agreement for extension of care is a written agreement between the young adult and DCYF.

For many years, DCYF care and custody of a child was in place until age 21; however, the FY2008 Budget as Enacted lowered the age limit to 18, except for youth with developmental disabilities or Serious Emotional Disturbances (SEDs). At least six months prior to the child's eighteenth birthday, the Rhode Island Family Court required DCYF to provide a detailed description of the transition services that would be delivered to the child upon their exit from state care.

Prior to the passage of Article 15, DCYF funded aftercare services for youth through the Consolidated Youth Services (CYS) contract with Foster Forward. The contract funded the Youth Establishing Self-Sufficiency (YESS) program, which provided individualized services and supports to young adults, ages 18 to 21, whose cases had been closed to the Court and DCYF. By assisting former foster youth in developing plans for self-sufficiency and identifying community-based resources, YESS prepared participants to live independently by their twenty-first birthday. Participants received assistance identifying safe and affordable housing, finding employment opportunities, enrolling in educational programs, and more. The YESS program also provided stipends to assist with housing and other living expenses. The FY2019 Budget as Enacted assumes termination of the contract with Foster Forward while the funds for aftercare services are brought back under the Department's purview.

Analyst Note: The CYS contract was set to expire on June 30, 2018. The implementation of the VEC program, which began on July 1, 2018, required a renegotiation and temporary extension of the contract with Foster Forward until June 30, 2019, in order to transition services to DCYF.

To qualify for the VEC program, a young adult must:

- Be between the ages of 18 and 21 years and have either been in the custody of the Department on their eighteenth birthday pursuant to an abuse, neglect, or dependency petition, or been a former foster child

who was adopted or placed in a guardianship at or after age 16. This program does not apply to youth who were adopted before age 16 or who were involved in juvenile justice.

- Be participating in at least one of the following:
 - A high school diploma or General Education Diploma (GED) program;
 - A secondary education program or program leading to an equivalent credential;
 - A job training program or an activity designed to remove barriers to employment;
 - A job where the young adult is employed for at least 80 hours per month; or
 - Be incapable of doing any of the foregoing due to a medical condition that is regularly documented in the case plan.

The article includes an additional condition for youth who were adopted or placed in guardianship after age 16. These young adults are eligible for the VEC program provided that they meet the requirements above, although the Department retains the right to attempt to address the individual's concerns through post-adoption and post-guardianship support services prior to signing an agreement.

Within 180 days of signing a voluntary placement agreement, the Department must petition the Court to make an initial determination of whether remaining in foster care is in the best interest of the young adult. The participating young adult may terminate the extended care status at any time and request a reinstatement of such status at any time until age 21. The article does not place a limit on the number of times a young adult may exit or re-enroll in the program.

The Court must conduct a permanency hearing within one year after the execution of a voluntary placement agreement and annually thereafter. At the permanency hearing, the Department shall present a written case plan to the Court which details the services and care the young adult will receive to support the transition to independence. A young adult in the VEC program may request representation by a guardian ad litem or court-appointed counsel, with the cost of the counsel paid by the State. Administrative reviews must be completed by the Department within 180 days of the permanency hearing to assess the progress and case plan of each young adult in the program. Young adults are expected to participate.

Analyst Note: According to the Department, a "guardian ad litem" is a licensed attorney the Court appoints to investigate what solutions would be in the "best interest of the child." A "court-appointed counsel" represents the child in Court proceedings, but may not focus on what is in the "best interest" and instead may adhere to how their client would like to proceed in their case.

In the case of a young adult who has executed a voluntary placement agreement, the permanency plan, developed by both the Department and the individual, must address the goal of preparing the young adult for independence and successful adulthood. This includes, but is not limited to, the following:

- Housing assistance to obtain supervised independent living arrangements, shared living arrangements, or extended foster care;
- Assistance in obtaining educational goals;
- A job, vocational assessment, training, or other employment/vocational skills;
- Guidance in accessing services such as applying for public benefits, obtaining important documents (such as an ID card, driver's license, or birth certificate), attending to physical and mental health needs, and maintaining relationships with individuals, including acquiring information about relatives.

