



SENATE FISCAL OFFICE
REPORT

FY2020 BUDGET AS ENACTED

2019-H-5151 SUB A AS AMENDED

INCLUDING FY2019 REVISED BUDGET

SEPTEMBER 5, 2019

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EXECUTIVE SUMMARY

Executive Summary

The Budget represents the \$9.97 billion spending plan for the State for the fiscal year ending June 30, 2020 (FY2020). Also included is the revised spending plan for the current fiscal year ending June 30, 2019 (FY2019). The Budget Reserve and Cash Stabilization Account (Rainy Day Fund) is fully-funded. The following document summarizes key budget initiatives and changes.

Expenditures by Source	FY2018	FY2019	FY2019	Change to Enacted		FY2020	Change to Enacted	
	Final	Enacted	Supp.			Budget		
General Revenue	\$3,798.7	\$3,908.2	\$3,933.8	\$25.6	0.7%	\$4,077.6	\$169.4	4.3%
Federal Funds	2,996.5	3,208.2	3,334.5	126.3	3.9%	3,325.4	117.2	3.7%
Restricted Receipts	258.6	281.8	287.1	5.3	1.9%	311.4	29.6	10.5%
Other Funds	1,978.5	2,174.5	2,191.0	16.4	0.8%	2,256.3	81.7	3.8%
Total	\$9,032.2	\$9,572.7	\$9,746.4	\$173.6		\$9,970.6	\$397.9	4.2%
FTE Authorization	15,186.2	15,209.7	15,221.7	12.0	0.1%	15,074.7	(135.0)	-0.9%

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

GENERAL REVENUE SURPLUS STATEMENT

	FY2017	FY2018	FY 2019	FY 2020
Opening Surplus				
Free Surplus	\$167,818,206	\$61,660,230	\$52,525,379	\$25,464,117
Reappropriated Surplus	7,848,853	10,338,899	10,057,409	-
Subtotal	\$175,667,059	\$71,999,129	\$62,582,788	\$25,464,117
Revenues				
Enacted/Actual/Estimated	3,675,827,389	3,908,384,435	3,998,485,298	3,950,250,000
Governor			10,786,873	248,637,451
Assembly			9,585,014	(20,158,780)
Total Revenues	\$3,684,357,619	\$3,908,384,435	\$4,018,857,185	\$4,178,728,671
To Cash Stabilization Fund	(115,565,275)	(119,101,340)	(122,141,477)	(126,125,784)
From Cash Stabilization Fund				
Expenditures				
Actual/Enacted/Current Svcs.	3,686,469,015	3,798,699,436	3,908,207,061	4,107,591,973
Reappropriations			10,057,409	
Governor			28,787,783	(32,498,834)
Assembly			(13,217,874)	2,501,852
Total Expenditures	\$3,672,460,275	3,798,699,436	\$3,933,834,379	\$4,077,594,991
Total Surplus	71,999,128	62,582,788	25,464,117	472,013
Reappropriations		(10,057,409)		
Free Surplus	\$71,999,128	52,525,379	\$25,464,117	\$472,013
<i>Operating Surplus/(Deficit)</i>	<i>(95,819,078)</i>	<i>922,558</i>	<i>(27,061,262)</i>	<i>(24,992,104)</i>
Rainy Day Fund	\$192,608,791	\$198,502,233	\$203,619,128	\$210,083,139

REVENUE CHANGES:

- **Sales Tax Changes:** Expands the sales and use tax to include digitally downloaded content (\$2.6 million increase) and exempts feminine hygiene products, urns, and funeral shrouds from sales and use taxes (\$75,000 reduction).
- **Rebuild RI Sales Tax Exemptions:** Adds \$5.6 million by subjecting Rebuild RI sales tax exemptions to the program cap and requires the tax credit fund to repay foregone revenue tax accounts.
- **E-911 Restricted Receipts:** Eliminates current E-911 and Emergency Services surcharges and levies equivalent E-911 fees that will fund agency operations from a restricted account, and a first response surcharge to fund public safety response through general revenues.
- **Attorney General Settlements:** Increases revenues by \$5.0 million from several recently negotiated multi-state settlements through the Office of Attorney General.
- **Quasi-Public Transfers:** Requires the transfer of \$13.2 million from five separate quasi-public agencies.
- **Hospital License Fee:** Reauthorizes the hospital license fee at a rate of 6.0 percent of patient services revenue, consistent with the fee included in the FY2019 Enacted Budget. This will generate \$193.8 million in FY2020, or \$13.0 million more than Enacted, based on a higher patient revenue base.
- **Medical Marijuana Changes:** Increases the number of medical marijuana compassion centers in the State from three to nine, generating \$3.0 million in licensing fees. The Budget also increases medical marijuana compassion center application fees from \$250 to \$10,000 and license fees from \$250,000 to \$500,000.

STATEWIDE CHANGES:

- **FTE Authorization:** Authorizes 15,074.7 FTE positions, 339.0 positions less than proposed by the Governor and 135.0 FTE positions less than authorized in the FY2019 Budget as Enacted.

GENERAL GOVERNMENT:

- **Government Efficiency Savings:** Includes general revenue savings of \$4.4 million in FY2020, reflecting the allocation of several savings recommendations from the Governor's Commission on Government Efficiency.
- **Debt Service:** Includes \$158.8 million in general revenue for debt service. This includes an increase of \$6.5 million for debt related to the Historic Structures Tax Credit, an increase of \$2.0 million for the Rhode Island Convention Center Authority, \$1.7 million for debt service related to the new Garrahy Garage project, and \$446,819 for 38 Studios debt service, recognizing the collection of additional \$1.1 million settlement payment in 2019.
- **Personnel and Operating Reforms:** Includes savings of \$4.6 million in general revenue savings, reflecting savings of \$1.9 million through the Fraud, Waste, and Abuse initiative, \$1.7 million through the Injured on Duty statutory changes, and \$1.0 million from overtime savings.
- **Complete Count (Census 2020):** Provides \$500,000 in FY2020, reflecting an additional \$350,000 over the amount recommended by the Governor to ensure the state maximizes outreach and individual count for the 2020 Census.
- **Water Resources Board:** Maintains the Water Resources Board at the Department of Administration.
- **State Studies:** Does not include funding for a disparity study for the Office of Diversity, Equity, and Opportunity nor does it include funding in the FY2019 Revised Budget to contract with Civic Initiatives for a study to find cost savings. The Governor proposed these studies as part of the FY2020 budget submission.

- **License Plate Reissuance:** Requires the reissuance of license plates beginning June 1, 2020 and provides \$343,000 to fund implementation. The Governor attempted to remove the reissuance requirement.
- **Permit Fees:** Eliminates permit fees for parking facilities located in the Warwick Airport Parking District and two gasoline permits, reducing general revenues by \$51,680.
- **Injured on Duty:** Amends Injured on Duty requirements for state employees receiving payments, resulting in a general revenue savings of \$1.7 million.
- **Office of Cannabis Regulation:** Establishes the Office of Cannabis Regulation within the Department of Business Regulation to oversee the licensing of the medical marijuana program and CBD products.

ECONOMIC DEVELOPMENT:

- **Rebuild RI:** Makes a number of changes to the Rebuild RI tax credit program:
 - Adds \$60.0 million to the program cap, increasing it to \$210.0 million.
 - Subjects Rebuild RI sales tax exemptions to the program and per-project caps, and requires the tax credit fund to repay foregone revenue tax accounts.
 - Provides a special exemption to the per-project and overall caps for projects on parcels 42 and P4 in the I-195 Redevelopment District (proposed site of the Fane Tower).
 - Expands definitions under the program to include many historic parcels.
 - Extends the program sunset date from July 1, 2020, to December 31, 2020.
- **Motion Picture and Musical and Theatrical Production Credit:** Increases the annual program cap to \$20.0 million and extends the sunset to 2027.
- **Historic Tax Credit Program:** Extends the sunset for the existing program.
- **Small Business Development Fund:** Creates a new fund at the Executive Office of Commerce that authorizes the creation of multiple private capital funds designed to invest in small, Rhode Island-based businesses. The funding is targeted at the gap in financing that exists for many small businesses and start-ups.
- **Special Economic Development Districts:** Allows for the creation of special economic development districts and designates the I-195 Commission District as such.
- **I-195 Redevelopment Fund:** Eliminates \$1.0 million for the I-195 Redevelopment Fund, but provides \$761,000 for Commission operating costs and \$450,000 in RICAP funds for capital projects.
- **Qualified Jobs Incentive Program:** Limits future awards under the program to 75.0 percent of taxable withholding.
- **Opportunity Zones:** Accelerates the time period in which the entire capital gains liability is eliminated, from ten years down to seven, as an incentive for investors to locate in Rhode Island.

EDUCATION:

- **Funding Formula:** Increases FY2019 general revenue funding by \$31.2 million, relative to the FY2019 Budget as Enacted, to adjust the eighth-year formula calculation for districts, charter, and state schools, based on March 2019 district and charter school enrollment.
- **Early Childhood Education:** Adds \$8.6 million in general revenue to increase funding for early childhood education categorical to \$14.9 million.

- **English Learners Aid:** Adds \$2.5 million from general revenue to support English language learners that are in the most intensive programs, increasing funding to \$5.0 million.
- **FY2019 Audit Adjustment:** Includes \$1.8 million to hold districts harmless for an audit adjustment to correct an error in data used to calculate FY2019 education aid.
- **Literacy/Dyslexia Training (1.0 FTE position):** Provides \$250,000 in general revenue to fund a new literacy position in the Department and to support curriculum for literacy and students with dyslexia. Funds are intended to strengthen literacy screenings to detect dyslexia, coordinate Orton-Gillingham training statewide, and provide additional resources to improve literacy practices.
- **School Leadership (1.0 FTE position):** Provides \$150,000 in general revenue for a position to support school principals, increase the diversity of the state’s school leadership and educator pipeline, and support the principal certification process.
- **School Improvement (1.0 FTE position):** Adds \$120,000 in general revenue for a new school improvement position to support districts in creating school improvement teams, strategic plans, and a district review process.
- **STEM Curriculum (1.0 FTE position):** Provides \$120,000 in general revenue to support a new science, technology, engineering, and mathematics (STEM) curriculum position to assist with the development of science curriculum frameworks and the identification of high-quality instructional materials.
- **Curriculum:** Includes \$100,000 to promote the adoption of high-quality curriculum by Local Education Agencies (LEAs). The funding will be used to evaluate existing LEA curriculum resources, assist districts with identifying and selecting high-quality curriculum, professional learning, and addressing the needs of student with disabilities.
- **Teacher Retirement:** increases general revenue funding by \$6.2 million for teacher retirement based on actual wages through March 2019.
- **Transportation Categorical:** Increases general revenues by an additional \$250,000 in state aid for costs associated with transporting students within a regionalized district.
- **Child Opportunity Zones (COZs):** Provides an additional \$50,000 for COZs for a total general revenue funding of \$395,000. COZs provide integrated education, health, and social services to student attending public school in ten communities across Rhode Island.
- **Co-Locate OPC and RIDE (6.0 FTE position reduction):** Based on the Governor’s recommendation from the Efficiency Commission, the Budget realizes \$1.0 million in general revenue savings from the co-location of the Office of the Postsecondary Commission (OPC) with the Department of Elementary and Secondary Education.
 - Preserves current General Assembly authority over URI
 - 13 voting members constitute a quorum
 - Members will serve staggered terms
 - Chair of Board elected by majority of members
 - Takes effect January 1, 2020

Analyst Note: The legislation does not transfer current rules and policies from OPC of the Board of Education; consequently, the Board will have to decide which to codify, including the current tuition policy for undocumented students. That said, the Board and the University will be working to ensure that students are not negatively impacted by the change in governance.

URI's Mission, Transformational Goals, and Academic Strategic Plan, all highlight our commitment to access and affordability and the change in governing structure will not change those underlining guiding principles.

- **Performance Incentive Fund:** Adds \$4.1 million in performance incentive funds across the three state intuitions: URI (\$1.6 million), RIC (\$1.3 million), and CCRI (\$1.2 million). (\$7.1 million total)
- **URI – Online Education Program Expansion:** Includes \$1.8 million in general revenue to expand the online degree program at URI. The funds will be used to increase course offerings, introduce new degree programs, and establish online tutoring and a helpdesk. FY2020 represents the first year of a 3-year request to provide \$1.6 to \$1.8 million annually to establish URI online and accelerate the degree development program. URI anticipates the online program will be fully self-supporting by year four.
- **RIC Operating Support:** Adds \$1.5 million from general revenue to provide additional operating support for RIC and restores need-based scholarship funding; however, the Budget does not provide for the expansion of the RI Promise program.
- **Rhode Island Promise Program:** Adds \$981,425 (\$7.0 million total) to fund the second year of the Rhode Island Promise Scholarship program (RI Promise).
- **Best Buddies:** Increases general revenue support for the Best Buddies program by \$15,000 for a total of \$75,000 in FY2020.
- **New England Board of Higher Education Dues:** The Budget provides \$147,000 in general revenue to pay the membership dues for the New England Board of Higher Education (NEBHE).

LOCAL/MUNICIPAL ISSUES AND AID:

- **Motor Vehicle Excise Tax Phase-out:** Provides a total of \$94.3 million in aid to municipalities to offset the lost tax revenue. This is \$38.0 million more than the FY2019 Enacted level.
- **Central Falls Support:** Adds general revenue funding of \$600,000 to support operations in the City of Central Falls.

HEALTH AND HUMAN SERVICES:

- **Cash Assistance:** Includes cash assistance caseload savings as identified in the May 2019 Caseload Estimating Conference. The Budget reduces general revenue expenditures by \$1.4 million (\$2.6 million all funds). The estimates include Rhode Island Works, CCAP, and SSI.
- **Child Care Assistance:** Includes a general revenue savings of \$630,354 for child care assistance. The Budget includes an additional \$150,000 to fund increased reimbursement rates for licensed family child care providers caring for infants and toddlers. This increase is offset by a 780,345 decrease related to the recoupment of payments made to child care providers during the child care reconciliation process.
- **Medical Assistance:** Includes medical assistance caseload costs as identified in the May 2019 Caseload Estimating Conference. The Budget adds \$30.5 million in general revenue funding for Medicaid. The estimate includes all managed care programs as well as fee-for-service hospital, long-term care, and pharmacy expenditures.
- **Hospital Payments:** Increases Medicaid payments for inpatient and outpatient hospital services. The Budget includes a 7.2 percent rate increase for all services, increases the Disproportionate Share Hospital (DSH) payment from \$139.7 million to \$142.4 million, and eliminates the inpatient Upper

Payment Limit (UPL). The Budget also restores the Graduate Medical Education (GME) payment which was eliminated in the Governor's Budget.

- **Nursing Homes:** Provides a 1.0 percent cost-of-living adjustment (COLA) rate increase for nursing facilities on October 1, 2019.
- **Home Care Providers:** Provides an annual rate inflator for fee-for-service home care services paid through EOHHS, DHS, and BHDDH, beginning in FY2020.
- **DCYF Accreditation:** Requires that the Department of Children, Youth, and Families (DCYF) seek accreditation through the Council on Accreditation, a national human services accrediting organization. The Department must initiate the application process by September 1, 2019, with an accreditation plan due to the Governor and General Assembly by October 1, 2020. The Budget includes \$500,000 from general revenues to support the application fee and incidental personnel costs.
- **Female Residential Treatment Facility:** Includes \$1.5 million in Rhode Island Capital Plan (RICAP) funding to support the acquisition and development of an in-State residential treatment facility for young women with complex behavioral health needs. Due to the lack of in-State capacity, these youth are currently placed in the Rhode Island Training School or an out-of-State facility.
- **Direct Support Professionals:** Enables a wage increase for direct support professionals (DSPs) who care for individuals with developmental disabilities on October 1, 2019. The Budget includes \$4.5 million from general revenues (\$9.5 million all funds) within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to increase wages from an average of \$12.27 per hour to an average of \$13.09 per hour.
- **Health Insurance Market:** Promotes health insurance market stability with a reinsurance program for health insurance carriers in the state. The program will be funded by federal funds and a shared responsibility payment penalty assessed on applicable individuals who fail to maintain minimum essential coverage. The Budget includes \$400,000 of general revenue for one-time administrative and implementation costs of the payment penalty.
- **Health Facilities Regulation:** Adds \$624,047 in general revenue and 3.0 FTE positions in the Department of Health to reduce a backlog of uninvestigated complaints, facility-reported incidents, and routine annual inspections of certain state-licensed hospitals, assisted living facilities, and other health facilities.
- **Opioid Stewardship Act:** Establishes an opioid registration fee paid by all manufacturers, distributors, and wholesalers of opioids. Registration fees are based on the licensee's market share of opioid sales, with the total fund equating \$5.0 million. The fund will assist the state in combatting the opioid epidemic by providing funding for opioid addiction treatment, recovery, prevention, education services, and other related programs.
- **Developmental Disability Services:** Increases general revenue funding by \$2.8 million to reflect anticipated costs for community-based programs supporting adults with intellectual and developmental disabilities.
- **Health Homes Initiative:** Leverages \$13.0 million in federal funds to establish a conflict-free case management system. The Health Homes Initiative has a 90.0 percent match for the first eight quarters, and shifts from fee-for-service to a value-based payment method for individuals with intellectual and/or developmental disabilities.

PUBLIC SAFETY:

- **State Match Medicaid Fraud:** Saves \$250,000 by delaying a project to procure data mining services for Medicaid/Medicare fraud prevention.

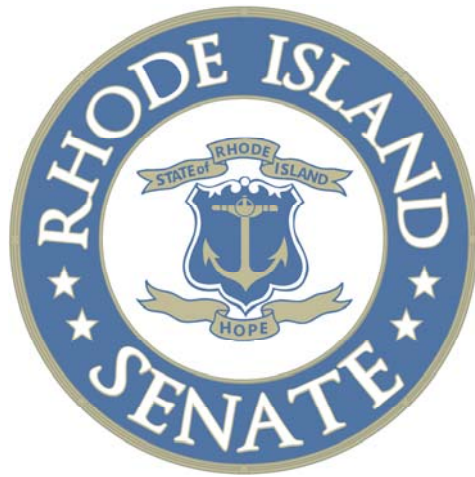
- **Google Forfeiture Funds:** Includes an \$8.7 million decrease in federal Google forfeiture funds. The Department of the Attorney General used the funds for the design and construction of a new customer service center in the Pastore Complex. The building was completed in the summer of 2018. The Budget includes \$1.7 million in FY2020 to be used for the ongoing redesign and renovation of the Department's main headquarters at 150 South Main Street.
- **Correctional Officer Class:** Includes an additional \$1.1 million in general revenues for a Correction Officer (CO) training class in FY2020. This will be the Department of Corrections' 83rd class and 70.0 Correctional Officers are anticipated to graduate.
- **U.S. Department of Justice Lawsuit:** Decreases general revenue within the Department of Corrections by \$728,539 related to the U.S. Department of Justice (DOJ) lawsuit. The decrease is comprised of a \$450,000 reduction related to cash payouts that are expected to be completed in FY2019, and a \$278,539 decrease related to legal services that are no longer needed as the lawsuit is settled.
- **Department of Corrections Personnel:** Includes an additional \$5.3 million in general revenues for personnel costs within Custody and Security at the Department of Corrections. The Budget does not include renovations to High Security as proposed by the Governor and includes an additional \$1.8 million to restore assumed savings. In addition, the Budget includes an additional \$3.2 million to restore overtime costs to historical levels.
- **Drug Court Diversion Program:** Includes 2.0 FTE case manager positions and 1.0 FTE supervisor position for the Drug Court Diversion program.
- **Defense of Indigent Persons:** Provides an increase of \$459,508 (\$4.4 million total general revenue) for the Defense of Indigent Persons.
- **Security Services:** Provides additional funding of \$453,300 for security services across the system, for total general revenue funding of \$834,500.
- **Judicial Appointments:** Funds six newly appointed judgeship positions (\$924,204 general revenue, \$1.4 million all funds). The positions can be filled from vacancies within the Judiciary; hence, no new FTE positions are provided.
- **E-911 Restricted Receipts:** Eliminates current E-911 and Emergency Services surcharges and levies equivalent E-911 fees that will fund agency operations from a restricted account, and a first response surcharge to fund public safety response through general revenues.
- **E-911 Training Funds:** Provides \$222,000 in restricted funding for E-911 to train telecommunicators in emergency medical dispatch training.

NATURAL RESOURCES:

- **Parks Operating:** Adds \$546,643 in general revenues for operating expenses in State parks and 3.0 FTE positions.
- **Beach Parking:** Does not include the increased beach parking fee proposed by the Governor.
- **Personnel Costs:** Adds over \$500,000 in general revenue funded personnel costs to maintain the current staffing and program levels, while achieving turnover savings more in line with historic levels.
- **Local Agriculture Seafood Act (LASA):** Continues to provide \$100,000 in general revenue for the LASA to support expanding small businesses and increase the competitiveness of local seafood.
- **Conservation Districts:** Continues to provide \$50,000 in general revenue for the Conservation Districts, not-for-profit, quasi-public subdivisions of state government, administered by volunteers in the community.

TRANSPORTATION/TRANSIT:

- **Federal Grants:** Includes an additional \$21.5 million in federal Transportation Investment Generating Economic Recovery (TIGER) and Better Utilizing Investments to Leverage Development (BUILD) grants. The new grants will support the Department of Transportation's projects for the Pell Bridge ramps and the construction of the new Pawtucket/Central Falls commuter rail station and bus hub.
- **Gas Tax:** Includes an additional \$11.2 million in gas tax funds related to an increase in the gas tax (cents per gallon) and the motor fuel tax yield (per penny yield). These additional funds are allocated to the Department of Transportation, the Rhode Island Turnpike and Bridge Authority, the Rhode Island Public Transit Authority, and the Department of Human Services.



DEPARTMENTAL SUMMARIES

Department of Administration

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Accounts and Control	\$5.1	\$5.6	\$5.0	(\$0.6)	-10.2%	\$5.6	(\$0.0)	-0.1%
Office of Management and Budget	9.1	10.5	9.3	(1.3)	-11.9%	9.8	(0.7)	-6.5%
Capital Asset Management and Maintenance	8.4	10.6	9.7	(0.9)	-8.5%	9.8	(0.8)	-7.6%
Construction Permitting, Approvals and Licensing	3.2	-	-	-	-	-	-	-
Central Management	2.8	2.7	2.2	(0.5)	-19.9%	2.4	(0.4)	-12.8%
Debt Service Payments	179.6	182.7	164.9	(17.8)	-9.7%	197.1	14.4	7.9%
Energy Resources	5.1	8.7	9.5	0.8	9.3%	8.8	0.1	1.3%
Facilities Management	1.0	-	-	-	-	-	-	-
General	53.9	45.4	59.7	14.3	31.5%	62.6	17.2	37.8%
Human Resources	1.2	1.3	0.8	(0.5)	-37.9%	0.8	(0.5)	-37.9%
Information Technology	22.8	11.9	18.4	6.5	54.9%	8.4	(3.5)	-29.6%
Legal Services	1.9	2.4	2.0	(0.4)	-17.3%	2.3	(0.1)	-5.4%
Library and Information Services	2.5	2.7	2.5	(0.1)	-5.0%	2.6	(0.1)	-1.9%
Personnel Appeal Board	0.1	0.1	0.1	-	-	0.2	-	0.0%
Personnel and Operational Reforms	-	(20.1)	(3.0)	17.1	-85.1%	(4.6)	15.5	-77.1%
Planning	3.5	5.8	5.7	(0.1)	-2.3%	6.5	0.6	10.7%
Purchasing	3.6	3.9	3.8	(0.1)	-2.1%	4.3	0.4	10.3%
Rhode Island Health Benefits Exchange (HealthSource RI)	9.7	8.9	10.3	1.3	14.9%	10.0	1.0	11.6%
The Office of Diversity, Equity and Opportunity	1.1	1.4	1.3	(0.1)	-4.8%	1.4	0.0	2.6%
Total	\$314.5	\$284.6	\$302.4	\$17.7	6.2%	\$327.9	\$43.2	15.2%
Expenditures By Source								
General Revenue	\$189.9	\$177.1	\$172.5	(\$4.6)	-2.6%	\$206.6	\$29.6	16.7%
Federal Funds	7.7	3.9	4.8	0.9	24.1%	4.2	0.3	7.3%
Restricted Receipts	30.7	26.6	34.5	7.9	29.8%	24.4	(2.2)	-8.2%
Other Funds	86.3	77.1	90.6	13.5	17.5%	92.7	15.6	20.2%
Total	\$314.5	\$284.6	\$302.4	\$17.7	6.2%	\$327.9	\$43.2	15.2%
Authorized FTE Levels	697.7	655.7	655.7	-	-	647.7	(8.0)	-1.2%

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

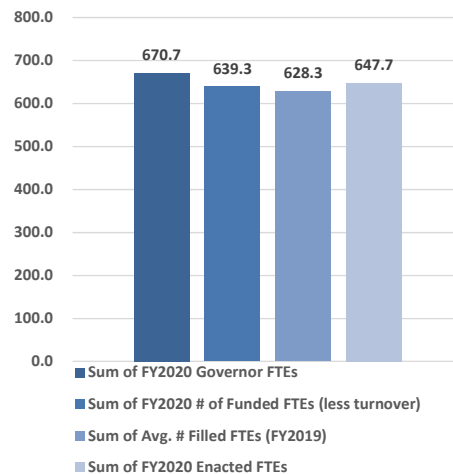
The Department of Administration's primary function is to provide support services to state departments and agencies. The Department of Administration was created to consolidate the finance, purchasing, and management functions of the State. There are 17 sub-programs with specific functions within the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

MAJOR ISSUES AND TRENDS

The Budget includes an all funds appropriation of \$327.9 million in FY2020, reflecting a net increase of \$43.2 million from the FY2019 Budget as Enacted. General revenues total \$206.6 million and comprise 63.0 percent of the Department's total appropriation. For FY2020, general revenues increase by \$29.6 million from the previous fiscal year, primarily due to increased debt service requirements and less personnel and operating savings.

The Budget includes a net decrease of 8.0 FTE positions, consisting of the return transfer of 2.0 FTE positions for the Water Resources Board that is offset by a reduction of 10.0 unspecified vacant FTE positions as part of the statewide reduction of 203.0 vacant FTE positions. As of June 25, the total number of statewide vacancies was 1,047.3 positions.

FTE Snapshot



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
FY2019 Enacted	\$5,345,087
<i>Target and Other Adjustments</i>	<i>7,844</i>
Federal Grants Management Office	328,293
Information Technology Charges	(269,181)
FY2020 Enacted	\$5,412,043

Accounts and Control	Other Fund Changes
OPEB Administrative Expenses	(\$75,329)

Federal Grants Management Office **\$328,293**

The Budget eliminates the Office of Federal Grants Management within the Office of Management and Budget (OMB) and transfers the responsibility of federal grants management to the State Controller under the Accounts and Control program. Currently, there is 1.0 FTE position in the Office of Federal Grants Management. According to the Department, the FTE position and funding will internally transfer between the two offices. The transfer eliminates a potential conflict of interest because the Office of Federal Grants Management reported administratively to the Office of Internal Audits, thereby prohibiting the audit of the program. Generally accepted audit standards require the auditor to be independent and objective. Since Office of Internal Audit is responsible for oversight of the federal grants, there is no independence. By moving the responsibility for federal grants management to Accounts and Control, the conflict is avoided.

Information Technology Charges **(\$269,181)**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. 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 FY2019 Budget as Enacted appropriated \$1.1 million for this expense, which is reduced by \$269,181 to \$867,879 in the FY2020 proposed budget.

OPEB Administrative Expenses (restricted receipts) **(\$75,329)**

The Budget funds personnel and contract service costs associated with the administration of the Other Post Employment Benefit (OPEB) Trust Fund. This includes \$149,966, of which \$49,966 is salary and benefit expenses and \$100,000 is actuarial expenses. This is a decrease of \$75,329 in restricted receipts from the FY2019 Budget as Enacted. 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
FY2019 Enacted	\$9,011,679
<i>Target and Other Adjustments</i>	
Federal Grants Management Office	295,016
Data Analytics Pilot - DCYF	(386,268)
Software Maintenance Agreements	(300,000)
Special Legal Counsel - Regulatory Reform	(229,581)
FY2020 Enacted	\$8,220,142

Federal Grants Management Office **(\$386,268)**

The Budget transfers the Office of Federal Grants Management within the Office of Management and Budget (OMB) to the State Controller under the Accounts and Control program. Currently, there is 1.0 FTE position in the Office of Federal Grants Management. The FTE position and general revenue funding will internally transfer between the two offices. According to the Office of Internal Audits, the transfer eliminates a potential conflict of interest because the Office of Federal Grants Management reported administratively to the Office of Internal Audits, thereby prohibiting the audit of the program. By moving the responsibility for federal grants management to Accounts and Control, the conflict is avoided.

Data Analytics Pilot – DCYF **(\$300,000)**

The Budget eliminates \$300,000 in general revenue used in the FY2019 Budget as Enacted 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. The Department is reviewing how to implement the pilot project and the funds are not required at this time.

Software Maintenance Agreements **(\$229,581)**

The Budget decreases general revenue expenditures to billed amounts for information technology services. 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 FY2019 Budget as Enacted appropriated \$708,531 for this expense, which is reduced by \$229,581 to \$478,950 in the FY2020 budget.

Special Legal Counsel – Regulatory Reform **(\$170,704)**

The Budget decreases contract services by \$170,704 in general revenue reflecting a shift in funding appropriated in the FY2019 Budget as Enacted to support legal service assistance to state agencies working to revise and update rules and regulations as part of a regulatory reform initiative. Funding for this issue is now listed under the personnel category.

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
FY2019 Enacted	\$10,621,701
<i>Target and Other Adjustments</i>	<i>(156,603)</i>
Centralized Services Adjustment	(799,537)
Personnel Adjustments	95,244
Contracted Services	31,500
New Computers	25,000
FY2020 Enacted	\$9,817,305

Centralized Services Adjustment **(\$799,537)**

The Budget decreases general revenue expenditures by \$799,537 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 FY2019 Budget as Enacted appropriated \$8.6 million for these expenses, which is reduced by \$799,537 to \$7.8 million in the FY2020 proposed budget.

Personnel Adjustments **\$95,244**

The Budget increases general revenue expenditures by \$95,244 that includes implementing the last step of the contracted cost of living adjustment (COLA) to state employees offset by other statewide planning value adjustments set by the Budget Office.

Contracted Service Charges **\$31,500**

The Budget increases general revenue expenditures by \$31,500 for contracted services, including \$20,000 for temporary office assistance from the vendor ADIL.

Contracted Services	FY2019	FY2019	Change	FY2020	Change
	Enacted	Revised		Enacted	
Appraisers/Title Examiners	\$0	\$7,000	\$7,000	\$7,000	\$7,000
Engineering Services	6,500	6,500	-	6,500	-
Lecturers and Training Cons.	-	2,000	2,000	2,000	2,000
Legal Services	-	70,000	70,000	-	-
Other Temporary Services	-	20,000	20,000	20,000	20,000
Training and Education Services	-	2,500	2,500	2,500	2,500
Total	\$6,500	\$108,000	\$101,500	\$38,000	\$31,500

New Computers**\$25,000**

The Budget increases general revenue expenditures \$25,000 for the purchase of new computers.

CENTRAL MANAGEMENT

Central Management is comprised of four major functions: the Director's Office, the Central Business Office, the Judicial Nominating Commission, and Cybersecurity.

- 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.
- Cybersecurity is charged with developing and implementing comprehensive statewide cybersecurity strategy in collaboration with other state agencies.

Central Management	General Revenue
FY2019 Enacted	\$2,735,330
<i>Target and Other Adjustments</i>	<i>(126,320)</i>
Cybersecurity Office Elimination	(427,986)
CBO Personnel	156,987
Information Technology Charges	51,221
FY2020 Enacted	\$2,389,232

Cybersecurity Office Elimination**(\$427,986)**

The Budget includes a net decrease of \$427,986 in general revenue, reflecting the elimination of the Cybersecurity Office and two positions within the Central Management program and a net portion of operating expenses. The positions eliminated are the 1.0 Cybersecurity Officer and 1.0 Programming Service Officer. The functions of the Cybersecurity Unit will be performed by the Division of Information Technology (DoIT).

The Budget shifts \$249,000 for IT General Services and \$100,000 for Staff Training to the Director of Administration's office to pay for the DoIT services provided for the cybersecurity functions.

CBO Personnel**\$156,987**

The Budget includes a net increase of \$156,987 in general revenue, including \$100,000 to implement the last step of the contracted cost of living adjustment (COLA) to state employees and other statewide planning value adjustments set by the Budget Office. In addition, \$56,886 of this increase reflects the

correction of an employee's allocation. One employee's allocation was split between the Central Business Office (CBO) and the Office of Management and Budget. The budget system over calculated the personnel cost. After the correction was made 100.0 percent of the employee's cost was properly allocated to the CBO.

Information Technology Charges

\$51,221

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. 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 FY2019 Budget as Enacted appropriated \$57,060 for this expense, which is increased by \$51,221 to \$108,281 in the FY2020 budget.

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
FY2019 Enacted	\$140,686,161
<i>Target and Other Adjustments</i>	-
Other Debt Service Changes	9,036,558
General Obligation Bond Changes	7,268,339
Certificates of Participation (COPs)	1,786,224
FY2020 Enacted	\$158,777,282

Other Debt Service Changes

\$9.0 million

The Budget includes \$50.1 million in general revenue for debt service expenses on six items, reflecting an increase of \$9.0 million from various adjustments from the FY2019 Budget as Enacted. The adjustments include higher 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, an increase of \$6.5 million for the Historic Structures Tax Credit debt, an increase of \$520,000 for the I-195 Land Acquisition, and \$446,819 for the 38 Studios Debt Service.

Other Debt Service	FY2019 Enacted	FY2020 Enacted	Change
Historic Structures Tax Credit	\$12.9	\$19.4	\$6.5
Convention Center Authority	18.7	20.7	2.0
38 Studios Debt Service	-	0.4	0.4
I-195 Land Acquisition	2.5	3.0	0.5
EDC - Fidelity Job Rent Credits	3.4	3.0	(0.4)
EDC - Providence Place Mall Sales Tax	3.6	3.6	-
Total	\$41.1	\$50.1	\$9.0

\$ in millions

Totals may vary due to rounding.

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. The Governor's Budget assumed a debt issuance of \$75.0 million at an interest rate of 4.5 percent resulting in a debt service cost in the first year of \$10.3 million.

In March 2019 an issuance of \$76.9 million occurred with an interest rate of 3.3 percent requiring a first year debt service cost of \$9.9 million. For FY2020, the Budget includes \$19.4 million, \$6.5 million more than the FY2019 Budget as Enacted. This includes \$9.9 million for the projected principal and interest payment on the new debt issuance and \$9.5 million on outstanding debt service on previously issued debt.

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 FY2019 Budget as Enacted included appropriation of \$18.7 million included \$2.7 million in savings and a reduction of \$250,000 in projected energy savings. The FY2020 Budget includes \$20.7 million reflecting the restoration of the refunding savings less \$500,000 for projected energy savings, resulting in an appropriation that is \$2.0 million more than appropriated in FY2019.

Analyst Note: The projected energy savings lowers the annual 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.

38 Studios Debt Service: The Budget includes \$446,819 in general revenue 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 \$50.5 million in settlement payments and earned interest. The net collections of settlements are used to offset the annual debt service requirements and currently, the State will only need to appropriate a small sum of funds in FY2020 and one last debt service payment in of \$12.3 million in FY2021. The total debt service cost to the state less settlement collections is projected at \$36.4 million.

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

FY	Principal	Interest	Total Debt Service	Source of Debt Payment				Cumulative Paid Debt Service	Outstanding Debt Service
				Capitalized Interest	State Appropriation	Interest Earned	Settlements and Other Sources		
2011	-	\$2,639,958	\$2,639,958	\$2,639,958	-	-	-	\$2,639,958	\$109,947,129
2012	-	5,309,412	5,309,412	5,309,412	-	-	-	7,949,370	104,637,717
2013	-	5,309,412	5,309,412	5,309,412	-	-	-	13,258,782	99,328,305
2014	7,440,000	5,086,212	12,526,212	10,094,708	2,500,000	170,000	-	25,784,994	86,802,093
2015	7,885,000	4,626,462	12,511,462	-	8,635,000	889,163	3,196,770	38,296,456	74,290,631
2016	8,360,000	4,139,112	12,499,112	-	12,499,113	1,958	9,926,027	50,795,568	61,791,519
2017	8,860,000	3,589,287	12,449,287	-	-	-	36,274,385	63,244,855	49,342,232
2018	9,455,000	2,923,881	12,378,881	-	-	-	-	75,623,736	36,963,351
2019	10,190,000	2,162,638	12,352,638	-	-	-	-	87,976,374	24,610,713
2020	10,980,000	1,342,300	12,322,300	-	446,819	-	1,081,149	100,298,674	12,288,413
2021	11,830,000	458,413	12,288,413	-	12,288,413	-	-	112,587,087	-
Total	\$75,000,000	\$37,587,087	\$112,587,087	\$23,353,490	\$36,369,345	1,061,121	\$50,478,331	\$112,587,087	

Source: State Budget Office

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 included a principal payment of \$1.4 million and interest of \$3.0 million. In FY2020, the total debt service is \$4.4 million, projected to be offset by \$1.3 million in land sale proceeds, resulting in a state general revenue appropriation of \$3.0 million, reflecting an increase of \$520,000. The following table illustrates the projected payments to FY2023.

Fiscal Year	Principal	Interest	Total Debt	Estimated	Projected State
			Service	Offset	Appropriation
2019	\$1.4	\$3.0	\$4.4	(\$1.8)	\$2.6
2020	1.5	2.8	4.4	(1.3)	3.0
2021	1.7	2.7	4.4	(1.4)	3.0
2022	1.8	2.6	4.4	(1.2)	3.2
2023	32.0	2.4	34.4	(32.0)	2.4
Total	\$38.4	\$13.5	\$51.9	(\$37.7)	\$14.2

\$ in millions

Presently, the capital plan assumes that net proceeds from the I-195 District land sales will not be available, as previously planned, to offset the principle and interest payments of the debt service through to FY2022. The Budget Office projects that debt will be issued to make the scheduled balloon payment of \$34.4 million in FY2023. The State will exercise an option to extend the loan and amortize the balloon payment, less any proceeds, over an additional 10 years.

General Obligation Bond Changes

\$7.3 million

The Budget includes \$79.5 million in general revenue to fund the costs of the State's general obligation debt service in FY2020, or \$7.3 million more than FY2019 Budget as Enacted.

General Obligation Debt	FY2019 Enacted	FY2020 Enacted	Change
G.O. Bond New Bond Issue Projected Costs	17.8	14.7	(3.2)
Garrahy Courthouse Garage	1.6	1.7	0.1
All Other G.O. Bond Adjustments	52.7	63.1	10.4
Total	\$72.2	\$79.5	\$7.3

\$ in millions

Totals may vary due to rounding.

New General Obligation Bond Debt: The debt service projected for FY2020 decreases costs by \$3.2 million in general revenue and is based on the planned issuance of \$187.2 million in bonds in the spring of 2019. The projected debt service is based on a 5.0 percent interest rate.

Analyst Note: It is difficult to compare new bond issuance costs year over year, since issuances are really independent numbers. As an example, the FY2019 enacted number for new issuance of GO bonds is removed in the proposed FY2019 Revised Budget, therefore the increase is \$15.0 million as compared to the revised budget.

Garrahy Courthouse Garage: The Budget reduces debt service by \$1.4 million in general revenue reflecting the use of projected revenue to reduce debt service costs in FY2020. The Governor included \$3.1 million in general revenue reflecting 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 future revenues from the garage will fully cover the debt service costs.

The current projection has a construction completion date of January 2020 and projected parking revenue will be used to lower the debt service need to \$1.7 million in FY2020, thereby reducing the costs by \$1.4 million.