The language in Article 15 mirrors that of the Fostering Connections to Success and Increasing Adoptions Act of 2008. This will allow the Department to draw down federal Title IV-E matching funds in order to cover some program expenses. The YESS program was not eligible for this funding. Implementation of the

VEC program is projected to slightly decrease general revenue expenditures by \$1,568 and increase federal fund expenditures by \$915,065 due to increased federal reimbursements.

Pathways and Workforce Training Programs

The article expands the Governor's Workforce Board Advisory Committee to include a representative from DCYF. Pursuant to current law, the Workforce Board supports and oversees statewide efforts to develop and expand career pathways that enable individuals to secure employment in a specific industry and to advance within that sector. The Advisory Committee, comprised of representatives from business, labor, and government, assists the Workforce Board in these efforts.

Establishment of Administrative Penalties for Child Care Providers and Placement Agencies

The article requires DCYF to assess administrative penalties for child care licensing violations relating to child care centers, family child care homes, and group family child care homes if the violation presents a danger to public health, safety, or welfare, or if a child care provider has committed a serious breach of law or regulation. Otherwise, a progressive penalty structure must be used, which may include a written notice of noncompliance, education, training, or suspension of license.

The Department must complete a risk and safety analysis prior to imposing an administrative penalty on a provider. When seeking an administrative penalty, the Director of DCYF must serve written notice to the provider either by service, in hand, or by certified mail with return receipt. The provider has the right to an adjudicatory hearing where the burden is on the Director to prove the allegation by a preponderance of the evidence. The provider has 30 days to seek judicial review of the penalty in Family Court.

Pursuant to the definitions provided in the section, unless otherwise specified by statute, an administrative penalty may not exceed \$500. The Director must promulgate rules and regulations before any administrative penalties can be imposed. This section of the article is projected to increase general revenues by \$5,500.

Child Care Rates

The article changes state subsidy rates for licensed child care centers providing care for infants, toddlers, and preschoolers through the Child Care Assistance Program. Reimbursement rates will be changed to a tiered system reflective of the quality rating the provider has achieved within the State's Quality Rating system. Rates will be mandated by the General Assembly.

Rhode Island's Tiered Quality Rating and Improvement System (TQRIS) is BrightStars. A TQRIS is used by states to assess, improve, and communicate the level of quality in child care programs. Through the star rating system, BrightStars helps child care providers learn and apply best practices, and helps families access quality child care, early learning, and school-age programs. The Rhode Island Association for the Education of Young Children manages BrightStars and Rhode Island KIDS COUNT coordinates and supports the evaluation of BrightStars.

Pursuant to the article, for FY2018, licensed child care centers shall be reimbursed a maximum weekly rate of \$193.64 for infant/toddler care and \$161.71 for pre-school aged child care. Beginning in FY2019, licensed child care centers providing infant/toddler care will be reimbursed 2.5 percent above \$193.64, the FY2018 weekly amount, for tier one, 5.0 percent for tier two, 13.0 percent for tier three, 20.0 percent for tier four, and 33.0 percent for tier five. For pre-school aged children, licensed child care centers will be reimbursed 2.5 percent above \$161.71, the FY2018 weekly rate, for tier one, 5.0 percent for tier two, 10.0 percent for tier three, 13.0 percent for tier four, and 21.0 percent for tier five. The tiered system is intended to incentivize best practices in child care. The article does not change the current rates for children above pre-school age. The Budget increases federal funds by \$3.4 million in the Department of Human Services and \$249,000 in the Department of Children, Youth, and Families to fund the tiered reimbursement rates for licensed child care centers.

The following table shows the change in weekly rates to licensed child care centers based on the tiered rating system. Rates may only be changed by the General Assembly.

Infant/Toddler Rates			Pre-School Children Rates		
Tier	Increased Reimbursement	Increased Reimbursement	Tier	Increased Reimbursement	Increased Reimbursement
	Percentage	Amount		Percentage	Amount
1	2.5%	\$198.48	1	2.5%	\$165.75
2	5.0%	\$203.32	2	5.0%	\$169.80
3	13.0%	\$218.81	3	10.0%	\$177.88
4	20.0%	\$232.37	4	13.0%	\$182.73
5	33.0%	\$257.54	5	21.0%	\$195.67

Career Opportunities for Young Adults

The article allows DCYF and the Department of Labor and Training (DLT) to work collaboratively with the Governor’s Workforce Board to provide vocational assessments and individualized job training services to young adults in the VEC program. The article also requires DCYF, DLT, and the Governor’s Workforce Board to track the movement of VEC participants into the workforce and provide an annual report to the Governor, General Assembly, and Family Court. These resources are contingent upon available funding.

Article 16: Relating to Debt Management Act Joint Resolutions

This article serves as a joint resolution for the issuance of up to \$41.8 million in debt required pursuant to RIGL 35-18-1, commonly known as the Kushner Act, to finance an array of projects at the University of Rhode Island (URI) and Eleanor Slater Hospital (ESH). The projects, financing instruments, and total costs are summarized below:

Project	Department	Mechanism	Principal	Interest	Total Debt
Repaving, Hardscape & Landscape	URI (RIHEBC)	Revenue Bonds	\$11.0	\$6.7	\$17.7
Utility Infrastructure Upgrade Phase I	URI (RIHEBC)	Revenue Bonds	6.5	3.9	10.4
Fire Safety & Protection Phase II	URI (RIHEBC)	Revenue Bonds	2.3	1.4	3.7
Eleanor Slater Hospital Renovation	BHDDH	COPs	22.0	10.9	32.9
Total			\$41.8	\$22.9	\$64.7

\$ in millions. Totals may vary due to rounding.

FISCAL IMPACT

The article authorizes \$19.8 million in Rhode Island Health and Educational Building Corporation (RIHEBC) revenue bonds, authorized at up to 5.0 percent interest over 20 years, yielding total debt service of \$31.8 million. These bonds will support several projects at URI and will be financed primarily through unrestricted institutional revenue through FY2039. The article also authorizes \$22.0 million in certificates of participation (COPs), authorized at up to 5.0 percent interest over 15 years, yielding total debt service of \$32.9 million. The COPs will support the Eleanor Slater Hospital consolidation project and will be financed using general revenues through FY2034. Article 16 limits the resolution to debt issued within five years.

ANALYSIS AND BACKGROUND

Repaving, Hardscape, and Landscape

This article provides for the issuance of RIHEBC revenue bonds in the amount of \$11.0 million for repaving and reconstruction of major parking facilities, internal roadways, walkways, and associated infrastructure on URI's Kingston, Narragansett Bay, and W. Alton Jones campuses. A recent Transportation and Parking Master Plan recommends the redevelopment of campus roadways into "complete streets" allowing safe travel for pedestrians, cyclists, vehicles, and other modes of travel. The execution of this Master Plan will improve the campus' environmental impact and serve the objectives of both the University and the local communities. The total debt service is not expected to exceed \$17.7 million assuming an interest rate of 5.0 percent over 20 years. Annual debt service is projected at \$883,000. The University's unrestricted general revenues and enterprise funding through parking services will support the project.

Utility Infrastructure Upgrade Phase I

This article provides for the issuance of RIHEBC revenue bonds in the amount of \$6.5 million for the engineering and construction of upgrades and component replacements to five municipal-level Kingston Campus utility systems. Studies commissioned by the University have concluded that reconfiguration and replacement of components was advisable for each system to ensure necessary steam, water, sanitary, and electrical support for the next 20 to 40 years. This project is the first phase in an implementation plan to upgrade and improve the reliability of the University's Kingston Campus structure. The total debt service is not expected to exceed \$10.4 million assuming an interest rate of 5.0 percent over 20 years. Annual debt service is projected at \$522,000. The University's unrestricted general revenues will support the project.

Fire and Safety Protection - Auxiliary Enterprise Buildings Phase II

This article provides for the issuance of RIHEBC revenue bonds in the amount of \$2.3 million for the installation of upgraded fire alarm and sprinkler systems, as well as life safety improvements in auxiliary enterprise buildings, in accordance with the State Fire Code. The University completed extensive fire safety

improvements in academic and administrative facilities during Phase I. Phase II seeks to continue these improvements throughout auxiliary buildings. The total debt service is not expected to exceed \$3.7 million assuming an interest rate of 5.0 percent over 20 years. Annual debt service is projected at \$185,000. The University's auxiliary enterprise revenues will support the project.