Certificates of Participation (COPs)

\$1.8 million

The Budget includes \$29.2 million in general revenue to cover the debt service on eight projects financed through certificates of participation (COPs). This reflects an increase of \$1.8 million from the FY2019 Budget as Enacted. The largest adjustment is related to the School for the Deaf project.

Certificates of Participation	FY2019 Enacted	FY2020 Enacted	Change
BHDDH - Power Plant	\$2.2	\$2.2	\$0.0
COPS - DCYF Training School	4.2	4.2	-
COPS - Energy Conservation	7.1	7.1	-
COPS - Kent County Courthouse	4.6	4.6	-
COPS - Pastore Hospital Consolidation	1.1	1.9	0.8
COPS - School for the Deaf	1.5	2.5	1.0
COPS - Technology	5.0	5.0	-
COPS - Traffic Tribunal - Debt Service	1.7	1.7	-
Total	\$27.4	\$29.2	\$1.8

\$ in millions

Totals may vary due to rounding.

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
Stimulus State Energy Plan	\$449,498
Regional Greenhouse Gas Initiative	(187,821)
Energy Efficiency and Resources Management Council	(154,445)
2016 Energy Metrics Grant	(140,550)

Stimulus State Energy Plan (federal) \$449,498

The Budget includes \$449,498 in federal funds for personnel costs related to the State Energy Plan. The U. S. Department of Energy repurposed remaining federal American Recovery and Reinvestment Act (ARRA) energy funds to which the state Office of Energy Resources is a grant recipient. The State Energy Program sets energy related goals, including:

- Increase energy efficiency to reduce energy costs and consumption for consumers, businesses and government.
- Reduce reliance on imported energy.
- Improve the reliability of electricity and fuel supply and the delivery of energy services.
- Reduce the impacts of energy production and use on the environment.

Analyst Note: The American Recovery and Reinvestment Act (ARRA) was enacted to preserve and create jobs and promote economic recovery; to assist those most impacted by the recession; to provide investments needed to increase economic efficiency by spurring technological advances in science and health; to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and, to stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

Regional Greenhouse Gas Initiative (restricted receipts) (\$187,821)

The Budget includes \$6.8 million in restricted receipts for grant awards as part of the Regional Greenhouse Gas Initiative (RGGI). This reflects a decrease of \$187,821 from the FY2019 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.

Energy Efficiency and Resources Management Council (restricted receipts) (\$154,445)

The Budget includes \$730,187 in restricted receipts for grant awards as part of the Energy Efficiency and Resource Management Council. This is a decrease of \$154,445 from the FY2019 Budget as Enacted, reflecting a decrease from ratepayers from the prior year.

2016 Energy Metrics Grant (federal funds) (\$140,550)

This item reflects the elimination of federal funds previously received 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. Funding for federal energy metric grant funds ended in FY2019 and no funds are recommended for FY2020.

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
FY2019 Enacted	\$14,389,600
<i>Target and Other Adjustments</i>	
Teacher Retiree Health Subsidy	(2,321,057)
Tort Awards	500,000
Library Construction Aid	(239,241)
Rhode Island Library Association	200,000
FY2020 Enacted	\$12,529,302

General	Other Fund Changes
RICAP Project Changes	\$19,045,572

Teacher Retiree Health Subsidy (\$2.3 million)

The Budget is reduced by \$2.3 million in general revenue for the Teacher Retiree Health Subsidy as compared to the FY2019 Budget as Enacted. According to the State’s actuary, GRS, based on previous contribution payments, the Teacher Retiree Health Subsidy plan reached full funding by June 30, 2019. Beginning with FY2020, future appropriations are no longer required for the health subsidy.

The subsidy began when the State agreed, after losing a lawsuit, to allow teacher retirees, drawing funds from the state retirement system, to purchase health insurance at the same active employee rate being paid

by the state. This required the State to appropriate an annual fixed-dollar amount for the portion of post-retirement health care charged for retired teachers and any dependents above the active group rate.

Tort Court Awards **\$500,000**

The Budget adds \$500,000 in general revenue for court awards. Funding in the tort account is used to pay for tort/court award judgments against the State of Rhode Island. This item adds funds for a total appropriation of \$900,000 to ensure that sufficient resources are available to cover costs associated with individuals wrongfully convicted of crimes and imprisoned.

Library Construction Aid **(\$239,241)**

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 FY2020, the Budget includes \$1.9 million, a decrease of \$239,241 from the FY2019 Budget as Enacted.

Rhode Island Library Association **\$200,000**

The Budget adds \$200,000 in general revenue to fund a community service objective grant for the Rhode Island Library Association to promote excellence in library services through training, innovation, and advocacy. The grant item is identified within Article 1 of the Appropriations Act.

RICAP Project Adjustments (other funds) **\$19.0 million**

The Budget includes \$49.0 million in RICAP funds for various capital projects in FY2020 reflecting an increase of \$19.0 million from the previous fiscal year. Significant project changes include:

- **Hospital Consolidation:** Adds \$13.1 million to fund the Hospital Reorganization and Consolidation project to improve the quality of care and obtain operational efficiencies.
- **Board of Elections (Medical Examiner):** Removes \$7.2 million for renovations to the building. The Department is reviewing new options for the structure including selling the property.
- **Pastore Center Non-Medical Buildings:** The Governor's budget consolidated projects at the Pastore Center Campus. The House does not concur with the consolidated project line and instead separates the appropriation into two asset protection projects; one for non-medical buildings and one for medical structures. This item provides \$4.4 million in a separate account for the asset protection of non-medical buildings on the Pastore Campus.
- **State Office Reorganization and Relocation:** The Budget adds \$1.8 million for state office reorganization and relocation expenses incurred as part of the Governor's Efficiency Commission recommendations to sell state-owned property and to relocate and consolidate state agencies into new or existing structures.
- **BHDDH DD and Community Homes – Fire Code Project:** The Budget provides \$1.6 million in RICAP funds from FY2019 to FY2020 for projects to be completed in FY2020.
- **Pastore Center Power Plant:** The Budget adds \$1.6 million in RICAP funding to complete an emergency repair to the steam line at the Hazard Building.
- **Rhode Island Convention Center Authority Venues:** Includes \$7.1 million in RICAP funds for continued asset protection, upgrades, renovations, and funding of the renewal and replacement bond covenant for the Dunkin Donuts Center.

- **Capital Hill Campus Projects:** Includes \$3.6 million to fund various infrastructure upgrades to structures listed as the Capital Hill Campus, including the Cannon Building, Old State House, Chapin Health Lab, State Office Building (DOT), and the William Powers Building.
- **Accessibility Facility Renovations:** Provides \$1.0 million to various accessibility projects at State-owned facilities for project commitments such as elevator repairs at Bliss Hall on the University of Rhode Island campus.
- **Cranston Street Armory:** Includes \$500,000 for continued structural stabilization work on the facility.
- **Springfield Expo Center:** Adds \$250,000 to remodel the Rhode Island exhibit at the Big E fairground in Springfield, MA.
- **McCoy Stadium:** Includes \$200,000 for continued structural repairs and water penetration remediation work.

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
FY2019 Enacted	\$1,274,257
<i>Target and Other Adjustments</i>	<i>(15,636)</i>
Centralized Service Charges	(470,080)
FY2020 Enacted	\$788,541
Centralized Service Charges	(\$470,080)

The Budget includes \$804,177 in general revenue expenditures for Human Resource Service Center projected costs in FY2020. This is a reduction of \$470,080 from the FY2019 Budget as Enacted amount of \$1.3 million. 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 were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget reduces these costs for FY2020.

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.

Information Technology	General Revenue
FY2019 Enacted	\$1,470,255
<i>Target and Other Adjustments</i>	
Operating	177,163
FY2020 Governor	\$1,647,418

Information Technology	Other Fund Changes
Information Technology Investment Fund	(3,606,151)

Centralized Service Charges **\$177,163**

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. 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 FY2019 Budget as Enacted appropriated \$1.5 million for this expense, which is increased by \$171,163 to \$1.6 million in the FY2020 budget.

Information Technology Investment Fund (restricted receipts) **(\$3.6 million)**

The Budget includes \$6.6 million in restricted receipts for the Information Technology Investment Fund (ITIF), reflecting a decrease of \$3.6 million in restricted receipts from the FY2019 Budget as Enacted, and a decrease of \$11.0 million from the Governor's FY2019 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 were projected to generate an additional \$1.4 million annually for the ITIF. However, Article 2 of the FY2020 Budget as Enacted repealed this RIGL provision and instead replaces the funding with 10.0 percent of the surcharge levied from the new First Response Surcharge (\$0.50 on wireline services and from the \$0.75 surcharge on wireless services.)

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 dedicated to 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.

Analyst Note: Article 7 of the proposed FY2020 Budget eliminates the 2022 sunset provision and instead beginning on July 1, 2022, shift the \$1.50 technology fee to a new Division of Motor Vehicle restricted receipt account within the Department of Revenue.

Article 7 of the FY2019 Budget as Enacted authorized 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.

Each year the Department establishes a list of proposed and approved projects. For FY2019, this list consists of \$17.6 million in approved projects. All projects listed by the Department are subject to availability of funds in the ITIF. The ITIF available cash balance is \$8.5 million excluding obligations, approved projects, and approximately \$7.3 million in projected revenues based on actions included in the FY2020 Budget as Enacted. Including the proposed project costs, the Fund would have a deficit balance at the end of FY2019.

For FY2020, the Department's list of proposed and approved projects totals \$6.6 million. There would be no ITIF available cash balance and approximately \$3.8 million in projected revenues. Including the proposed project costs, the Fund would have a deficit balance. It appears that in order for the Fund to continue forward funding IT projects, the Fund will require additional revenue resources or appropriations.

Between FY2020 and FY2024, there are \$22.7 million in project requests. The projected revenue over the same period totals \$13.9 million, illustrating that the need is greater than the revenues dedicated to the Fund. 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. The following table illustrates the proposed and approved ITIF projects, funding balance and requested project costs:

Information Technology Fund	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Total Approved Projects	(\$17,567,903)	(\$6,622,092)	(\$4,050,000)	(\$4,000,000)	(\$4,000,000)	(\$4,000,000)
Projected FY Beginning Balance	8,488,974	(4,800,245)	(7,622,337)	(7,972,337)	(8,772,337)	(11,772,337)
Estimated Sale of Property	-	-	-	-	-	-
E-911 Fees	1,678,684	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
DMV \$1.50 Surcharge	2,300,000	2,400,000	2,300,000	2,200,000	-	-
Vital Records Surcharge	300,000	400,000	400,000	400,000	400,000	400,000
Projected FY Ending Balance	(\$4,800,245)	(\$7,622,337)	(\$7,972,337)	(\$8,772,337)	(\$11,772,337)	(\$14,772,337)
Variance Capital Request to Approved Projects	(\$15,849,820)	(\$4,295,500)	(\$14,416,929)	(1,848,592)	946,700	990,000
Capital Budget Requests	\$33,417,723	\$10,917,592	\$6,444,592	\$5,448,592	\$453,300	\$410,000
Projected Cash Availability	12,767,658	(1,000,245)				

Source: Department of Administration

Analyst Note: The State did not sell the Price and Ace properties in FY2019. This reduces revenue into the ITIF by \$7.5 million, resulting in a deficit of \$5.1 million in the current year. Without additional resources, the IT projects will be reduced from the \$17.6 million amount. The Department has not issued a revised plan.

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
FY2019 Enacted	\$2,424,062
<i>Target and Other Adjustments</i>	70,278
Outside Legal Contracted Services	(200,000)
FY2020 Enacted	\$2,294,340
Outside Legal Contract Services	(\$200,000)

The Budget shifts \$200,000 in general revenue from contracted professional services to internal service fund expense under the Human Resources Service Center. According to the Department, this legal

expense relates to labor relations which is a human resource function. The outside legal services cover the negotiation and arbitration of various collective bargaining unit contracts.

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
FY2019 Enacted	\$1,442,726
<i>Target and Other Adjustments</i>	<i>(71,219)</i>
Interlibrary Delivery System	85,994
FY2020 Enacted	\$1,457,501

Interlibrary Delivery System **\$85,994**

The Budget increases \$85,994 in general revenue to reflect historical spending trends. RIGL 29-6-9 requires that the Office of Library and Information Services fund the Interlibrary Delivery System in its entirety.

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
FY2019 Enacted	\$149,477
<i>Target and Other Adjustments</i>	<i>2,044</i>
FY2020 Enacted	\$151,521

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
FY2019 Enacted	(\$20,084,559)
<i>Target and Other Adjustments</i>	<i>-</i>
Personnel and Operating Savings	15,477,041
Commission on Government Efficiency	Informational
FY2020 Enacted	(\$4,607,518)

Personnel and Operating Savings**\$15.5 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 FY2019 Budget as Enacted included \$20.1 million in statewide general revenue savings to be identified in the current fiscal year. The FY2019 Revised Budget reduced the savings to \$3.0 million in general revenue.

The Budget includes FY2020 statewide savings of \$4.6 million in general revenue, reflecting increased statewide savings of \$15.5 million (reflected as a positive number) as compared to the FY2019 Budget as Enacted. The savings are stated under the Department of Administration to be distributed to State agencies as part of the future FY2020 Revised Budget.

Personnel and Operating Reforms	FY2019 Enacted Savings	FY2019 Revised Savings	Change	FY2020 Enacted Savings	Change
RICAP Administrative Indirect Cost Recovery	(\$3,700,000)	\$0	\$3,700,000	\$0	\$3,700,000
Waste and Fraud Detection System	(9,634,559)	(3,200,000)	6,434,559	(1,950,518)	7,684,041
Contract Savings	(3,000,000)	-	3,000,000	-	3,000,000
Workers Compensation Privatization Savings (State Share)	(1,500,000)	-	1,500,000	-	1,500,000
Insurance Cost Savings	(1,000,000)	-	1,000,000	-	1,000,000
Carry-over of FY2018 \$25.0 m Savings	(900,000)	-	900,000	-	900,000
Prompt Payment Discounts	(350,000)	-	350,000	-	350,000
Injured on Duty Savings	-	-	-	(1,657,000)	(1,657,000)
Overtime Savings	-	-	-	(1,000,000)	(1,000,000)
Statewide Efficiency Savings	-	-	-	-	-
Total	(\$20,084,559)	(\$3,200,000)	\$16,884,559	(\$4,607,518)	\$15,477,041

Commission on Government Efficiency**Informational**

The Commission on Government Efficiency was established by Executive Order on February 21, 2019, and was charged to take a comprehensive review of state government to locate increased efficiencies and savings. The Governor included statewide general revenue savings of \$10.0 million in FY2020, under the Department of Administration. This savings initiative reflected the presumed findings from the Commission on Government Efficiency, which issued its final report on May 8, 2019.

The Commission outlined in its report, \$4.5 million in FY2020 and \$3.6 million in FY2021 of general revenue government organizational savings. In addition, the Commission's Real Estate Strategy Working Group outlined \$1.5 million in all fund savings, of which \$807,157 is general revenue operating savings in FY2020 and a potential \$6.0 to \$10.0 million in revenue from the sale of surplus state real estate. The FY2020 Budget as Enacted includes several of the Commission's recommendations.

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
FY2019 Enacted	\$1,081,887
<i>Target and Other Adjustments</i>	
Complete Count Initiative	(47,765)
Census 2020 Position	500,000
Personnel Adjustments	123,717
Information Technology Charges	(94,061)
FY2020 Enacted	(33,313)
	\$1,530,465

Complete Count (Census 2020) \$500,000

The Budget includes \$500,000 in general revenue to fund the Complete Count Initiative. The upcoming census is critical to the state because, by the latest estimates, the state is within 157 people of losing a congressional seat. The Governor issued an Executive Order dated December 28, 2018, creating the Rhode Island Complete Count Committee. Although there are presently no program specifics, the proposed appropriation will be used to pay for outreach activities to hard-to-count populations; media buys; distribute information to communities, non-profits, and other partners; and, a coordinated campaign to ensure awareness and visibility.

The Division of Statewide Planning will administer the funds allocated to Division of Statewide Planning in the FY2020 Budget, along with FHWA matching funds allocated through the FY2020 Unified Planning Work Program (UPWP). The expenditure of the funds will be determined with the advice of the Governance Committee of the Rhode Island Complete Count Committee and will follow federal and State purchasing and reporting requirements.

Census 2020 Position \$123,717

The Budget includes \$123,717 in general revenue to fund a 1.0 Data Analyst I position to administer and provide support towards the 2020 federal census. To fund the position, the Budget eliminates a 1.0 Chief Program Development position within the Division of Municipal Finance in the Department of Revenue. The position will assist with the previously stated Complete Count Initiative.

Personnel Adjustments (\$94,061)

The Budget includes \$94,061 in general revenue personnel savings, primarily comprising of \$93,498 in turnover within the Water Resources Board operations. Although the Board is authorized 3.0 FTE positions, currently only 2.0 FTE positions are filled as of July 1, 2019. There is no plan to fill the position in the near future.

Information Technology Charges (\$33,313)

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. 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 FY2019 Budget as Enacted appropriated \$114,024 for this expense, which is reduced by \$33,313 to \$80,711 in the FY2020 proposed budget.

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
FY2019 Enacted	\$2,888,826
<i>Target and Other Adjustments</i>	<i>(15,042)</i>
Unachieved savings	338,251
Personnel Adjustments	146,168
Senior Buyer Position	(108,791)
Information Technology Charges	85,744
FY2020 Enacted	\$3,335,156

Purchasing	Other Fund Changes
Miscellaneous Expenses	(\$540,000)
Software Management Agreements	162,500
Interdepartmental Project Manager	153,943
Programmer Analyst Manager	142,946

Unachieved Savings **\$338,251**

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 FY2019 Budget as Enacted included \$20.1 million in statewide general revenue savings to be identified in the current fiscal year. This included a savings of \$350,000 for prompt payment discounts. These savings were not achieved, thereby requiring the restoration of operating costs funding in the purchasing program.

Personnel Adjustments **\$146,168**

The Budget increases general revenue personnel expenditures that includes implementing the last step of the contracted cost of living adjustment (COLA) to state employees offset by other statewide planning value adjustments set by the Budget Office.

Purchasing – Senior Buyer Position **(\$108,791)**

The Budget eliminates \$108,791 in general revenue and removes a 1.0 Senior Buyer position within the Purchasing program. The position is filled but it was not included in the FY2019 Budget as Enacted. Instead the position was added by the Governor to improve customer services for agencies.

Information Technology Charges **\$85,744**

The Budget increases general revenue expenditures to reflect billed amounts for information technology services. 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 FY2019 Budget as Enacted appropriated \$239,715 for this expense, which is increased by \$85,744 to \$325,459 in the FY2020 Budget as Enacted.

Miscellaneous Expense (restricted receipts) **(\$540,000)**

The Budget eliminates \$540,000 in restricted receipts reflecting the loss of funds derived from the MPA 1.0 percent administrative fee. The FY2019 Budget as Enacted includes a restricted receipt appropriation

of \$540,000 derived from the MPA Fund established under Article 7, Section 11 of the FY2018 Budget as Enacted.

Article 7 authorized the state Chief Purchasing Officer to collect from contractors listed on the master price agreement, 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. The fee collected shall be deposited into a restricted receipt account, of which the proceeds of this fee shall be used to implement and support a new online e-procurement system. The Budget Office assumed that the fee would be collected beginning in FY2018.

Analyst Note: The Department decided not to implement the fee after the Governor's FY2019 Budget recommendation was submitted to the General Assembly. The FY2019 Budget as Enacted included the \$540,000 restricted receipt expense raised through the imposition of the enacted fee. The Governor chose to implement the fee in the third quarter of FY2020, thereby requiring the elimination of the \$540,000 appropriation from the Revised FY2019 Budget. No funding is included in the FY2020 Budget as well.

Software Management Agreement (restricted receipts) \$162,500

The Budget adds \$162,500 in restricted receipt expenditures to reflect the annual cost for the software maintenance of the E-Procurement system. The E-Procurement software is constantly updated by software developers. This expense is to ensure that there are no service interruptions of the purchasing system.

Analyst note: E-procurement (electronic procurement, sometimes also known as supplier exchange) is the business-to-business or business-to-consumer or business-to-government purchase and sale of supplies, work, and services through the Internet.

Interdepartmental Project Manager (restricted receipts) \$153,943

The Budget adds \$153,943 in restricted receipt expenditures to fund the salary and benefit costs of a new 1.0 Interdepartmental Project Manager position dedicated to the operation of the E-Procurement system.

Programmer Analyst Project Manager (restricted receipts) \$142,946

The Budget adds \$142,946 in restricted receipt information technology chargers to fund the salary and benefit costs of a new 1.0 Programmer Analyst Manager position dedicated to manage the testing of upgrades to the E-Procurement system.

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
FY2019 Enacted	\$2,363,841
<i>Target and Other Adjustments</i>	<i>(8,000)</i>
Software Maintenance Agreements - Individual Mandate	400,000
FY2020 Enacted	\$2,755,841
Rhode Island Health Benefits Exchange (HealthSource RI)	Other Fund Changes
Rhode Island Health Benefits Exchange - restricted receipts	\$1,942,484
Rhode Island Health Benefits Exchange - federal	Informational

Software Maintenance Agreements - Individual Mandate **\$400,000**

Article 14 of the FY2020 proposed budget establishes a state Shared Responsibility Payment Penalty (SRPP), or individual mandate, to assess a penalty on applicable taxpayers who fail to maintain minimum essential coverage. The Budget includes \$400,000 in general revenue for software maintenance agreements to implement the state individual mandate/market stabilization of health insurance.

Analyst Note: Although the funding for the implementation of the Shared Responsibility Payment Penalty (SRPP) is categorized solely as software maintenance agreements, the funding will be used for the software upgrades necessary to collect the penalty, outreach to decrease the uninsured rate, actuarial support and implementation of the SRPP and the state’s proposed reinsurance program.

Rhode Island Health Benefits Exchange (restricted receipts) **\$1.9 million**

The Budget includes \$8.4 million in restricted receipts for personnel and operating costs for 16.0 FTE positions. This reflects a net increase of \$1.9 million from the FY2019 Budget as Enacted, and includes increases of \$512,352 for personnel costs, \$1.4 million for contracted services, and \$67,919 for operating and computer costs. 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) **Informational**

The Budget includes no federal funds for Rhode Island Health Benefits Exchange for FY2020, reflecting a decrease of \$138,089 from the FY2019 Budget as Enacted. The use of federal funds for the Exchange declined after FY2015. From FY2016 through FY2019, 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 in FY2019 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 \$140.8 million in federal grants.

HealthSource RI	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	Total
Federal Funds	\$21.8	\$47.3	\$48.5	\$17.6	\$3.7	\$1.8	\$0.1	\$0.1	\$0.0	\$140.8
Restricted Receipts	-	-	-	2.8	5.5	5.3	6.4	7.3	8.3	\$29.2
Total	\$21.8	\$47.3	\$48.5	\$20.4	\$9.2	\$7.1	\$6.5	\$7.4	\$8.3	\$170.0

\$ 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
FY2019 Enacted	\$1,280,050
<i>Target and Other Adjustments</i>	<i>60,802</i>
Information Technology Charges	(36,655)
FY2020 Enacted	\$1,304,197
<i>Information Technology Charges</i>	<i>(\$36,655)</i>

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. 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 FY2019 Budget as Enacted appropriated \$58,250 for this expense, which is reduced by \$36,655 to \$21,595 in the FY2020 proposed budget.

Department of Business Regulation

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$2.3	\$2.4	\$2.3	-\$0.1	-5.5%	\$2.5	\$0.1	5.5%
Banking Regulation	1.4	1.8	1.4	(0.4)	-21.8%	1.7	(0.1)	-5.5%
Board of Accountancy	0.0	0.0	0.0	(0.0)	-1.9%	0.0	(0.0)	-2.0%
Commercial Licensing, Gaming & Athletics	2.0	2.9	2.8	(0.1)	-4.4%	2.1	(0.8)	-27.6%
Division of Building, Design & Fire Professionals	0.3	8.0	8.6	0.6	7.7%	9.1	1.1	13.6%
Insurance Regulation	5.1	6.0	5.7	(0.3)	-5.0%	5.9	(0.0)	-0.6%
Office of Cannabis Regulation	-	-	-	-	-	1.3	1.3	-
Office of Health Insurance Commissioner	2.6	2.4	3.0	0.5	22.6%	2.6	0.2	6.4%
Securities Regulation	1.0	1.0	1.1	0.0	3.1%	1.1	0.1	6.6%
Total	\$14.7	\$24.5	\$24.7	\$0.2	1.0%	\$26.4	\$1.9	7.6%

Expenditures By Source								
	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Revenue	\$10.5	\$17.4	\$16.5	(\$0.9)	-5.3%	\$17.9	\$0.5	2.7%
Federal Funds	1.0	0.9	1.3	0.5	0.5	0.8	(0.1)	-15.3%
Restricted Receipts	3.1	6.1	6.5	0.4	6.7%	7.1	1.0	16.7%
Other Funds	-	0.1	0.4	0.3	4.6	0.6	0.5	751.7%
Total	\$14.7	\$24.5	\$24.7	\$0.2	1.0%	\$26.4	\$1.9	7.6%

Authorized FTE Levels	106.0	161.0	161.0	-	-	161.0	-	-
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\$ in millions. Totals may vary due to rounding.

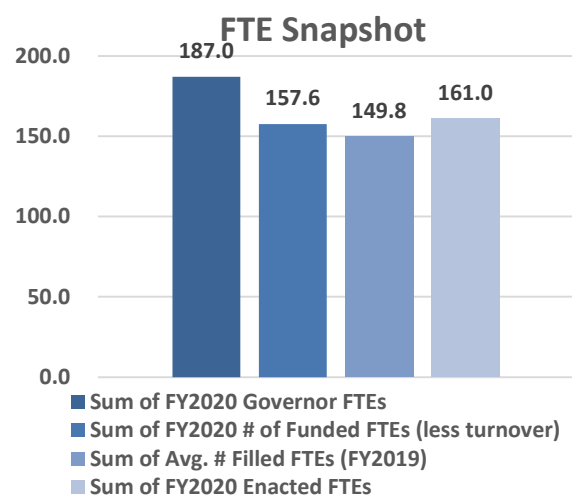
The Department of Business Regulation (DBR) implements state laws mandating the regulation and licensing of designated businesses, professions, occupations, and other specified activities. The Department is composed of nine programs: Central Management, Banking Regulation, Board of Accountancy, Commercial Licensing and Gaming and Athletics Licensing, Division of Building, Design and Fire Professionals, Insurance, Office of the Health Insurance Commissioner, Securities Regulation, and the newly established Office of Cannabis Regulation. 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.

MAJOR ISSUES AND TRENDS

The FY2020 Budget includes an all funds increase of \$1.9 million, or 7.6 percent, from the FY2019 Budget as Enacted. The Budget also includes a \$466,224 increase in general revenue expenditures as compared to the FY2019 Budget as Enacted.

Article 15 of the Budget makes several changes to the medical marijuana program and creates a licensing structure for consumable cannabidiol (CBD) products. The Budget establishes the Office of Cannabis Regulation (OCR) to regulate and oversee licensing of the medical marijuana market and CBD products.

The Budget consolidates the Contractor's Registration and Licensing Board and the Building Code Commission into a new State Building Office as recommended by the Governor's Efficiency Commission in April 2019.



CENTRAL MANAGEMENT

Central Management is composed of the Director's Office, and separate units for budgeting, 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
FY2019 Enacted	\$2,396,826
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<i>Target and Other Adjustments</i>	<i>10,205</i>
Centralized Service Charges	(122,555)
FY2020 Enacted	\$2,529,586

Centralized Service Charges **(\$122,555)**

The Budget decreases general revenue expenditures to reflect billed amounts for capital asset management and maintenance and information technology services. 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 FY2019 Budget as Enacted appropriated \$882,130 for the centralized services, reduced to \$759,575 in the FY2020 Budget.

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
FY2019 Enacted	\$1,760,317
<hr/>	
<i>Target and Other Adjustments</i>	<i>(405)</i>
Personnel Adjustments	(100,093)
FY2020 Enacted	\$1,659,819

Personnel Adjustments **(\$100,393)**

The Budget includes \$100,393 in general revenue savings from various personnel adjustments. Included in the adjustments is a \$55,636 decrease in direct wages, reflecting the departure of a senior level employee. The position was filled without longevity pay and at the first step of the pay grades.

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 funded by general revenues. The FY2015 Budget as Enacted eliminated the sole Administrative Aide position for the program. Administrative responsibilities are assigned to other staff as needed. The remaining funds in the program support operating costs, such as national Certified Public Accountant (CPA) Society dues, legal expenses, and printing and mailings.

Board of Accountancy	General Revenue
FY2019 Enacted	\$6,000
<i>Target and Other Adjustments</i>	<i>(117)</i>
FY2020 Enacted	\$5,883

COMMERCIAL LICENSING AND GAMING AND ATHLETICS LICENSING

Commercial Licensing and Gaming and Athletics Licensing is responsible for the licensing and regulation of auto body and auto glass repair shops, auto salvage yards, constables, health clubs, mobile food establishments, liquor enforcement, mobile and manufactured homes, real estate appraisers and agents, and other occupational licenses to protect the health, safety, and welfare of the public.

Commercial Licensing and Gaming and Athletics Licensing	General Revenue
FY2019 Enacted	\$955,251
<i>Target and Other Adjustments</i>	<i>21,268</i>
Transfer of Small Business Ombudsman	158,884
Transfer of Fuel Advertising Oversight	Informational
FY2020 Enacted	\$1,135,403

Commercial Licensing and Gaming and Athletics Licensing	Other Fund Changes
Transfer of Medical Marijuana Program (restricted receipts)	(\$1,035,763)

Transfer of Small Business Ombudsman* **\$158,884*

The Budget increases general revenue spending to reflect the transfer of the Small Business Ombudsman to the Department of Business Regulation. Article 3 of the Budget transfers the Small Business Ombudsman from the Office of Regulatory Reform within the Office of Management and Budget to DBR. DBR is currently operating under a memorandum of understanding with the Office of Regulatory Reform that allows the Ombudsman to work within DBR, and the article will formally transfer 1.0 FTE position to move the Ombudsman.

Transfer of Fuel Advertising Oversight* **Informational*

Article 3 of the Budget transfers regulatory authority for the display of gasoline prices and advertising from the Department of Business Regulation (DBR) to the Department of Labor and Training (DLT). Currently, DLT is responsible for inspecting gas pumps, while DBR is responsible for inspecting listed prices and advertisements. DLT has agreed to handle the regulatory responsibility since it already inspects the gas pumps. The transfer of oversight has no fiscal impact.

Transfer of Medical Marijuana Program (restricted receipts)* **(\$1.0 million)*

The Budget decreases restricted receipt expenditures within the Division of Commercial Licensing and Gaming and Athletics Licensing by \$1.0 million. This is to reflect the transfer of the medical marijuana licensing program from the Division to the new Office of Cannabis Regulation (OCR) within DBR. The new division will be responsible for oversight of licensing for the medical marijuana program and industrial hemp products.

DIVISION OF BUILDING, DESIGN AND FIRE PROFESSIONALS

The FY2019 Budget as Enacted established the Division of Building, Design, and Fire Professionals to consolidate the Office of the State Fire Marshal, the Fire Safety Code Board of Review and Appeal, the Office of the State Building Commissioner, the Board of Registration for Professional Engineers, Board of Registration for Professional Land Surveyors, Board of Examination and Registration of Architects, the Board of Examiners of Landscape Architects and the Contractors' Registration and Licensing Board. The

Division provides a single point of contact for building and construction professionals seeking state approvals.

Division of Building, Design and Fire Professionals	General Revenue
FY2019 Enacted	\$5,655,015
<i>Target and Other Adjustments</i>	<i>154,169</i>
Identification Systems	125,000
State Building Office	(88,137)
FY2020 Enacted	\$5,846,047

Identification Systems **\$125,000**

The Budget includes \$125,000 of general revenue funds for three identification systems for the State Fire Marshal to have the proper capability to detect and identify dangerous objects that such as explosives, chemicals, or nuclear materials. The Department of Homeland Security has notified the Division that the State lacks the proper capabilities to detect and identify these dangerous materials. The identification systems include an Explosives Identification System for \$62,000, a Radioactive Identification System for \$22,000, and a Nano X-Ray System for \$41,000.

State Building Office **(\$88,137)**

The Budget includes a general revenue savings of \$88,137 to reflect efforts to increase efficiency within the Division. The Budget consolidates the Contractor's Registration and Licensing Board and the Building Code Commission into a new State Building Office. The FY2019 Budget as Enacted established the Division of Building, Design and Fire Professionals within the Department of Business Regulation (DBR), consolidating the Building Code Commission, Contractors' Registration and Licensing Board, the Design Professionals Group, the Office of the State Fire Marshal, and the Fire Safety Code Board of Appeal and Review. The fragmentation of the building and design functions have resulted in redundancies in personnel and previous consolidations of offices and a new online system for obtaining permits have decreased the need for administrative staff.

The Division will be reorganized with the following job classifications eliminated: Implementation Aide, Enforcement Aide, Programming Services Officer, and Senior State Building Official. Eliminated job classifications will be reclassified into other administrative and inspection positions at lower salary grades. The eliminated positions are funded by restricted receipts and will free up revenues to allocate funds towards other personnel, therefor decreasing general revenue spending. Lower salary grades and eliminating 2.0 FTE administrative positions will decrease general revenue spending by \$88,137 as compared to the FY2019 Budget as Enacted.

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 to maintain accreditation by the National Association of Insurance Commissioners.

Insurance Regulation	General Revenue
FY2019 Enacted	\$3,971,607
<i>Target and Other Adjustments</i>	<i>(33,905)</i>
Information Technology Charges	(18,360)
FY2020 Enacted	\$3,919,342

Information Technology Charges**(\$18,360)**

The Budget decreases general revenue expenditures to reflect billed amounts for information technology services. 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 FY2019 Budget as Enacted appropriated \$18,360, which is eliminated in the FY2020 Budget.

OFFICE OF CANNABIS REGULATION

The Governor's Budget establishes the Office of Cannabis Regulation within the Department of Business Regulation. The new division is responsible for licensing the medical marijuana program and cannabidiol (CBD) products. The new division is funded entirely by restricted receipts from licensing fees collected from the medical marijuana program and cannabidiol products.

Office of Cannabis Regulation	Other Fund Changes
Medical Marijuana Program (restricted receipts)	\$1,346,264

Medical Marijuana Program (restricted receipts)**\$1.3 million**

Article 15 of the Budget transfers licensing and oversight of the medical marijuana program from the Department of Health to the new Office of Cannabis Regulation (OCR) within the Department of Business Regulation. The Budget also authorizes six new compassion centers and increases application and licensing fees for compassion centers.

The Budget includes \$774,663 for the personnel costs of 5.0 FTE positions that are transferred from the Department of Health and 2.0 new FTE positions. The Budget also includes \$245,000 for software maintenance agreements to track licensing and sales, and \$70,000 for the purchase of computer supplies. The following table outlines the expenses for the Office of Cannabis Regulation.

Expenditure	Amount
Salary & Benefits	\$774,663
Seed to Sale Software	245,000
Other Operating Expenses	154,601
Computer Supplies & Equipment	70,000
Travel-Related Costs	47,000
Training	35,000
Consultants	20,000
Total	\$1,346,264

OFFICE OF 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
FY2019 Enacted	\$1,669,562
<i>Target and Other Adjustments</i>	<i>47,544</i>
FY2020 Enacted	\$1,717,106

Office of the Health Insurance Commissioner	Other Fund Changes
State Innovation Models Initiative (federal funds)	(\$316,789)
State Flexibility Grant (federal funds)	148,790
State Innovation Models Initiative (federal funds)	(\$316,789)

The Budget decreases federal funds by \$316,789, reflecting the scheduled expiration of the State Innovation Models Initiative grant in July of 2019. The grant provided funding to move the state towards a more value-based health insurance system through investments in the healthcare delivery system, health information technology, infrastructure, and population health. The state has applied for an extension, which if granted, could continue some of the current funding.

State Flexibility Grant (federal funds) \$148,790

The Budget includes an increase of \$148,790 in federal funds for the State Flexibility Grant to implement market reforms and consumer protections, including guaranteed availability of coverage, guaranteed renewability of coverage, and essential health benefits to allow the state to effectively regulate the health insurance market. Rhode Island has been granted a total of \$276,715 to be budgeted over 24 months.

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
FY2019 Enacted	\$1,015,879
<i>Target and Other Adjustments</i>	<i>67,616</i>
FY2020 Enacted	\$1,083,495

CAPITAL PROJECTS

The Budget includes \$310,000 in RICAP funds for capital projects in FY2020 to fund the construction of a cold storage building at the Fire Training Academy. The storage facility will store vehicles, tools, and other equipment that is currently stored outside to keep them protected from adverse weather conditions

Department of Labor and Training

Expenditures By Program	FY2018	FY2019	FY2019			FY2020	Change from	
	Actual	Enacted	Revised	Change from Enacted		Enacted	Enacted	Enacted
Central Management	\$5.2	\$2.1	\$1.0	(\$1.1)	-51.5%	\$1.0	(\$1.1)	-52.6%
Income Support	364.6	388.3	377.0	(11.4)	-2.9%	385.0	(3.3)	-0.9%
Injured Workers Services	9.1	9.0	10.1	1.1	12.8%	10.6	1.6	18.1%
Labor Relations Board	0.4	0.4	0.5	0.1	14.0%	0.4	0.0	6.6%
Workforce Development Services	43.3	55.3	54.5	(0.8)	-1.4%	48.8	(6.5)	-11.8%
Workforce Regulation and Safety	2.9	3.1	4.4	1.3	40.7%	3.2	0.1	3.9%
Total	\$425.5	\$458.2	\$447.4	(\$10.8)	-2.3%	\$449.0	(\$9.2)	-2.0%
Expenditures By Source								
General Revenue	\$12.9	\$14.5	\$15.8	\$1.4	9.6%	\$14.7	\$0.2	1.5%
Federal Funds	37.9	40.8	45.3	4.5	11.2%	38.3	(2.5)	-6.1%
Restricted Receipts	29.5	39.0	31.6	(7.4)	-19.0%	30.0	(9.0)	-23.0%
Other Funds	345.2	364.0	354.7	(9.3)	-2.6%	366.0	2.0	0.6%
Total	\$425.5	\$458.2	\$447.4	(\$10.8)	-2.3%	\$449.0	(\$9.2)	-2.0%
Authorized FTE Levels	428.7	409.7	409.7	-	0.0%	390.7	(19.0)	-4.6%

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

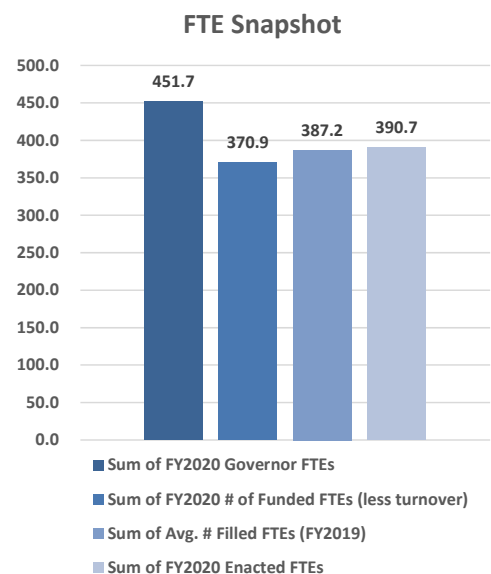
The Department of Labor and Training is charged with providing an array of employment and training services to Rhode Islanders and administering the laws pertaining to workforce regulation, safety and labor law enforcement. The Department consists of six divisions: Central Management, Income Support,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

MAJOR ISSUES AND TRENDS

The Budget includes \$449.0 million in total expenditures for FY2020, including \$14.7 million in general revenue, an increase of \$214,977 over the FY2019 enacted level.

The \$9.0 million decrease in restricted receipts is mainly associated with the reallocation of funding from the Governor's Workforce Board to the Real Jobs RI program. The FY2019 Enacted Budget also included more anticipated assistance and grant funds than were actually awarded to the Department, leading to the additional decrease. The \$2.0 million increase in other funds is related to higher projections for unemployment insurance and temporary caregiver benefits.