Eleanor Slater Hospital

This article provides for the issuance of certificates of participation (COPs) in the amount of \$22.0 million to support an ongoing reorganization project at Eleanor Slater Hospital, the state-run psychiatric and long-term care hospital. The Budget also includes a total of \$29.9 million in Rhode Island Capital Plan (RICAP) funds through FY2021 for this purpose. Although ESH is a division of the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH), the RICAP funding is included within the Department of Administration (DOA). Hospital renovations began during FY2018, but cost estimates increased substantially after drastic changes were made to the improvement plan.

In September 2017, the hospital was denied initial accreditation by the Joint Commission for the Accreditation of Healthcare Organizations (JCAHO) due to significant ligature risks throughout several buildings. This accreditation allows ESH to bill Medicare, Medicaid, and other insurers approximately \$55.0 million annually. The JCAHO reinstated accreditation after the hospital submitted a plan to rehabilitate several buildings in order to meet federal standards, increasing the estimated project cost from \$29.9 to \$51.9 million. The reinstatement is contingent upon the hospital's ability to make these necessary improvements; failure to do so could result in the permanent loss of accreditation as well as \$55.0 million in annual revenue to the state.

Article 16 authorizes the issuance of COPs to fund the additional \$22.0 million required by the updated renovation plan. The FY2019 Budget as Enacted includes a debt service payment of \$1.1 million within DOA, offset by anticipated debt service savings of \$1.9 million related to other projects within the Department. Annual debt service payments will increase to \$2.1 million in FY2020 through FY2034. These payments will be funded through general revenues. Once completed, the project will maintain \$55.0 million in matching funds and generate additional operational savings within BHDDH. The projected debt service for the COPs is detailed below.

Debt Service on Certificates of Participation			
Fiscal Year	Principal	Interest	Debt Service
2019	-	\$1,100,000	\$1,100,000
2020	1,019,530	1,100,000	2,119,530
2021	1,070,507	1,049,023	2,119,530
2022	1,124,032	995,498	2,119,530
2023	1,180,234	939,297	2,119,530
2024	1,239,245	880,285	2,119,530
2025	1,301,208	818,323	2,119,530
2026	1,366,268	753,262	2,119,530
2027	1,434,582	684,949	2,119,530
2028	1,506,311	613,220	2,119,530
2029	1,581,626	537,904	2,119,530
2030	1,660,707	458,823	2,119,530
2031	1,743,743	375,787	2,119,530
2032	1,830,930	288,600	2,119,530
2033	1,922,476	197,054	2,119,530
2034	2,018,600	100,930	2,119,530
	\$22,000,000	\$10,892,954	\$32,892,954

Totals may vary due to rounding.

Source: RI Office of Management and Budget

Article 17: Relating to Effective Date

This article provides that the Act will take effect on July 1, 2018, except as otherwise provided herein.



APPENDIX

GENERAL REVENUE SURPLUS STATEMENT

	FY2017	FY2018	FY 2019
Opening Surplus			
Free Surplus	\$167,818,206	\$61,660,230	\$31,264,778
Reappropriated Surplus	7,848,853	10,338,899	-
Subtotal	\$175,667,059	\$71,999,129	\$31,264,778
Revenues			
Enacted/Actual/Estimated	3,675,827,389	3,834,722,506	3,681,600,000
Closing	8,530,230		
Nov. Revenue Estimating Conference		(10,322,506)	
Governor		28,013,132	266,758,008
Assembly		58,050,000	50,127,288
Total Revenues	\$3,684,357,619	\$3,910,463,132	\$3,998,485,296
To Cash Stabilization Fund	(115,565,275)	(119,163,701)	(120,892,502)
From Cash Stabilization Fund			
Total Available Resources	\$3,744,459,403	\$3,863,298,560	\$3,908,857,572
Expenditures			
Actual/Enacted/Current Svcs.	3,686,469,015	3,767,715,656	3,829,280,172
Closing	(14,008,740)		
Reappropriations		10,338,899	
Governor		28,667,043	
Assembly		25,312,184	78,926,889
Total Expenditures	\$3,672,460,275	3,832,033,782	\$3,908,207,061
Total Surplus	71,999,128	31,264,778	650,511
Free Surplus	\$71,999,128	\$31,264,778	\$650,511
<i>Operating Surplus/(Deficit)</i>	<i>(95,819,078)</i>	<i>(30,395,452)</i>	<i>(30,614,267)</i>
Rainy Day Fund	\$192,608,791	\$198,606,168	\$201,487,504