The Budget authorizes 390.7 positions in FY2020, a decrease of 19.0 FTE positions from the FY2019 Enacted levels. The Governor's Budget included funding for 6.0 vacant FTE positions to support the Governor's Workforce Board in grant and audit units. The Budget removes the 6.0 FTE positions plus an additional 13.0 unspecified vacant FTE positions.



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
FY2019 Enacted	\$722,892
<i>Targets and Other Adjustments</i>	
Centralized Service Charges	(12,123)
Personnel	102,393
FY2020 Enacted	\$797,120

Centralized Service Charges**\$102,393**

The Budget includes \$723,699 in general revenue expenditures for Information Technology, Capital Assets Management, and Human Resource Service Center projected costs in FY2020. This is an increase of \$102,393 from the FY2019 Budget as Enacted amount of \$621,306. 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 were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget increases these costs for FY2020.

	FY2019 Enacted	FY2020 Enacted	Change from Enacted	
Centralized Service Charges				
Information Technology	\$191,839	\$294,232	\$102,393	53.4%
Capital Asset and Management	305,844	305,844	-	0.0%
Human Resources	123,623	123,623	-	0.0%
Total	\$621,306	\$723,699	\$102,393	16.5%

Personnel**(\$16,042)**

The Budget includes a decrease of \$16,042 for personnel costs. The Department's FY2020 Budget request included a reduction of \$15,663 related to a change in the cost allocations for personnel. The Budget includes an additional reduction of \$379 related to statewide adjustments in medical insurance and fringe benefits.

INCOME SUPPORT

The Income Support program encompasses all functions and activities related to the Unemployment Insurance program, which provides temporary income support to workers who have lost employment through no fault of their own; Temporary Disability Insurance (TDI), which provides benefits to individuals who are unable to work due to non-work related illness or injury; and, the Police and Firefighters' Relief Funds, which provide financial compensation to police officers, firefighters, or their families for death or disabling injuries.

Income Support	General Revenue
FY2019 Enacted	\$3,939,754
<i>Targets and Other Adjustments</i>	
Personnel	(126)
Police and Firefighters' Relief Fund	(6,802)
Unemployment Insurance Benefit Statistics	Informational
Unemployment Insurance Administration Deficit	Informational
FY2020 Enacted	\$3,932,826

Personnel**(\$6,802)**

The Budget decreases general revenue funding for personnel by \$6,802. This decrease is related to a \$128,548 reduction in personnel costs for the Police and Firefighter's Relief fund due to statewide adjustments and turnover. This decrease is partially offset by an additional \$121,746 within a new general revenue account to support Unemployment Insurance (UI) Administration. The Department closed FY2018 with a general revenue deficit of \$4.0 million related to UI Administration. The creation of the new general revenue account is intended to guard from future deficits. See the Unemployment Insurance Administration Deficit section for more detail.

Police and Firefighters' Relief Fund**Informational**

The Budget includes level funding of \$3.8 million in general revenue for Police and Firefighters' annuity and tuition benefits.

	FY2019 Enacted	FY2020 Enacted	Change
Police Officers' Relief Fund			
Police Officer Annuities	\$774,000	\$774,000	\$0
Tuition Benefits	180,000	180,000	-
Supplemental Pension	-	-	-
Total	\$954,000	\$954,000	\$0
Firefighters' Relief Fund			
Firefighter Annuities	\$2,466,000	\$2,466,000	\$0
Tuition Benefits	408,983	408,983	-
Supplemental Pension	-	-	-
Total	\$2,874,983	\$2,874,983	\$0
Grand Total	\$3,828,983	\$3,828,983	\$0

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.

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 2019			
Average UI Benefits Paid			
State	Amount	New England	National
Massachusetts	\$8,848	1	1
Connecticut	6,163	2	8
Vermont	4,565	3	28
Rhode Island	5,189	4	21
Maine	4,427	5	31
New Hampshire	3,993	6	35

Source: US Dept. of Labor/UI Data Summary

12 Months Ending 1st Quarter 2019			
Average Weekly UI Benefits Paid			
State	Amount	New England	National
Massachusetts	\$529.08	1	2
Connecticut	403.81	2	12
Vermont	391.62	3	15
Rhode Island	374.62	4	20
Maine	341.32	5	29
New Hampshire	328.21	6	34

Source: US Dept. of Labor/UI Data Summary

As of January 1, 2019

Maximum Weekly UI Benefit

State	Amount	New England	National
Massachusetts	\$795	1	1
Connecticut	631	2	4
Rhode Island	576	3	8
Vermont	498	4	15
Maine	431	5	29
New Hampshire	427	6	31

Source: US Dept. of Labor

As of January 1, 2019

Maximum Weekly UI Benefit with Dependents

State	Rate	New England	National
Massachusetts	\$1,192	1	1
Rhode Island	720	2	3
Connecticut	706	3	5
Maine	646	4	8
Vermont*	498	5	20
New Hampshire*	427	6	32

* No dependent's benefit provision

Source: US Dept. of Labor

Unemployment Insurance Administration Deficit**Informational**

The Department of Labor and Training closed FY2018 with a general revenue deficit of \$4.0 million within the Central Management program. This is a two-year deficit relating to Unemployment Insurance (UI) Administration that began in FY2017.

The FY2017 Supplemental Budget included \$8.0 million in federal funds for Unemployment Insurance (UI) Administration within the Department's Income Support program. Actuals show that the Department ended FY2017 having spent \$12.1 million for UI Administration resulting in a \$4.1 million funding gap. The Department anticipated covering the funding gap by re-appropriating federal funds to Reed Act Status. This re-appropriation required approval by the U.S. Department of Labor. The re-appropriation was denied and the Department was left with a federal funds deficit of \$4.1 million in FY2017.

Analyst Note: The Reed Act allowed for the redistribution of federal unemployment tax funds to state UI programs when the federal government collected excess unemployment taxes. The Department's Budget last included Reed Act funds in FY2009.

In early FY2018, the Department received its yearly federal UI grant and was able to continue funding UI Administration. The Department also worked to decrease costs within the UI program that were under their control. This included cross training staff to be able to work on UI Administration and Temporary Disability Insurance (TDI) Administration, and implementing a hiring freeze on new hires within UI Administration. While these efforts helped to contain costs, they were not enough to decrease the deficit. In FY2018, the Department still had a federal funds deficit of \$4.0 million for UI Administration. The Department did not have a valid account for these expenditures within the Income Support Program so the deficit was transferred to general revenues within the Central Management program. The transfer of these funds led the Department to close FY2018 with a \$4.0 million general revenue deficit.

The Department's FY2019 Revised Budget request and FY2020 Request both include \$1.3 million within a new general revenue account to support any further deficits within UI Administration. The Department's requests also included an increase in general revenue funding for the Workforce Regulation and Safety (WRS) program. This program was previously funded by both general revenues and Tardy and Interest restricted receipts. Fully funding this program with general revenue would allow all Tardy and Interest restricted receipt funding to support UI Administration. The Tardy and Interest restricted receipt account is funded via penalties and interest on employers' taxes (i.e. Unemployment Insurance, Temporary Disability Insurance, and Job Development Fund) when paid late.

The FY2019 Revised Budget includes an additional \$1.5 million in funding within in newly created general revenue account. The Revised Budget also includes an additional \$1.3 million in general revenue funding for the Workforce Regulation and Safety program. This will allow additional Tardy and Interest restricted receipt funding to support UI Administration.

The FY2020 Budget includes \$121,746 within the new general revenue account. This includes an additional \$944,398 for salary and benefits which is partially offset by a turnover savings of \$822,642.

The FY2020 Budget only includes \$120,596 in additional general revenue funding for the Workforce Regulation and Safety (WRS) program.

Analyst Note: The additional funding included in the FY2020 Budget for WRS may not be enough funding to allow Tardy and Interest restricted receipts to be used to support UI Administration. In addition, the FY2020 Budget excludes the additional \$1.3 million in general revenue, included in the Department's requests, which would be used to cover further deficits within the UI program. Without additional funding from general revenue or additional Tardy and Interest restricted receipts, it is possible the Department will incur another deficit within the UI Program.

INJURED WORKERS SERVICES

The Injured Workers Services program operates the State's Workers' Compensation System. The Donley/Arrigan 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
FY2019 Enacted	\$414,147
<i>Targets and Other Adjustments</i>	
Personnel	1,243
FY2020 Enacted	\$441,669
Personnel	\$26,279

The Budget includes an additional \$26,279 in general revenues for personnel costs within the Labor Relations Board. The majority of this increase is due to the addition of one more board member. The additional board member was appointed in FY2019 but the associated costs were not included in the FY2019 Budget as Enacted. Board members make \$15,195 per year. The remainder of the increase is associated with cost of living adjustments for the 2.0 FTE positions that support the Labor Relations Board (1.0 Administrator FTE position and 1.0 Case Agent FTE position).

WORKFORCE DEVELOPMENT SERVICES

The Workforce Development Services program works to administer employment and training programs to match job-seekers with suitable employment. The Employment Services subprogram provides a variety of services including, employment counseling, occupational exploration, career guidance, and referrals to training programs. The Workforce Innovation and Opportunity Act subprogram provides employment and training programs to prepare youth, unskilled adults, and dislocated workers for re-entry into the labor force. The Trade Adjustment Assistance (TAA) subprogram provides benefits and educational assistance to workers who have lost their jobs or whose hours have been reduced due to increased imports or a shift in production out of the United States. The Department works with the U.S. Department of Labor to file petitions on behalf of affected workers. The Alternative Trade Adjustment Assistance program provides support services to individuals who are 50 years or age and older. The RI Works program provides services to beneficiaries of Temporary Assistance for Needy Families (TANF). The Workforce Development Services program also includes the Governor's Workforce Board who administers the Department's workforce development efforts.

Workforce Development Services	General Revenue
FY2019 Enacted	\$6,277,198
<i>Targets and Other Adjustments</i>	
	(441)
Governor's Workforce Board	Informational
Real Jobs Rhode Island	Informational
FY2020 Enacted	\$6,276,757
Workforce Development Services	
Federal Assistance and Grants (federal funds)	\$4,462,383

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. The GWB manages partnerships with workforce partners with the goal of investing in impactful workforce development. The GWB manages multiple programs including:

- **Real Jobs Rhode Island:** Created by the Governor in 2015, the RJRI program invests in sector-based intermediaries who serve as RJRI Partners and enables them to design and implement their own initiatives to serve their industry's needs.
- **Real Pathways RI:** The Real Pathways program supports partnerships between public, private, and nonprofit agencies and focuses on populations with barriers to employments, such as veterans and homeless. The program also focuses on areas in the state with above average concentrations of poverty and unemployment.
- **Real Skills for Youth:** The Real Skills for Youth program was developed in 2018 and focuses on preparing youth for success in college and careers through career exposure, skill-building, and work-based learning.

Article 11 of the FY2019 Budget included 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.

The FY2019 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. For tax year 2019 only, less money will be deposited into the Employment Security Trust Fund and more will be directed towards the Job Development Fund.

Real Jobs Rhode Island**Informational**

The Budget includes \$5.5 million in general revenue for the Real Jobs Rhode Island (RJRI) program, level funding with the FY2019 Budget as Enacted. The program, now in its fifth year of operating, has served over 789 employers and 5,200 people by investing in sector-based intermediaries who serve as RJRI Partners, enabling employers to design and implement tailored initiatives to serve their industry's needs. The FY2019 Budget as Enacted repealed the Jobs Training Tax Credit and redirected the \$450,000 of associated general revenue funding to RJRI.

Federal Assistance and Grants (federal funds)**\$4.5 million**

The Budget includes \$25.4 million, an increase of \$4.5 million from FY2019 enacted levels, in federal funds for workforce development programs. Some of these grants include:

- **America’s Promise:** Provides funding to assist workers in gaining experience and skills that would allow the worker to upgrade their position in high-growth employment sectors of the economy. The FY2020 Budget includes \$507,892, an increase of \$468,126 above FY2019 enacted levels.
- **National Health Emergency Opioid Crisis Grant:** This grant provides support through the Governor’s Recovery Through Opportunity (RTO) program, which provides training and services to workers impacted by the opioid crisis. The program also works to build a skilled workforce in professions necessary to impact the cause and treatment of the opioid crisis. This is a new grant which provides \$1.9 million in funding in FY2020.
- **Trade Adjustment Assistance (TAA):** TAA is a federal program to help workers impacted by foreign trade. The program provides affected workers with support, resources, and skills to return to the workforce. The Budget includes \$1.5 million, an increase of \$483,551 from FY2019 enacted levels.
- **Dislocated Worker Grants:** This grant provides funding for significant dislocation events. DLT’s Rapid Response team provides services for closing businesses and dislocated workers. This is a new grant, with \$2.9 million in funding in the FY2020 Budget.

WORKFORCE REGULATION AND SAFETY

The Workforce Regulation and Safety Program is comprised of multiple units that work to enforce laws relating to professional regulation, labor standards, occupational health and safety, and certification of weights and measures. The Labor Standards unit enforces labor laws and provides worker protections. The Occupational Safety unit enforces laws relating to safety compliance, elevators, boilers, hazardous substances, and weights and measures. The Trade Licensing Unit licenses technical professions and monitors and enforces trade laws pertaining to electricians, hoisting engineers, pipefitters, refrigeration technicians, sprinkler fitters, plumbers, sheet metal workers, and telecommunications technicians. The Registered Apprenticeship unit registers apprenticeship training programs. The Prevailing Wage unit works to prevent unfair compensation and worker exploitation.

Workforce Regulation and Safety	General Revenue
FY2019 Enacted	\$3,110,964
<i>Targets and Other Adjustments</i>	
Personnel	(7,177)
Centralized Service Charges	69,075
FY2020 Enacted	\$3,231,560

Personnel **\$69,075**

The Budget includes an additional \$69,075 in general revenue for personnel expenditures. The Department requested an additional \$1.6 million to fully fund this program with general revenues. In the past this program was supported by general revenue and Tardy and Interest restricted receipts. The Tardy and Interest restricted receipt account is funded via penalties and interest on employers’ taxes (i.e. Unemployment Insurance, Temporary Disability Insurance, and Job Development Fund) when paid late. The Budget reduces the Department’s request by \$1.5 million, including a reduction of \$90,947 for statewide adjustments such as medical insurance and fringe benefits and \$1.0 million in unidentified turnover savings.

Centralized Service Charges **\$58,698**

The Budget includes \$261,338 in general revenue expenditures for Information Technology, Capital Assets Management, and Human Resource Service Center projected costs in FY2020. This is an increase of \$58,698 from the FY2019 Budget as Enacted amount of \$202,640. 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 were reflected in

each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget increases these costs for FY2020.

Centralized Service Charges	FY2019	FY2020		
	Enacted	Governor	<i>Change from Enacted</i>	
Information Technology	\$202,640	\$261,338	\$58,698	29.0%
Capital Asset and Management		-	-	-
Human Resources		-	-	-
Total	\$202,640	\$261,338	\$58,698	29.0%

CAPITAL PROJECTS

The Budget includes no RICAP funding in FY2020, a decrease of \$1.3 million from the FY2019 Enacted Budget. Starting in FY2020, the Department of Administration will be overseeing all of the Department of Labor and Training's facilities.

Department of Revenue

Expenditures By Program	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
Director of Revenue	\$2.0	\$2.1	\$2.1	(\$0.0)	-1.3%	\$2.1	\$0.0	0.9%
Division of Collections	-	0.6	0.4	(0.2)	-25.4%	0.9	0.3	49.5%
Lottery Division	359.3	400.2	419.5	19.3	4.8%	420.1	20.0	5.0%
Municipal Finance	2.6	2.8	2.5	(0.3)	-12.0%	2.5	(0.3)	-12.4%
Office of Revenue Analysis	0.7	0.9	0.8	(0.1)	-14.3%	0.8	(0.1)	-7.0%
Division of Motor Vehicles	26.0	30.7	27.3	(3.4)	-11.2%	31.4	0.7	2.1%
State Aid	93.8	115.8	117.3	1.5	1.3%	154.4	38.6	33.3%
Taxation	28.2	30.9	31.2	0.3	0.9%	31.0	0.0	0.1%
Total	\$512.6	\$584.0	\$601.0	\$17.0	2.9%	\$643.2	\$59.2	10.1%

Expenditures By Source	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
General Revenue	\$148.4	\$178.8	\$176.6	(\$2.3)	-1.3%	\$216.3	\$37.4	20.9%
Federal Funds	1.6	2.1	1.9	(0.2)	-8.7%	2.0	(0.1)	-6.6%
Restricted Receipts	2.1	2.1	1.9	(0.2)	-9.1%	3.6	1.5	74.7%
Other Funds	360.4	401.0	420.6	19.6	4.9%	421.4	20.3	5.1%
Total	\$512.6	\$584.0	\$601.0	\$17.0	2.9%	\$643.2	\$59.2	10.1%

Authorized FTE Levels	529.5	604.5	604.5	-	-	602.5	(2.0)	-0.3%
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\$ 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 eight program functions consisting of the Director's Office, the Division of Collections, the Lottery Division, Municipal Finance (formerly property valuation), the Office of Revenue Analysis (ORA), the Division of Motor Vehicles (DMV), the State Aid program, and the Division of Taxation.

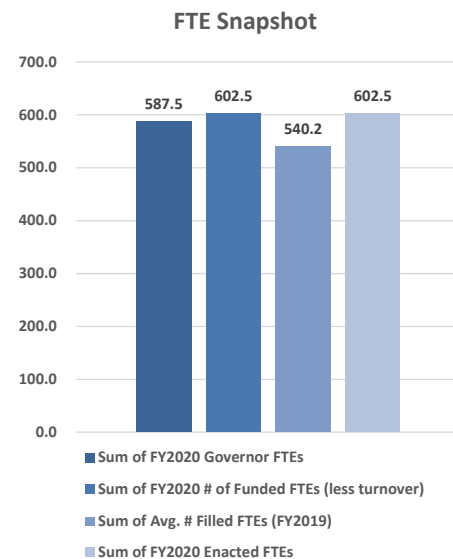
MAJOR ISSUES AND TRENDS

The Budget includes total funding of \$643.2 million for the Department of Revenue, an increase of \$59.2 million (10.1 percent) over the FY2019 Budget as Enacted, including a general revenue increase of \$37.4 million. The net increase is primarily attributable to scheduled increases in State Aid for the motor vehicle tax phase-out in FY2020.

Major budget initiatives within the Department of Revenue include:

Municipal Finance Staff: The Budget eliminates 4.0 FTE positions from Division of Municipal Finance, reducing personnel costs within the Division by \$304,395. According to the Office of Management and Budget (OMB), this 18.0 percent reduction aligns the staff with the current workload of the Division and is presented as a savings.

DMV Funding: The Budget decreases the percentage of revenue generated by DMV transaction surcharges that is deposited into the State's Highway Maintenance Account (HMA) from 100.0 percent to 95.0 percent and directs the remaining 5.0 percent to be used to pay for a portion of the DMV's front-facing personnel costs.



License Plate Reissuance: The Budget delays the statutorily-mandated license plate reissuance by five months, from January 1, 2020, to June 1, 2020. The fee for the plates is increased from \$6.00 per reissued set to \$8.00. The DMV will be required to provide a monthly report to the General Assembly outlining the previous month's activity and progress towards the implementation of the license plate reissuance.

State Aid: The Budget includes \$154.4 million across all sources of funds for the State Aid program, including an increase of \$39.5 million in additional general revenue budgeted for the actual reimbursements to cities and towns under the motor vehicle tax phase-out based on current law.

Lottery: The Budget includes a net increase of \$20.0 million across all funds for the Lottery. The increase consists primarily of a net \$21.5 million more in estimated lottery payments identified by the May 2019 Revenue Estimating Conference, offset by a \$2.6 million reduction in Gaming Enforcement Unit costs that results from a change in budgeting practices.

Taxation: The Budget shifts \$2.9 million in contracted IT support spending in the Division of Taxation from general revenue to the Information Technology Investment Fund (ITIF). This budgeting change is part of an overall savings initiative recommended by a commission authorized by the Governor to identify efficiency savings across state government.