ALL FUNDS EXPENDITURES

General Government	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from		
				Enacted	FY2019 Enacted	
Administration	\$349,536,911	\$359,226,084	\$324,235,400	(\$34,990,684)	\$284,663,464	(\$74,562,620)
Business Regulation	14,129,016	15,606,183	16,087,251	481,068	24,509,397	8,903,214
Labor and Training	421,847,085	429,907,376	446,507,644	16,600,268	458,214,237	28,306,861
Revenue	471,375,964	525,371,718	524,468,834	(902,884)	584,033,516	58,661,798
Legislature	38,325,853	42,252,464	47,329,538	5,077,074	45,412,322	3,159,858
Lieutenant Governor	1,059,509	1,084,217	1,055,987	(28,230)	1,114,597	30,380
Secretary of State	9,942,146	9,350,797	9,426,487	75,690	12,300,162	2,949,365
General Treasurer	42,002,141	42,764,450	44,162,387	1,397,937	43,122,580	358,130
Board of Elections	1,969,669	1,548,735	1,604,610	55,875	5,252,516	3,703,781
Ethics Commission	1,604,233	1,665,873	1,707,819	41,946	1,812,237	146,364
Office of the Governor	5,008,393	5,397,554	5,485,187	87,633	5,633,047	235,493
Commission for Human Rights	1,557,321	1,690,102	1,718,794	28,692	1,833,011	142,909
Public Utilities Commission	8,014,894	9,136,343	9,421,260	284,917	9,934,831	798,488
Executive Office of Commerce	73,418,290	58,598,372	59,538,240	939,868	56,449,152	(2,149,220)
Total	\$1,439,791,425	\$1,503,600,268	\$1,492,749,438	(\$10,850,830)	\$1,534,285,069	\$30,684,801
Human Services						
Office of Health and Human Services	\$2,433,340,844	\$2,541,841,896	\$2,610,161,309	\$68,319,413	\$2,606,962,740	\$65,120,844
Children, Youth, and Families	222,662,113	209,049,728	232,011,974	22,962,246	227,918,654	18,868,926
Health	154,376,398	169,645,421	170,812,447	1,167,026	174,111,689	4,466,268
Human Services	626,727,849	614,682,222	629,026,421	14,344,199	632,830,659	18,148,437
BHDDH	398,887,452	397,090,236	428,377,398	31,287,162	422,451,955	25,361,719
Governor's Commission on Disabilities	669,119	842,190	871,081	28,891	1,387,275	545,085
Governor's Commission on the Deaf	493,573	627,910	583,933	(43,977)	603,178	(24,732)