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
FY2019 Enacted	\$2,122,802
<hr/>	
<i>Target and Other Adjustments</i>	<i>18,818</i>
FY2020 Enacted	\$2,141,620

DIVISION OF COLLECTIONS

Article 4 of the FY2019 Budget as Enacted established a new Division within the Department of Revenue for the purpose of assisting State agencies in the collection of delinquent debt. This new Division of Collections enters into agreements with willing State agencies to transfer the debts to the Division, which are remitted back to the appropriate agency once successfully recovered.

Division of Collections	General Revenue
FY2019 Enacted	\$601,755
<hr/>	
<i>Target and Other Adjustments</i>	<i>71,071</i>
Legal Counsel	115,823
Case Management System	111,000
FY2020 Enacted	\$899,649

Legal Counsel **\$115,823**

The Budget includes \$115,823 from general revenues to fund the personnel costs of a new 1.0 Legal Counsel FTE position within the Division of Collections.

Article 4 of the Governor's original FY2019 Budget proposal provided the Division of Collections with the authority to enter into external contingency contracts. The ability to enlist outside professionals was a tool to enhance debt collection. The General Assembly did not provide this authorization in the FY2019 Budget as Enacted. Department officials argue that this prevents the unit from contracting legal services

of any type. Based on this argument, DOR requested, and the General Assembly accepted, adding an attorney to the Division.

The Division was established with 7.0 FTE positions in FY2019. A Chief of Legal Services runs the unit. The other staff include an Administrative Officer, a Billing Specialist, 2.0 Accountants and 2.0 Senior Accountants.

Case Management System

\$111,000

The Budget includes \$111,000 from general revenues to fund a new custom case management IT system. Currently, the unit uses general cloud-based services to address their casework and workflow. The Department argues that a tailored system would increase productivity and efficiency. The funds are split between computer/software equipment costs (\$51,000) and IT programming costs (\$60,000).

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 Lucky 4 Life regional game, as well as the authorization and licensing of video lottery terminals (VLTs), table games, and sports betting at Twin River Lincoln and Tiverton. No general revenues support the Division; it is entirely funded with other funds derived from Lottery sales.

Lottery Division	Other Fund Changes
FY2019 Enacted	\$400,184,045
<i>Target and Other Adjustments</i>	<i>1,051,689</i>
Commissions and Prize Payments	21,526,022
Gaming Enforcement Unit	(2,612,342)
FY2020 Enacted	\$420,149,414

Commissions and Prize Payments (other funds)

\$21.5 million

The net increase of \$21.5 million in Commissions and Prize Payments is based on the May 2019 Revenue Estimating Conference (REC) estimates of video lottery terminal (VLT) income, table game revenue, traditional lottery games (scratch tickets, etc.), and the newly authorized sports betting.

Net revenue from VLTs is estimated to total \$320.0 million. Traditional lottery games are estimated to yield \$60.0 million. Table games are budgeted at \$19.8 million and sports betting is estimated to yield \$27.3 million in FY2020.

Gaming Enforcement Unit (other funds)

(\$2.6 million)

The Budget reduces Lottery Fund expenditures for security services by \$2.6 million relative to the FY2019 Budget as Enacted. The personnel and operating costs of the State Police's Gaming Enforcement Unit (GEU) have historically been paid by the Lottery as part of its operating costs. The Lottery budgeted \$2.6 million for security services in FY2019 and spent \$1.3 million in FY2018. The Lottery's operating costs are deducted from the total amount of lottery revenue transferred to the State. Because of this, the cost of manning and operating the GEU does not appear as an expenditure, but rather as a reduction in revenue.

The way this cost is budgeted was revised at the November 2018 Revenue Estimating Conference. The principals agreed not to reduce revenue, but rather budget the cost as an expenditure in the State Police. The Budget includes \$1.9 million from general revenues for the State Police's Gaming Enforcement Unit in FY2020.

DIVISION OF MUNICIPAL FINANCE

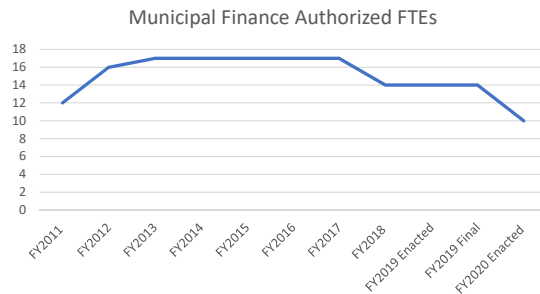
The Division of Municipal Finance assists municipalities by providing data analysis and technical assistance as well as training on financial reporting, tax levy, and property valuation issues. The Division calculates the equalized property valuation information and State aid distributions. The Motor Vehicle Value Commission is staffed by the Division and sets vehicle values that are subject to the motor vehicle excise tax. The Division plays an important role in administering the State’s fiscal stability statutes. These laws provide a tiered set of interventions, from budget commissions to receiverships, when a municipality experiences financial distress.

Municipal Finance	General Revenue
FY2019 Enacted	\$2,815,457
<hr/>	
<i>Target and Other Adjustments</i>	<i>(45,165)</i>
Personnel	(304,395)
FY2020 Enacted	\$2,465,897

Personnel

The Budget reduces the Division’s personnel budget by \$304,395, or 18.0 percent, and eliminates 4.0 of its 14.0 FTE positions. According to the Department, the reduction will be met through attrition.

The following chart shows recent authorized FTE levels by fiscal year:



Analyst Note: OMB indicates that the Division’s human resources could be “better distributed to reflect workloads and policy objectives” and in doing so “will improve the efficient use of taxpayer dollars”.

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
FY2019 Enacted	\$905,219
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<i>Target and Other Adjustments</i>	<i>(2,362)</i>
Personnel	(91,450)
Software Maintenance Agreements	30,000
FY2020 Enacted	\$841,407

Personnel

(\$91,450)

The Budget reduces personnel costs within ORA by \$91,450. According to the Department, this reduction, spread across most of the salary and benefits natural accounts, reflects statewide benefit changes, planned step increases, and other updated planning values. The Budget includes the existing 6.0 FTE positions and \$19,167 in turnover.

Software Maintenance Agreements**\$30,000**

The Budget includes an additional \$30,000 in general revenue to upkeep ORA's economic modeling software. The Office uses the software to produce economic and fiscal impact analyses on State revenues. The software must be renewed on a biennial basis.

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 services at select branch locations.

Division of Motor Vehicles	General Revenue
FY2019 Enacted	\$30,009,103
<i>Target and Other Adjustments</i>	<i>(953,721)</i>
DMV IT System	1,201,816
DMV Turnover	(846,784)
Real ID Savings	(270,000)
Highway Maintenance Account and Fee Collection Support	Informational
License Plate Reissuance	Informational
FY2020 Enacted	\$29,140,414

DMV IT System**\$1.2 million**

The Budget includes \$1.2 million in general revenue to help fund maintenance and operational support for the DMV's information technology system known as the Rhode Island Modernization System (RIMS).

RIMS is a database designed to provide real-time and customer-centric services. RIMS provides efficient processing, tracking, payment, and security upgrades. The replacement of the legacy system was required due to outdated technology which could not respond to legislative changes, federal mandates, nor incorporate the hundreds of interfaces with outside entities. The project began in FY2007 and went live in July 2017.

The project has been funded by certificates of participation (COPs), restricted receipts, federal funds, and general revenues. Restricted receipts are generated through a \$1.50 surcharge on all DMV customer service transactions and are deposited into the State's Information Technology Investment Fund (ITIF). The DMV surcharge has a sunset date of June 30, 2022.

Article 7 of the Budget makes several changes related to the technology surcharge. The surcharge is increased by \$1.00, for a total of \$2.50 per DMV fee transaction. Revenue from the additional \$1.00 is to be deposited in a new restricted receipt within the DMV to make RIMS-related payments and/or for ongoing maintenance of and enhancements to the DMV's computer system. The article removes the existing sunset and shifts the existing \$1.50 from the ITIF to the DMV account beginning on July 1, 2022.

Analyst Note: The RIMS vendor contract is set to expire June 30, 2020, and will have to be renegotiated. Hewlett Packard Prospecta is the current sole source vendor. According to DMV officials, the ongoing maintenance of RIMS, including upgrading to new releases, is typically more expensive than the costs of the initial system implementation. DOR indicates that the additional resources (represented by the \$1.00 surcharge increase) will help pay for what it anticipates will be a more expensive contract going forward.

Based on DOR projections, \$4.2 million in surcharge revenue, inclusive of the fee increase, will be generated in FY2020. The ITIF will receive \$2.5 million of this revenue and \$1.7 million will be deposited into the DMV restricted receipt account. These changes, however, do not generate the amount

required to meet the RIMS expenditure needs in FY2020. The Budget, therefore, includes an additional \$1.2 million to cover the shortfall.

DMV Turnover **(\$846,784)**

The Budget includes \$846,784 in turnover savings based upon historical personnel expense levels. The savings is equivalent to approximately 9.8 FTE positions.

Real ID Savings **(\$270,000)**

The Budget includes \$270,000 in operational savings related to the Real ID program. 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 regulated by the U.S. Department of Homeland Security (DHS). Congress enacted the Real ID Act in 2005 which 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 began issuing Real ID driver's licenses and identification cards beginning in December 2018. Individuals are not required to have a Real ID—it is only necessary when interacting with federal agencies, and even then there are others forms of ID, such as passports, that are accepted. Because of this, the DMV estimates that just over half of current license/ID holders will need a Real ID. Real IDs 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 originally projected approximately 500 additional customers per day from December 2018 to October 2020. However, based on DMV's much lower actual experience in FY2019, the Budget reduces operational expenditures related to the program. Specifically, drivers' licensing imaging costs are reduced by \$200,000 and advertising costs are reduced by \$70,000.

Highway Maintenance Account and Fee Collection Support **Informational**

Under current law, DMV surcharges associated with driver's licenses, vehicle registrations, inspection stickers, title, and other transactions are deposited into the State's Highway Maintenance Account (HMA). Article 8 of the Budget decreases the percentage of revenue generated by these surcharges required to be deposited into the HMA from 100.0 percent to 95.0 percent. The remaining 5.0 percent will be deposited into the general fund for the purposes of funding the customer service personnel costs at the DMV that support the collection of the surcharges. There are a total of 62.5 FTE customer service representative positions at the DMV performing this work. The total salary and benefit cost for these positions in FY2020 is approximately \$4.3 million.

Analyst Note: The Transportation Investment and Debt Reduction Act of 2011 created the Rhode Island Highway Maintenance Account as a way to provide predictable and sustainable funding for highway maintenance projects. Funds from the HMA are authorized for projects that appear in the State's transportation improvement program.

The revenue from the transaction surcharges was originally deposited into the general fund. The fees were to be transferred into the HMA in phases. The schedule of this phase-in has been adjusted in each of the last two fiscal years, resulting in the HMA receiving less resources than planned under the original schedule, and conversely, the general fund receiving more. Decreasing the percentage surcharge revenue going to the HMA creates additional pressure on the original planned funding for the account and lowers the amount available for roadwork.

License Plate Reissuance **Informational**

The Budget delays the statutorily-mandated license plate reissuance by five months, from January 1, 2020, to June 1, 2020. This is the seventh time that the reissuance has been delayed. The fee for the plates is increased from \$6.00 per reissued set to \$8.00. DMV will be required to provide a monthly report to the General Assembly outlining the previous month's activity and progress towards the implementation of the

license plate reissuance. The Governor's FY2020 Budget included a proposal to eliminate reissuance requirement altogether.

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 2009 and the General Assembly required a full reissuance in 2011. 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; the FY2018 Budget as Enacted delayed it until January 1, 2019, and the FY2019 Budget as Enacted delayed it to January 1, 2020.

The Budget includes \$343,000 from general revenue in the Department of Administration's budget to begin the implementation of the reissuance.

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
2019	1/2020	6/2020	Governor's Budget proposed to eliminate reissuance. Article 7 provides sufficient time to implement reissuance

STATE AID

The Budget 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
FY2019 Enacted	\$114,853,444
<i>Target and Other Adjustments</i>	
Motor Vehicle Excise Tax	39,526,515
Property Revaluation Program	(941,678)
Distressed Communities Aid	Informational
Fiscal Stability Act	Informational
FY2020 Enacted	\$153,438,281

Motor Vehicle Excise Tax

\$39.5 million

The Budget includes \$94.3 million for the Motor Vehicle Excise Tax and Phase Out program for FY2020. This includes the \$54.7 million enacted base funding and \$39.5 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 FY2020, municipalities will lose an estimated \$94.3 million in forgone motor vehicle excise taxes; therefore, the Budget includes \$94.3 million in general revenue to reimburse municipalities for the lost tax revenue. By FY2024, the estimated general revenue cost of eliminating the motor vehicle tax is \$224.1 million.

Property Revaluation Program

(\$941,678)

The Budget includes \$668,856 for the Property Revaluation program in FY2020, a decrease of \$941,678 from the FY2019 Enacted level, based on anticipated reimbursements, which are required by law. The following communities will be reimbursed for statistical updates in FY2020: Barrington, Cranston, East Greenwich, Foster, Middletown, Pawtucket, and Woonsocket. Full revaluations will occur in Exeter, Narragansett, Newport, and Tiverton.

Distressed Communities Aid

Informational

The Distressed Community Relief program is level-funded in FY2020 as compared to FY2019 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 FY2020 will be \$12.4 million.

Distressed Community Relief Fund Distribution

Municipality	FY2019 Enacted	FY2020 Enacted	Change
Central Falls	\$217,756	\$201,648	(\$16,108)
Cranston	1,233,378	2,547,805	1,314,427
Johnston	1,065,944	532,972	(532,972)
North Providence	1,000,937	914,169	(86,768)
Pawtucket	1,507,940	1,400,733	1
Providence	5,606,831	5,155,694	(451,137)
West Warwick	904,159	859,102	(45,057)
Woonsocket	847,512	772,334	(75,178)
Total	\$12,384,458	\$12,384,458	-

Fiscal Stability Act

Informational

The 2013 General Assembly created the Fiscal Stability Act (FSA). Under the FSA, upon determination by the Director of Revenue that a Fiscal Overseer, Receiver, or Budget Commission is no longer required in a municipality or fire district, the Director must appoint a finance advisor (or in a community where a bankruptcy petition has been filed, an Administration and Finance Officer) for a period of 5 years. These positions ensure that a municipality or fire district exiting oversight remains on a path of fiscal stability and sound financial management practices. RIGL 45-9-10.1 requires the State to reimburse communities 50.0 percent of the costs of ongoing State oversight. Woonsocket is the only community currently experiencing State oversight. A fiscal advisor will be in place through the end of FY2020.

DIVISION OF TAXATION

The Division of Taxation assesses and collects taxes while also enforcing the State's tax laws. It is responsible for promulgating rules and regulations and 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
FY2019 Enacted	\$27,523,727
<hr/>	
<i>Target and Other Adjustments</i>	<i>1,862,711</i>
IT Support - Contract Professional Services	(2,914,768)
Maintenance and Operations for Taxation IT System	1,750,197
Turnover	(1,202,140)
Remote Sellers Tax Enforcement Personnel	307,242
FY2020 Enacted	\$27,326,969

IT Support – Contract Professional Services ***(\$2.9 million)***

The Budget includes \$2.9 million in general revenue savings by transferring contracted professional services charges for IT system support from the Division to the Information Technology Investment Fund (ITIF). The ITIF is funded primarily through the proceeds of State land sales.

Beginning in February 2019, the Governor convened a commission for the purposes of identifying efficiency savings across State government. The Governor’s Efficiency Commission recommended the relocation of various agencies’ functions and the sale of vacant State property. The Commission estimated between \$6.0 and \$10.0 million in revenue would be generated from the property sales. In order for this to translate into general revenue savings in FY2020, the General Assembly shifted allowable IT costs across several agencies from general revenue to the ITIF.

Maintenance and Operations for Taxation IT System ***\$1.8 million***

The Budget includes an additional \$1.8 million from general revenues to support the maintenance and operations of the Division’s IT system, known as the State Tax Administration and Revenue System (STAARS).

Taxation went live with STAARS in December 2017 after five years of phased-in development. The system centralizes all taxpayer information into one computer system and assists in the administration of 57 different taxes and fees amounting to nearly \$3.0 billion in annual revenue. STAARS was originally paid for using Certificates of Participation (COPs), which were authorized up to \$25.0 million. The \$1.8 million will be used to pay the estimated costs for licenses and support needs of the system in FY2020.

Turnover ***(\$1.2 million)***

The Budget includes \$1.2 million in assumed turnover savings within the Division of Taxation in FY2020. Based on an average cost per FTE in the Division of \$102,930, the savings assumes and that approximately 11.6 FTE positions will remain vacant.

Remote Sellers Sales Tax Enforcement Personnel ***\$307,242***

The Budget includes \$307,242 to fund the additional personnel costs necessary to support Rhode Island’s new remote sellers tax program.

The Remote Sellers, Referrers, and Marketplace Facilitators Act, enacted in April 2019 and effective July 1, 2019, adjusts the statutory framework underpinning the obligations of remote sellers (i.e. business not located in Rhode Island) and online retail sales facilitators (such as Amazon) to collect from or otherwise notify in-State purchasers of their sales tax liabilities. The adjustments align Rhode Island sales tax laws with a 2018 U.S. Supreme Court ruling (*South Dakota v. Wayfair, Ltd.*) that explicitly permitted states to collect sales tax from online commerce.

The Budget includes \$128,872 for 1.0 Legal Counsel and \$89,185 for 1.0 Revenue Agent within the Division’s Compliance and Collection unit and another \$89,185 for 1.0 Revenue Agent within the Assessment and Review section to support enforcement of the new law.

Legislature

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
General Assembly	\$5.7	\$6.8	\$10.3	\$3.5	52.0%	\$6.3	(\$0.5)	-6.8%
Fiscal Advisory Staff	1.5	1.9	1.9	(0.0)	-0.7%	2.0	0.1	3.5%
Legislative Council	4.1	5.3	5.1	(0.3)	-5.3%	5.2	(0.1)	-2.4%
Joint Comm. on Legislative Services	23.0	25.5	27.7	2.1	8.3%	26.0	0.5	1.9%
Auditor General	5.1	5.8	5.9	0.0	0.3%	6.1	0.2	4.3%
Special Legislative Commissions	0.0	0.0	0.0	(0.0)	-1.9%	0.0	0.0	-1.9%
Total	\$39.3	\$45.4	\$50.8	\$5.4	11.8%	\$45.6	\$0.2	0.5%
Expenditures By Source								
General Revenue	\$37.8	\$43.7	\$49.0	\$5.3	12.2%	\$43.8	\$0.1	0.3%
Restricted Receipts	1.5	1.7	1.8	0.0	2.8%	1.8	0.1	6.5%
Total	\$39.3	\$45.4	\$50.8	\$5.4	11.8%	\$45.6	\$0.2	0.5%
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 consists of six programs which assist in executing its constitutional role:

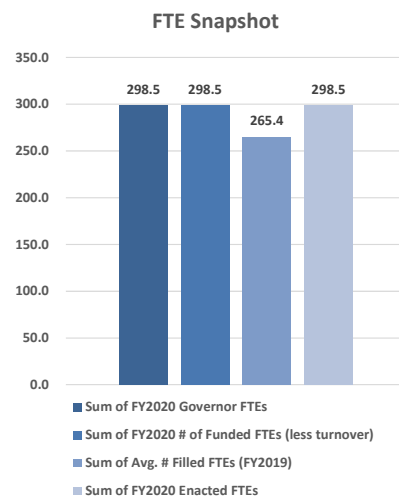
- The General Assembly consists of two chambers, with the Senate composed of 38 members and the House of Representatives with 75 members. The General Assembly meets annually.
- The House Fiscal Advisory Staff provides fiscal research support to the House membership and the House Finance Committee.
- 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 \$45.6 million for the General Assembly in FY2020, including \$43.8 million in general revenue. Restricted receipts total \$1.8 million and are dedicated to 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.

The FY2019 Supplemental Budget includes \$5.4 million more than the original enacted level. This includes a FY2018 reappropriation of \$7.9 million, less other reductions.