Office of the Child Advocate	612,107	926,120	962,536	36,416	1,195,963	269,843
Office of the Mental Health Advocate	540,899	549,563	633,473	83,910	653,260	103,697
Total	\$3,838,310,354	\$3,935,255,286	\$4,073,440,572	\$138,185,286	\$4,068,115,373	\$132,860,087
Education						
Elementary and Secondary Education	\$1,338,608,388	\$1,402,573,543	\$1,408,010,105	\$5,436,562	\$1,444,249,758	\$41,676,215
Public Higher Education	1,089,836,243	1,180,099,008	1,182,641,383	2,542,375	1,207,574,517	27,475,509
Council on the Arts	2,905,500	3,072,310	3,088,230	15,920	3,132,046	59,736
Atomic Energy Commission	1,242,298	1,304,373	1,415,526	111,153	1,496,787	192,414
Historical Preservation and Heritage Comm.	2,666,742	2,490,767	2,542,548	51,781	2,454,026	(36,741)
Total	\$2,435,259,171	\$2,589,540,001	\$2,597,697,792	\$8,157,791	\$2,658,907,134	\$69,367,133
Public Safety						
Attorney General	\$31,812,738	\$44,129,197	\$55,695,939	\$11,566,742	\$41,602,976	(\$2,526,221)
Corrections	218,099,098	235,700,265	243,381,704	7,681,439	251,419,419	15,719,154
Judiciary	116,364,696	122,006,254	119,621,117	(2,385,137)	124,433,984	2,427,730
Military Staff	16,305,157	38,177,942	32,479,606	(5,698,336)	30,292,314	(7,885,628)
Emergency Management	15,729,044	18,454,652	19,106,477	651,825	20,325,241	1,870,589
Public Safety	135,574,869	120,977,086	121,815,601	838,515	124,504,718	3,527,632
Public Defender	11,572,721	12,140,826	11,848,170	(292,656)	12,676,516	535,690
Total	\$545,458,323	\$591,586,222	\$603,948,614	\$12,362,392	\$605,255,168	\$13,668,946
Natural Resources						
Environmental Management	\$78,673,038	\$103,951,092	\$102,159,164	(\$1,791,928)	\$108,689,507	\$4,738,415
Coastal Resources Management Council	5,968,407	4,836,869	6,984,779	2,147,910	6,468,424	1,631,555
Total	\$84,641,445	\$108,787,961	\$109,143,943	\$355,982	\$115,157,931	\$6,369,970
Transportation						
Transportation	\$415,815,151	\$514,065,072	\$588,066,998	\$74,001,926	\$591,021,131	\$76,956,059
Grand Total	\$8,759,275,869	\$9,242,834,810	\$9,465,047,357	\$222,212,547	\$9,572,741,806	\$329,906,996

GENERAL REVENUE EXPENDITURES

General Government	FY2017 Actual	FY2018 Enacted	FY2018 Revised	Change from		
				Enacted	Enacted	
Administration	\$217,802,033	\$216,198,914	\$192,863,132	(\$23,335,782)	\$177,080,380	(\$39,118,534)
Business Regulation	9,864,377	10,815,093	10,831,230	16,137	17,430,457	6,615,364
Labor and Training	7,010,095	8,094,063	8,993,067	899,004	14,464,955	6,370,892
Revenue	110,837,270	143,622,132	148,430,966	4,808,834	178,831,507	35,209,375
Legislature	36,925,853	40,522,507	45,684,781	5,162,274	43,691,627	3,169,120
Lieutenant Governor	1,059,509	1,084,217	1,055,987	(28,230)	1,114,597	30,380
Secretary of State	9,478,004	8,911,319	8,859,416	(51,903)	9,875,734	964,415
General Treasurer	2,653,651	2,698,692	2,895,397	196,705	2,973,776	275,084
Board of Elections	1,969,669	1,548,735	1,604,610	55,875	5,252,516	3,703,781
Ethics Commission	1,604,233	1,665,873	1,707,819	41,946	1,812,237	146,364
Office of the Governor	5,008,393	5,397,554	5,485,187	87,633	5,633,047	235,493
Commission for Human Rights	1,247,603	1,258,074	1,273,387	15,313	1,335,441	77,367
Public Utilities Commission	-	-	-	-	-	-
Executive Office of Commerce	54,708,755	33,057,819	32,403,550	(654,269)	30,289,375	(2,768,444)
Total	\$460,169,445	\$474,874,992	\$462,088,529	(\$12,786,463)	\$489,785,649	\$14,910,657
Human Services						
Office of Health and Human Services	\$944,892,151	\$964,299,956	\$979,459,704	\$15,159,748	\$982,916,072	\$18,616,116
Children, Youth, and Families	159,769,535	145,855,862	166,516,568	20,660,706	161,614,041	15,758,179
Health	25,499,236	24,893,123	26,587,117	1,693,994	28,963,829	4,070,706
Human Services	90,573,454	91,113,618	100,858,686	9,745,068	97,999,785	6,886,167
BHDDH	182,335,176	176,448,622	191,949,876	15,501,254	188,091,966	11,643,344
Governor's Commission on Disabilities	418,544	454,938	482,316	27,378	1,002,537	547,599
Governor's Commission on the Deaf	421,448	498,710	454,733	(43,977)	523,178	24,468
Office of the Child Advocate	470,981	781,499	728,558	(52,941)	969,922	188,423
Office of the Mental Health Advocate	540,899	549,563	633,473	83,910	653,260	103,697
Total	\$1,404,921,424	\$1,404,895,891	\$1,467,671,031	\$62,775,140	\$1,462,734,590	\$57,838,699
Education						
Elementary and Secondary Education	\$1,113,255,422	\$1,161,071,396	\$1,161,321,687	\$250,291	\$1,188,639,908	\$27,568,512
Public Higher Education	198,362,977	220,882,593	220,931,063	48,470	230,093,700	9,211,107
Council on the Arts	1,906,356	1,945,056	1,925,553	(19,503)	2,007,993	62,937
Atomic Energy Commission	956,464	982,157	1,029,227	47,070	1,078,908	96,751
Historical Preservation and Heritage Comm.	1,131,750	1,121,134	1,031,084	(90,050)	1,210,054	88,920
Total	\$1,315,612,969	\$1,386,002,336	\$1,386,238,614	\$236,278	\$1,423,030,563	\$37,028,227
Public Safety						
Attorney General	\$25,379,778	\$26,194,751	\$25,502,908	(\$691,843)	\$27,959,192	\$1,764,441
Corrections	212,327,677	218,300,828	231,267,447	12,966,619	237,063,223	18,762,395
Judiciary	97,047,499	98,964,477	98,901,366	(63,111)	101,994,888	3,030,411
Military Staff	2,571,436	2,634,057	2,977,683	343,626	3,081,090	447,033
Emergency Management	1,847,848	1,734,470	1,891,382	156,912	2,043,945	309,475
Public Safety	100,470,169	100,279,086	100,929,928	650,842	103,337,018	3,057,932
Public Defender	11,511,842	12,043,006	11,747,185	(295,821)	12,575,531	532,525
Total	\$451,156,249	\$460,150,675	\$473,217,899	\$13,067,224	\$488,054,887	\$27,904,212
Natural Resources						
Environmental Management	\$38,207,990	\$39,304,184	\$40,346,751	\$1,042,567	\$41,841,215	\$2,537,031
Coastal Resources Management Council	2,392,189	2,487,578	2,470,958	(16,620)	2,760,157	272,579
Total	\$40,600,179	\$41,791,762	\$42,817,709	\$1,025,947	\$44,601,372	\$2,809,610
Grand Total	\$3,672,460,266	\$3,767,715,656	\$3,832,033,782	\$64,318,126	\$3,908,207,061	\$140,491,405