The Budget authorizes 298.5 FTE positions for FY2019 and FY2020, consistent with the FY2019 Budget as Enacted.



Lieutenant Governor

Expenditures By Program	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
Lieutenant Governor	\$1.0	\$1.1	\$1.1	(\$0.0)	-0.6%	\$1.1	0.03	3.0%
Expenditures By Source								
General Revenue	\$1.0	\$1.1	\$1.1	(\$0.0)	-0.6%	\$1.1	0.03	3.0%
Authorized FTE Levels	8.0	8.0	8.0	-	-	8.0	-	-

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

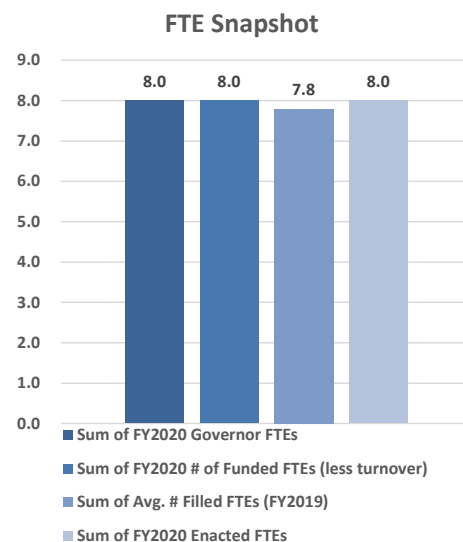
The Office of the Lieutenant Governor is one of the five general offices subject to voter election under the Constitution of Rhode Island. The Lieutenant Governor fulfills the executive responsibilities of the Governor upon his/her death, resignation, impeachment or inability to serve. The Lieutenant Governor serves on the Rhode Island Emergency Management Advisory Council (Chair); the Small Business Advocacy Council (Chair); and the Long-Term Care Coordinating Council (Chair), and the Office initiates legislation and assumes advocacy and leadership roles in a number of policy areas such as emergency management, veterans affairs, education, economic development, the environment, long-term care, health care and elderly affairs. The Office also serves as a liaison between citizens and state agencies.

MAJOR ISSUES AND TRENDS

The Office of the Lieutenant Governor's budget is entirely financed by general revenue. The Office's original request for FY2019 included a decrease of \$35,624 in personnel and an increase of \$50,000 for contracted legal services. Specifically, the Office requested \$26,000 to advocate on behalf of Rhode Island citizens at public hearings before the Public Utilities Commission and \$24,000 for general legal services. The FY2019 Budget as Revised includes \$1.1 million in general revenue and no appropriation for legal services.

For FY2020, the Office of the Lieutenant Governor requested \$1.2 million, including \$88,000 for legal services consisting of both special counsel and contracts. This reflects \$40,000 for legal representation for public hearings at the Public Utilities Commission and to advocate on behalf of Rhode Island citizens, and \$48,000 for general contracted legal services. The Budget includes \$1.1 million and no appropriation for legal services.

The Budget includes 8.0 FTE positions for FY2019 and FY2020, consistent with the enacted budget.



Lieutenant Governor	General Revenue
FY2019 Enacted	\$1,114,597
<i>Target and Other Adjustments</i>	<i>33,219</i>
FY2020 Enacted	\$1,147,816

Office of the Secretary of State

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Administration	\$3.3	\$3.3	\$3.4	\$0.1	1.5%	\$3.9	\$0.6	16.6%
Corporations	2.2	2.3	2.3	(0.01)	-0.4%	2.3	(0.0)	-0.9%
State Archives	0.6	0.5	0.5	0.0	5.3%	0.5	0.0	6.3%
Elections and Civics	2.1	4.9	4.9	(0.0)	-0.2%	3.1	(1.7)	-35.7%
State Library	0.6	0.6	0.7	0.1	14.1%	0.7	0.1	9.6%
Office of Public Information	0.6	0.6	0.5	(0.2)	-27.5%	0.5	(0.2)	-26.3%
Total	\$9.4	\$12.3	\$12.2	(\$0.0)	-0.1%	\$11.0	(\$1.3)	-10.2%

Expenditures By Source								
	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Revenue	\$8.8	\$9.9	\$9.8	(\$0.1)	-0.7%	\$9.5	(\$0.3)	-3.4%
Federal Funds	0.0	1.98	2.0	-	-	1.0	(1.0)	-48.7%
Restricted Receipts	0.4	0.4	0.5	0.1	15.0%	0.5	0.1	12.8%
Operating Transfers from Other Funds	0.1	-	-	-	-	-	-	-
Grand Total	\$9.4	\$12.3	\$12.2	(\$0.0)	-0.1%	\$11.0	(\$1.3)	-10.2%

Authorized FTE Levels	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
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

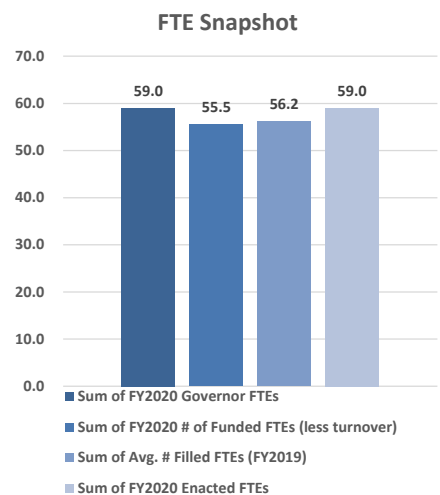
The Budget includes an all funds appropriation of \$12.2 million in FY2019, and \$11.0 million in FY2020, reflecting a net decrease of \$1.3 million from the FY2019 Budget as Enacted. For FY2020, general revenues total \$9.5 million, a decrease of \$342,479, comprising 86.6 percent of the Agency's total appropriation. For FY2020, general revenues decrease by \$342,479, primarily for election expenses as compared to the FY2019 Budget as Enacted, because in FY2020 there is no general election. These expenses increase in odd-numbered fiscal years when there is a statewide general election.

The Budget adds \$300,000 in general revenue for personnel costs in FY2020 to reduce turnover savings that was over-projected by the Governor. This reduces turnover from \$675,412 to \$375,412. The Budget includes 59.0 FTE positions in FY2019 and in FY2020, consistent with the enacted level.

The Office of the Secretary of State requested \$52.6 million in RICAP funds spread from FY2020 to FY2024 (\$5.0 million in FY2020) for the construction of a State Archives structure. The Budget does not include any RICAP funding for this project over the five-year capital plan.

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.



Administration	General Revenue
FY2019 Enacted	\$3,326,174
<i>Target and Other Adjustments</i>	
Operating Expenses	109,997
Contracted Services	321,106
Computer Equipment	108,244
Turnover	85,000
FY2020 Enacted	\$3,875,528

Operating Expenses**\$321,106**

The Budget includes \$788,792 in general revenue for operating expenses, reflecting a net increase of \$321,106 from the FY2019 Budget as Enacted. The increase primarily reflects a vendor payment for work on the open government and corporation database to address security and vulnerability concerns regarding that database. Computer supplies decrease by \$44,505 and there is a net increase of \$34,930 in all other operating adjustments.

In addition, information technology charges increase \$20,587 to reflect billed amounts for information technology services. 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 FY2019 Budget as Enacted appropriated \$21,354 for this expense, which is increased by \$20,587 to \$41,941 in the FY2020 budget.

Operating Expenses	FY2018 Actual	FY2019 Enacted	FY2020 Enacted	Change
Maintenance/Repairs: Computer Equipment	\$132,514	\$51,906	\$362,000	\$310,094
Computer Supplies/Software and Equipment	27,320	90,555	46,050	(44,505)
Information Technology Charges	-	21,354	41,941	20,587
All Other Operating Expenses	268,001	303,871	338,801	34,930
Total	\$427,835	\$467,686	\$788,792	\$321,106

Contracted Services**\$108,244**

The Budget adds \$108,244 in general revenue for contracted services, reflecting an increase of \$89,044 for IT Design consultants and an increase of \$19,200 for contracted professional services. The increase is to continue funding to support the redesign of several applications related to the Administrative Procedure Act, 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. Funding will also continue financing of a Senior Application Developer for the on-going work.

Computer Equipment**\$85,000**

The Budget includes \$124,750 in general revenue to purchase computer equipment. This reflects an increase of \$85,000 from the FY2019 Budget as Enacted. The Office of the Secretary of State requests the additional funding to replace the current server infrastructure that was purchased ten years ago. The Office was notified by the server manufacturer that due to the age of the equipment, the manufacturer could no longer provide support to maintain the equipment.

Turnover**(\$74,993)**

The Budget decreases general revenue by a net \$74,993 for personnel savings. The Budget as proposed by the Governor intended to impose a \$274,993 decrease for personnel turnover savings. The Office of the Secretary of State averaged 2.8 vacancies over FY2019. The proposed reduction was equivalent to 2.6 FTE positions in the Administration program. The General Assembly did not concur with the Governor

and instead restored \$200,000 in general revenue, thereby lowering turnover savings to \$74,993 in the FY2020 Budget as Enacted.

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
FY2019 Enacted	\$2,318,968
<i>Target and Other Adjustments</i>	<i>14,894</i>
Turnover	<i>(61,024)</i>
Records Scanning Project	19,060
FY2020 Enacted	\$2,291,898

Turnover **(\$61,024)**

The Budget decreases general revenue by a net \$61,024 for personnel savings. The Budget, as proposed by the Governor, intended to impose a \$161,024 decrease for personnel turnover savings. The Office of the Secretary of State averaged 2.8 vacancies over FY2019. The proposed reduction was equivalent to 1.5 FTE positions in the Corporations program. The General Assembly did not concur with the Governor and instead restored \$100,000 in general revenue, thereby lowering turnover savings to \$61,024 in the FY2020 Budget as Enacted.

Records Scanning Project **\$19,060**

The Budget adds \$19,060 in general revenue to continue funding for a contract vendor for the business records scanning project. Pursuant to Chapters 7-1 through 7-6 of the Rhode Island General Laws, the Department stores records that document the existence of various business entities, including some that date back to 1741. The imaging and matching of approximately 38,000 active files, each containing up to 1,000 pages, will enable the viewing of those files online and provide for greater transparency of businesses in Rhode Island.

The Office estimated it would take more than twenty years to complete the project utilizing only existing staff and scanning hardware; an unacceptable timeline to gain efficiencies and expand services to the public. To expedite the project, the FY2019 Budget as Enacted included \$30,940 to lease two scanners and hire two temporary staff. For FY2020, the Budget includes \$50,000, a \$19,060 increase to maintain the temporary staff so that the project can be completed within the next five years.

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
FY2019 Enacted	\$91,577

Target and Other Adjustments 21,093

FY2020 Enacted \$112,670

State Archives	Other Fund Changes
Historical Records Trust	Informational

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.

Historic Records Trust	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Collections	\$466,886	\$379,423	\$415,273	\$431,942	\$444,712	\$426,672
Expenditures	470,308	378,549	409,008	413,839	444,712	426,672

Source: Office of the Secretary of State

Collections for FY2019 and FY2020 are agency projections.

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
FY2019 Enacted	\$2,893,047

Target and Other Adjustments 53,282

Election Costs (673,000)

Turnover (156,228)

FY2020 Enacted \$2,117,101

Elections and Civics	Other Fund Changes
Federal HAVA Grant	(\$967,540)

Election Costs

(\$673,000)

The Budget includes \$250,000 in general revenue for election expenses, a decrease of \$673,000 as compared to the FY2019 Budget as Enacted, because FY2020 is an "off-year" in the general election cycle. This is slightly higher than the last "off-year" elect cycle in FY2018 because the funds are added for the presidential primary scheduled for early 2020. Printing, mailing of ballots and referenda materials, and advertising expenses increase in odd-numbered fiscal years when there is a statewide election or on the general election cycle which will occur again in FY2023.

Election Costs	FY2017	FY2018	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	Change
Ballot Printing	\$619,323	\$33,484	\$630,000	\$582,964	\$150,000	(\$480,000)
Election/Referenda Mailing	87,513	10,108	120,000	80,000	50,000	(70,000)
Referenda Printing/Legal	78,849	32	90,000	78,493	-	(90,000)
Legal/Advertising	79,059	96,769	83,000	97,500	50,000	(33,000)
Total	\$864,744	\$140,393	\$923,000	\$838,957	\$250,000	(\$673,000)

Turnover**(\$156,228)**

The Budget decreases general revenue by \$156,228 for personnel savings. The Office of the Secretary of State averaged 2.9 vacancies over FY2019. The reduction is equivalent to 1.5 FTE positions in the Election and Civics program and 6.3 FTE positions agency wide.

Federal HAVA Grant (federal funds)**(\$967,540)**

During FY2019, the Office of the Secretary of State received a \$3.0 million federal fund award as a continuation of the Help America Vote Act (HAVA) to increase the security of elections. The FY2019 Budget as Enacted appropriated \$2.0 million of the grant award. The Budget includes \$1.0 million reflecting the remainder of the federal award, which is \$967,540 less than the amount appropriated in the FY2019 Budget as Enacted. As of March 25, 2018, the Office of the Secretary of State has expended \$641,676 of the FY2019 appropriation.

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
FY2019 Enacted	\$623,911
<i>Target and Other Adjustments</i>	<i>109,614</i>
Turnover	(50,035)
FY2020 Enacted	\$683,490

Turnover**(\$50,035)**

The Budget decreases general revenue by \$50,035 for personnel savings. The Office of the Secretary of State averaged 2.9 vacancies over FY2019. The reduction is equivalent to 0.5 FTE position in the State Library program and 6.3 FTE positions agency wide.

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
FY2019 Enacted	\$622,057
<i>Target and Other Adjustments</i>	<i>(125,357)</i>
Turnover	(33,132)
Rhode Island Government Owner's Manual	(16,000)
State House Tours	5,000
FY2020 Enacted	\$452,568

Turnover **(\$33,132)**

The Budget decreases general revenue by \$33,132 for personnel savings. The Office of the Secretary of State averaged 2.9 vacancies over FY2019. The reduction is equivalent to 0.3 FTE position in the Office of Public Information program and 6.3 FTE positions agency wide.

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

The Budget removes \$16,000 in general revenue for printing services for the Rhode Island Government Owner's Manual in FY2020. 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 FY2019 Budget as Enacted included the funding for the printing requirement for the 2018 election.

State House Tours **\$5,000**

The Budget includes \$30,000 in general revenue for State House tours. This is an increase of \$5,000 from the previous fiscal year. The increased funding will allow for additional unspecified exhibitions in the State House library.

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.

Office of the General Treasurer

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
General Treasurer	\$3.5	\$3.6	\$3.5	(\$0.1)	-3.4%	\$3.6	(\$0.0)	-1.3%
Employees' Retirement System	9.3	11.4	11.5	0.1	1.2%	12.0	0.6	5.4%
Unclaimed Property	28.4	26.0	27.4	1.4	5.3%	25.4	(0.7)	-2.6%
Crime Victim Compensation Program	1.8	2.1	1.7	(0.4)	-18.2%	1.7	(0.3)	-16.7%
Total	\$43.1	\$43.1	\$44.1	\$1.0	2.3%	\$42.7	(\$0.5)	-1.1%
Expenditures By Source								
General Revenue	\$2.8	\$3.0	\$3.0	\$0.0	0.9%	\$3.0	\$0.1	2.1%
Federal Funds	0.9	1.1	1.0	(0.07)	-7.0%	1.0	(0.1)	-7.1%
Restricted Receipts	38.7	38.4	39.5	1.1	2.8%	38.0	(0.5)	-1.2%
Other Funds	0.6	0.7	0.6	(0.1)	(0.1)	0.7	0.0	1.4%
Grand Total	\$43.1	\$43.1	\$44.1	\$1.0	2.3%	\$42.7	(\$0.5)	-1.1%
Authorized FTE Levels	89.0	89.0	89.0	-	-	89.0	-	-

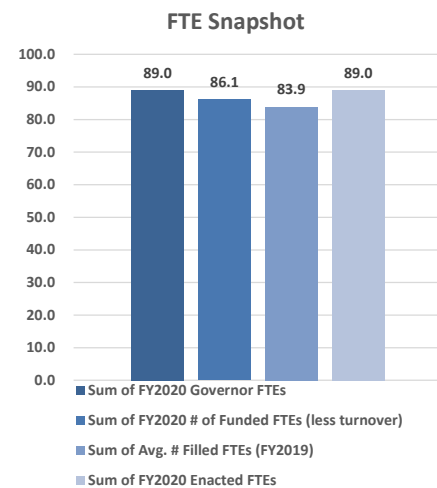
\$ in millions. Totals may vary due to rounding.

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 \$44.1 million in FY2019, of which \$3.0 million (6.8 percent) is general revenue. This reflects an all fund increase of \$1.0 million from the FY2019 Budget as Enacted. The decrease includes \$19,854 in general revenue, \$58,233 in federal funds, and \$15,341 in other funds. Offsetting these changes is an increase of \$1.0 million in restricted receipts.

The Budget for FY2020 includes \$42.7 million, of which \$3.0 million (7.1 percent) is general revenue. This reflects an all funds decrease of \$466,939 from the FY2019 Budget as Enacted. The decrease includes \$463,989 in restricted receipts and a decrease of \$75,900 in federal funds. Offsetting these changes are increases of \$63,775 in general revenue and \$9,175 in other funds. The Budget provides 89.0 FTE positions in FY2019 and in FY2020, 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
FY2019 Enacted	\$2,684,367
<i>Target and Other Adjustments</i>	
Operating Adjustments	(3,260)
Centralized Service Charges	(47,922)
FY2020 Enacted	\$2,643,533

Operating Adjustments **(\$47,922)**

The Budget includes \$368,487 in general revenue for operating expenses, a reduction of \$47,922 from the FY2019 Budget as Enacted. This includes a reduction of \$20,000 in bank analysis charges reflecting the State's improved cash position and enhanced cash management. In addition, there is an \$11,396 reduction in miscellaneous expenses, a \$10,826 decrease for insurance costs, a decrease of \$10,900 in outside printing costs, and a net increase of \$5,200 in all other operating adjustments.

	FY2018	FY2019	FY2019		FY2020	
Operating Expenses	Actuals	Enacted	Revised	Change	Enacted	Change
Fees - Bank Analysis Charges	\$134,762	\$170,000	\$150,000	(\$20,000)	\$150,000	(\$20,000)
Miscellaneous Expenses	5,914	7,200	(4,318)	(11,518)	(4,196)	(11,396)
Printing - Outside Vendors	28,772	39,900	29,000	(10,900)	29,000	(10,900)
Insurance	-	16,000	5,175	(10,825)	5,174	(10,826)
All Other Operating Expenses	366,361	183,309	188,810	5,501	188,509	5,200
Total	\$535,809	\$416,409	\$368,667	(\$47,742)	\$368,487	(\$47,922)

Centralized Service Charges **\$10,348**

The Budget increases restricted receipt expenditures by \$10,348 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 FY2019 Budget as Enacted appropriated \$224,184 for these expenses, which is reduced by \$10,348 to \$234,532 in the FY2020 proposed 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
Turnover	(\$190,562)
Centralized Service Adjustment	156,178
Contract Services	85,050

Turnover (restricted receipts) (\$190,562)

The Budget decreases restricted receipts by \$190,562 for personnel savings. The Office of the General Treasurer averaged 5.1 vacancies over FY2019.

Centralized Service Adjustment (restricted receipts) \$156,178

The Budget increases restricted receipt expenditures by \$156,178 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 FY2019 Budget as Enacted appropriated \$104,992 for these expenses, which is reduced by \$156,178 to \$261,170 in the FY2020 Budget as Enacted.

Contract Services (restricted receipts) \$85,050

The Budget includes \$4.0 million in restricted receipt expenditures for various contracted professional services, of which the largest expenditure is for IT systems support for the Ariel computer system. There is a net \$50,000 decrease for IT Systems support and general services based on projected needs. Other adjustments include a reduction of \$80,000 for Special Legal Counsel due to the expected completion of the Qualification Status letter to the Internal Revenue Service, an increase of \$76,000 to the State's Actuary, GRS, to perform an experience study and for valuation services, an increase of \$75,000 for legal service needs in anticipation of a court decision regarding public safety employees appealing their disability decisions in the Workers' Compensation Court, and an increase of \$50,000 for a temporary data technician for an IT security assessment and audit of the state and municipal retirement systems. The adjustments result in an increase of \$85,050 from the FY2019 Budget as Enacted.