FTE POSITIONS

	FY2018	FY2018	Change	FY2019	Change
	Enacted	Revised	from	Enacted	from
			Enacted	Enacted	Enacted
General Government					
Administration	696.7	697.7	1.0	655.7	(41.0)
Business Regulation	101.0	106.0	5.0	161.0	60.0
Labor and Training	428.7	428.7	-	409.7	(19.0)
Revenue	533.5	529.5	(4.0)	604.5	71.0
Legislature	298.5	298.5	-	298.5	-
Lieutenant Governor	8.0	8.0	-	8.0	-
Secretary of State	59.0	59.0	-	59.0	-
General Treasurer	89.0	89.0	-	89.0	-
Board of Elections	12.0	12.0	-	13.0	1.0
Ethics Commission	12.0	12.0	-	12.0	-
Office of the Governor	45.0	45.0	-	45.0	-
Commission for Human Rights	14.5	14.5	-	14.5	-
Public Utilities Commission	51.0	51.0	-	53.0	2.0
Executive Office of Commerce	17.0	17.0	-	16.0	(1.0)
Total	2,365.9	2,367.9	2.0	2,438.9	73.0
Human Services					
Office of Health and Human Services	285.0	285.0	-	192.0	(93.0)
Children, Youth, and Families	616.5	616.5	-	631.5	15.0
Health	493.6	506.6	13.0	514.6	21.0
Human Services	981.1	981.1	-	1,020.1	39.0
BHDDH	1,319.4	1,319.4	-	1,302.4	(17.0)
Governor's Commission on Disabilities	4.0	4.0	-	4.0	-
Governor's Commission on the Deaf	4.0	4.0	-	4.0	-
Office of the Child Advocate	8.0	8.0	-	10.0	2.0
Office of the Mental Health Advocate	4.0	4.0	-	4.0	-
Total	3,715.6	3,728.6	13.0	3,682.6	(33.0)
Education					
Elementary and Secondary Education	325.1	325.1	-	321.1	(4.0)
Public Higher Education	3,567.0	3,568.0	1.0	3,605.5	38.5
Council on the Arts	8.6	8.6	-	8.6	-
Atomic Energy Commission	8.6	8.6	-	8.6	-
Historical Preservation and Heritage Comm.	15.6	15.6	-	15.6	-
Total	3,924.9	3,925.9	1.0	3,959.4	34.5
Public Safety					
Attorney General	235.1	235.1	-	237.1	2.0
Corrections	1,423.0	1,435.0	12.0	1,416.0	(7.0)
Judiciary	723.3	723.3	-	723.3	-
Military Staff	92.0	92.0	-	92.0	-
Emergency Management	32.0	32.0	-	32.0	-
Public Safety	611.6	610.6	(1.0)	564.6	(47.0)
Public Defender	93.0	93.0	-	95.0	2.0
Total	3,210.0	3,221.0	11.0	3,160.0	(50.0)
Natural Resources					
Environmental Management	400.0	400.0	-	395.0	(5.0)
Coastal Resources Management Council	29.0	29.0	-	30.0	1.0
Total	429.0	429.0	-	425.0	(4.0)
Transportation					
Transportation	775.0	775.0	-	755.0	(20.0)
Higher Education Sponsored Research					
Office of Higher Education	1.0	1.0	-	1.0	-
CCRI	89.0	89.0	-	89.0	-
RIC	76.0	76.0	-	76.0	-
URI	573.8	573.8	-	622.8	49.0
Total	739.8	739.8	-	788.8	49.0
Grand Total	15,160.2	15,187.2	27.0	15,209.7	49.5

Senate Fiscal Office

Stephen H. Whitney

Senate Fiscal Advisor

Executive Office of Health and Human Services

Sandra L. Berube

Legislative Grant Coordinator

Legislative Grants

Robert C. Bromley

Senior Legislative Fiscal Analyst

Administration

Board of Elections

Commission on Disabilities

Convention Center Authority

Ethics Commission

General Treasurer

Governor

Health

Human Rights Commission

I-195 Redevelopment Commission

Lieutenant Governor

Military Staff

Public Defender

Public Utilities Commission

Quonset Development Corporation

RI Emergency Management Agency

Secretary of State

Kelly M. Carpenter

Legislative Fiscal Analyst II

Arts Council

Atomic Energy Commission

Coastal Resources Management Council

Commission on Deaf and Hard of Hearing

Elementary and Secondary Education

Environmental Management

Health & Educational Building Corporation

Higher Education

Judiciary

Narragansett Bay Commission

Resource Recovery Corporation

RI Infrastructure Bank

Student Loan Authority

David Tremblay

Deputy Senate Fiscal Advisor

Business Regulation

Executive Office of Commerce

Legislature

Public Safety

Revenue

RI Commerce Corporation

RIHMFC (RI Housing)

Emily W. Tumber

Legislative Fiscal Analyst I

Behavioral Healthcare, Developmental

Disabilities, and Hospitals

Child Advocate

Children, Youth, and Families

Mental Health Advocate

Shanna Vecchio-Schubert

Legislative Fiscal Analyst I

Attorney General

Corrections

Historic Preservation and Heritage Commission

Human Services

Labor and Training

RI Airport Corporation

RI Public Transit Authority

RI Turnpike & Bridge Authority

Transportation