	FY2018	FY2019	FY2019		FY2020	
Contract Services	Actual	Enacted	Revised	Change	Enacted	Change
IT System Support	\$171,933	\$2,523,892	\$2,323,892	(\$200,000)	\$2,273,892	(\$250,000)
IT General Services	1,440,491	-	200,000	200,000	200,000	200,000
Legal - Special Counsel	88,675	210,000	205,000	(5,000)	130,000	(80,000)
Actuary	329,389	353,200	353,200	-	429,200	76,000
Legal Services	284,860	295,000	295,000	-	370,000	75,000
Temporary Data Tech	11,500	150,000	150,000	-	200,000	50,000
All Other Contract Services	106,469	386,500	411,500	25,000	400,550	14,050
Total	\$2,433,317	\$3,918,592	\$3,938,592	\$20,000	\$4,003,642	\$85,050

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.

Undaunted Property	Other Fund Changes
Revenue Collections and Expenditures	(\$861,965)
Contracted Services	77,000
Turnover	(36,156)

Revenue Collections and Expenditures (restricted receipts) (\$861,965)

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. The transfer to the General Fund decreases \$861,965, based on the calculations made at the May 2019 Revenue Estimating Conference. Projected claim payouts decrease \$300,000. 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 \$761,965 and the surplus transfer to the general fund increases by \$200,000, resulting in a net decrease of \$861,965. $[(\$300,000 + (\$761,965) + \$200,000 = (\$861,965)]$.

Contracted Services (restricted receipts) \$77,000

The Budget includes a net increase of \$77,000 in restricted receipts for contracted service expenditures, reflecting an increase of \$100,000 unclaimed property audit services offset by decreases of \$14,000 in auctioneer fees and \$9,000 in security services.

Contracted Services	FY2018 Actual	FY2019 Enacted	FY2020 Enacted	Change
Accounting/Auditing	\$627,099	\$400,000	\$500,000	\$100,000
IT System Support	47,238	170,000	170,000	-
Appraisers/Title Examiners	-	14,000	-	(14,000)
Security Services	-	9,000	-	(9,000)
All Other Contracted Services	7,100	-	-	-
Total	\$681,437	\$593,000	\$670,000	\$77,000

Turnover (restricted receipts) (\$36,156)

The Budget decreases restricted receipts by \$36,156 for personnel savings. The Office of the General Treasurer averaged 5.1 vacancies over FY2019. The reduction is equivalent to 0.3 FTE position.

CRIME VICTIM COMPENSATION PROGRAM

The Crime Victim Compensation program (CVCP) 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
FY2019 Enacted	\$289,409
<i>Target and Other Adjustments</i>	74,609
Crime Victim Claim Payments	30,000
FY2020 Enacted	\$394,018

Crime Victim Compensation Program	Other Fund Changes
Crime Victim Claim Payments	(\$350,000)

Crime Victim Claim Payments \$30,000

The Budget adds \$30,000 in general revenue for claims and settlement payouts in FY2020. The increase reflects Treasury's estimate of what is the most likely expenditure for claims payments in consideration of declining revenue from court imposed fees. The decline is due several reasons including a new case management system and because judges are using alternative restitution requirements that do not involve a monetary fine, such as community service.

Court Revenue	Amount
FY2018	\$536,217
FY2017	584,405
FY2016	838,621
FY2015	785,967
FY2014	809,288
FY2013	858,955
FY2012	1,079,792

The new case management system implemented by Judiciary in 2017 ranks payments due to the CVCP program behind court-mandated restitution to victims. Many offenders who owe restitution, fines, court costs, etc. are financially challenged, and unable to make lump sum payments for the total amount owed and must make payments over time. The new case management system's "priority" rules are configured to allow the courts to apply all periodic payments to victims until restitution has been fully paid. Subsequent payments are allocated to the CVCP program, and then to other charges, in a waterfall fashion. Each "priority" item must be fully satisfied before receipts are allocated to lower priority items.

In response of the declining court revenue (\$350,000 in restricted receipts), the Office of the General Treasurer requested general revenue appropriations of \$200,000 in FY2019 and for FY2020. The Budget includes appropriations of \$32,000 in FY2019 and \$30,000 in FY2020. Restricted receipts for claim payments decrease \$350,000.

Board of Elections

Expenditures By Program	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
Board of Elections	\$1.5	\$5.3	\$4.5	(\$0.8)	-15.1%	\$2.7	(\$2.6)	-49.1%
Expenditures By Source								
General Revenue	\$1.5	\$5.3	\$4.5	(\$0.8)	-15.1%	\$2.7	(\$2.6)	-49.1%
Authorized FTE Levels	12.0	13.0	13.0	-	-	13.0	-	-

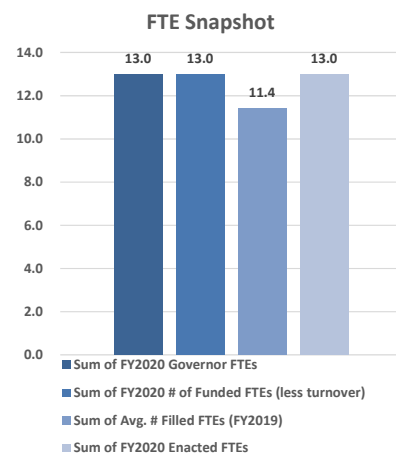
\$ in millions. Totals may vary due to rounding.

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 \$4.5 million in FY2019, reflecting a net reduction of \$790,517 in general revenue, largely due to lower than anticipated for the public financing of elections in the 2018 General Election, offset by statewide adjustments in personnel and operating costs.

The Budget includes \$2.7 million, which is \$2.5 million less than the FY2019 Budget as Enacted. The decrease is largely attributable to temporary employees, voting equipment transportation, printing, and postage expenses not required in a non-General Election year. The Budget includes 13.0 FTE positions in FY2019 and in FY2020 consistent with the enacted level.



Central Management	General Revenue
FY2019 Enacted	\$5,252,516
<i>Target and Other Adjustments</i>	<i>(34,118)</i>
General Election Adjustments	(3,165,464)
Rental of Outside Property	428,000
Personnel Adjustments	165,441
(e-Poll)	55,000
Centralized Services	29,580
Contracted Services	17,900
FY2020 Enacted	\$2,748,855

General Election Adjustments

(\$3.2 million)

The Budget decreases general revenue expenditures by \$3.2 million to reflect personnel, purchased services, and operating expenditures for voter operating supplies and expenses that will not be incurred in a non-General Election year. 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	FY2019	FY2019	Change	FY2020	Change
	Enacted	Revised		Enacted	
Public Finance of Elections	\$2,620,856	\$1,728,470	(\$892,386)	\$0	(\$2,620,856)
Operating	166,601	194,121	27,520	72,589	(94,012)
Seasonal Staff	335,596	360,000	24,404	175,000	(160,596)
Printing	175,000	110,000	(65,000)	50,000	(125,000)
Equipment Delivery	215,000	215,000	-	50,000	(165,000)
Total	\$3,513,053	\$2,607,591	(\$905,462)	\$347,589	(\$3,165,464)

Rental of Outside Property Lease Costs and Facilities Adjustment **\$428,000**

The Budget adds \$428,000 in general revenue to reflect an adjustment for relocation, office design, and lease costs expected with the relocation of the Board of Elections from state-owned property to leased space, following the Governor's Efficiency Commission report recommendation to sell the state-owned property at 50 Branch Avenue in Providence.

Personnel Adjustments **\$165,441**

The Budget increases general revenue expenditures to reflecting implementing the last step of the contracted cost of living adjustment (COLA) to state employees and other statewide planning value adjustments set by the Budget Office.

ePoll Books **\$55,000**

The Budget adds \$55,000 in general revenue for contract support services with LHS Associates for support of the ePoll Books purchased in FY2019. In FY2019, the ePoll Books were purchased using a federal grant provided under the Help America Vote Act (HAVA) and it was funded within the Office of the Secretary of State's budget.

For FY2019, the Budget provides \$50,000 in federal funds within the Office of the Secretary of State's budget for the support services. However, the federal funds for the ePoll Books is exhausted and the Governor includes \$5,000 in general revenue in the proposed FY2019 Revised Budget to fully cover the support costs in the current fiscal year. The Budget includes \$55,000 in FY2020 for support services to the ePoll Books under the Board of Election budget.

Centralized Service Charges **\$29,580**

The Budget increases general revenue expenditures to reflect billed amounts for information technology and facilities management services. 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 FY2019 Budget as Enacted appropriated \$129,229 for these expenses, which is increased by \$29,580 to \$158,808 in the FY2020 proposed budget.

Contracted Services **\$17,900**

The Budget includes \$153,688 in general revenue for contracted services. This is a net increase of \$17,900, reflecting \$30,000 more for legal expenses to reflect historical expenditures and to cover continuing litigation costs involving a former agency director. The increase is offset by the reduction in information technology and a reduction in interpreter/stenographic services.

Ethics Commission

Expenditures By Program	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
RI Ethics Commission	\$1.6	\$1.8	\$1.7	(\$0.1)	-3.3%	\$1.8	0.1	2.2%
Expenditures By Source								
General Revenue	\$1.6	\$1.8	\$1.7	(\$0.1)	-3.3%	\$1.8	0.1	2.2%
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.

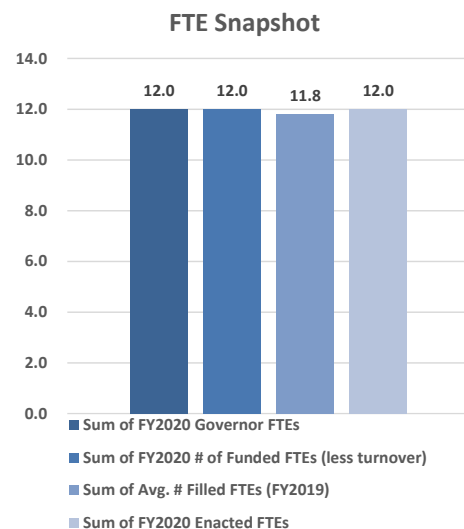
MAJOR ISSUES AND TRENDS

The revised budget includes \$1.7 million for FY2019, reflecting a decrease of \$64,198 as compared to the FY2019 Budget as Enacted. This includes a decrease of \$61,486 in personnel costs, reflecting the hiring of an employee at a lower salary, the correction of employee benefits, and statewide planning value adjustments.

The Budget includes \$1.8 million for FY2020, which provides an increase of \$33,061 (0.6 percent) over the FY2019 Budget as Enacted. This includes an increase of \$39,235 in personnel costs, reflecting statewide planning value adjustments set by the Budget Office, a decrease of \$9,726 for contracted legal services, and a net increase of \$3,552 for target and other adjustments.

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 \$107,000, reflecting an increase of \$4,500 from the FY2019 Budget as Enacted.

The Budget includes 12.0 FTE positions in FY2019 and FY2020, consistent with the enacted level.



RI Ethics Commission	General Revenue
FY2019 Enacted	\$1,812,237
<i>Target and Other Adjustments</i>	
	3,552
Personnel Adjustments	39,235
Legal Services	(9,726)
FY2020 Enacted	\$1,845,298

Personnel Adjustments **\$39,235**

The Budget increases general revenue expenditures to reflecting implementing the last step of the contracted cost of living adjustment (COLA) to state employees and other statewide planning value adjustments set by the Budget Office that translates into an effective salary and benefit increase of 3.8 percent as compared to the FY2019 Budget as Enacted. Offsetting the increase is a salary and benefit correction of hiring an employee at a lower salary.

Personnel Costs	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	Change
Assessed Fringe Benefits	\$44,645	\$41,447	\$39,627	(\$5,018)
Direct Salaries	970,572	937,577	1,003,176	32,604
Payroll Accrual	5,573	5,420	5,814	241
Health Benefits	113,368	102,690	105,019	(8,349)
FICA	73,853	71,397	75,934	2,081
Retiree Health	58,040	56,068	66,713	8,673
Retirement	266,716	256,682	275,719	9,003
Total	\$1,532,767	\$1,471,281	\$1,572,002	\$39,235

Legal Services **(\$9,726)**

The Budget decreases general revenue expenditures by \$9,726, reflecting a decrease in anticipated outside legal costs impacting the agency. The FY2019 Budget as Enacted included \$44,726 to cover anticipated significant legal costs impacting the agency that were filed in Superior Court. These matters included challenges 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. During the ensuing year, one of the cases was resolved and the other concluded with a settlement agreement. The Commission does not anticipate having a similar intensity of legal matters in the ensuing fiscal year.

Office of the Governor

Expenditures By Program	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted	FY2020 Enacted	Change from Enacted
Governor	\$5.5	\$5.6	\$5.6	-	\$6.1	\$0.5 8.9%
Expenditures By Source						
General Revenue	\$5.5	\$5.6	\$5.6	-	\$6.1	\$0.5 8.9%
Authorized FTE Levels	45.0	45.0	45.0	-	45.0	-

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

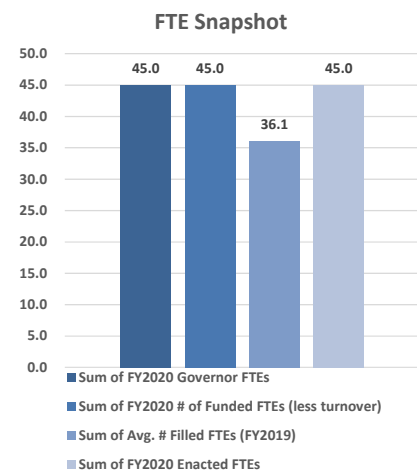
The Office of the Governor is one of five general offices subject to voter election under the Constitution of Rhode Island. The Office is responsible for directing the executive branch of government, including the preparation and submission of the annual state budget.

MAJOR ISSUES AND TRENDS

The FY2019 Budget as Revised level funds the Office of the Governor, thereby foregoing the personnel and contingency fund increases requested by the Governor.

In FY2020, the budget for the Office of the Governor is \$6.1 million in general revenue. The majority of this funding (91.4 percent) supports personnel costs. The Budget reduced personnel expenses from the amount requested by the Governor based on previous expenditure patterns. In addition, the Budget did not include additional funds for the contingency fund as requested by the Governor.

The Budget includes 45.0 FTE positions in both FY2019 and FY2020, consistent with the enacted budget.



Governor	General Revenue
FY2019 Enacted	\$5,633,047
<i>Target and Other Adjustments</i>	<i>1,519</i>
Personnel Adjustments	508,645
Contingency Fund	(50,000)
FY2020 Enacted	\$6,093,211

Personnel Adjustments

\$508,645

The Budget adds \$508,645 in general revenue for salary and benefits including personnel costs that the Governor previously attempted to allocate against ten state agencies, as a means to supplement the Governor's Office personnel budget. The FY2019 Budget as Enacted did not include these personnel cost allocations. The increase also includes implementation of the last step of the contracted cost of living adjustment (COLA) to state employees. The increase in personnel expenses is offset by other statewide planning value adjustments set by the Budget Office, as well as projected turnover savings based on the expenditure patterns of the Office in FY2019.

Contingency Fund

(\$50,000)

The Budget eliminates \$50,000 in general revenue from the Governor's Contingency Fund. This action results in an appropriation of \$150,000. The Governor's Office annually receives a general revenue appropriation for the contingency fund for unforeseen expenses. This is a discretionary spending account. The Governor recommended an appropriation of \$250,000 for the contingency fund in FY2020.

However, at the end of FY2019, only \$156,590 was expended from the fund, leaving a balance of \$43,410. Generally, any balance in the fund is reappropriated to the following fiscal year. This would result in total funding of \$193,410, approximately a similar amount as appropriated in FY2019. In addition, over the past year, the contingency fund expenditures have been made on non-emergency items such as hiring interns, to purchase furniture, cards, and on a textbook initiative. The following table illustrates the contingency fund expenditures in FY2019.

FY2019 Contingency Fund Expenditures

Amount	Perc. %	Vendor Name	Description
\$144,000	92.0%	Year Up Inc.	YEAR UP Internship
\$6,578	4.2%	National Office Furniture	National Office Furniture Invoices
\$1,512	1.0%	Prudent Publishing Company, Inc.	Gallery Collection - Assorted Cards
\$4,500	2.9%	Regents of the University of Minnesota	Regents of the University of Minnesota - Open Textbook Initiative
\$156,590	100.0%		

Source: State RIFANS Accounting System June 10, 2019

The following table illustrates the contingency fund appropriations and expenditures over the past six years:

Contingency Fund					
Budget Year	Enacted	Revised Changes	Total	Actual	Variance
FY2015	\$250,000	\$0	\$250,000	\$89,199	\$160,801
FY2016	250,000	160,800	410,800	65,966	344,834
FY2017	250,000	(8,000)	242,000	172,350	69,650
FY2018	250,000	(32,911)	217,089	206,586	10,503
FY2019	200,000	-	200,000	156,590	43,410
FY2020	150,000	43,410	193,410	-	193,410

Source: Budget Data Tables

FY2019 Expenditures as of June 30, 2019

Italics reflects proposed amounts or non-finalized amounts

Rhode Island Commission for Human Rights

Expenditures By Program	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted	FY2020 Enacted	Change from Enacted		
Commission for Human Rights	\$1.7	\$1.8	\$1.8	(\$0.0)	-1.7%	\$1.9	\$0.1	3.7%
Expenditures By Source								
General Revenue	\$1.3	\$1.3	\$1.3	\$0.0	0.0%	\$1.3	\$0.0	0.0%
Federal Funds	0.4	0.5	0.5	(0.0)	-6.0%	0.6	0.1	13.3%
Total	\$1.7	\$1.8	\$1.8	(\$0.0)	-1.7%	\$1.9	\$0.1	3.7%
Authorized FTE Levels	14.5	14.5	14.5	-	-	14.5	-	-

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

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 a similar average number of processed cases to be the same each year.

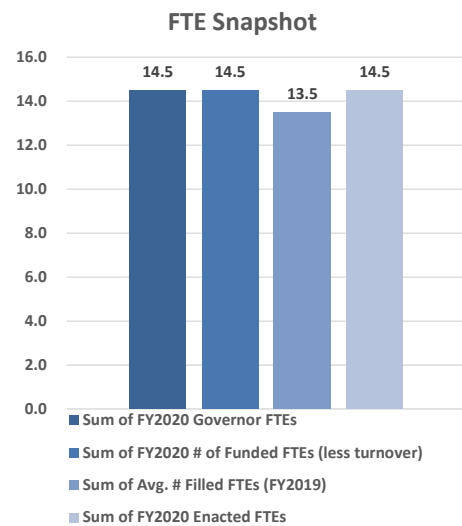
MAJOR ISSUES AND TRENDS

The Budget includes \$1.9 million in all funds for FY2020, of which \$1.3 million is general revenue and \$563,414 is federal funds. General revenues increase \$18,150 (1.4 percent) over the FY2019 Budget as Enacted.

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 \$198,939. The FY2019 and FY2020 Budgets shift 96.0 percent of the rental cost to federal funds (50.0 percent to EEOC and 50.0 percent to HUD).

During FY2018, the Commission took an average of 305 days to process a case to final disposition, 10 days shorter than those processed during FY2017 and 26 days shorter than those processed during FY2016.

The Budget includes 14.5 FTE positions in FY2019 and in FY2020, consistent with the enacted level.



Commission for Human Rights	General Revenue
FY2019 Enacted	\$1,335,441
<i>Target and Other Adjustments</i>	<i>1,437</i>
Personnel Adjustments	206,529
Rental of Outside Property	(189,816)
FY2020 Enacted	\$1,353,591

Commission for Human Rights	Other Funds
Rental of Outside Property (federal funds)	\$191,017

Personnel Adjustments**\$206,235**

The Budget increases general revenue expenditures to reflect the implementation of the last step of the contracted cost of living (COLA) to state employees and other statewide planning value adjustments set by the Budget Office that translates into an effective salary and benefit increase of 19.6 percent as compared to the FY2019 Budget as Enacted.

Personnel Costs	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	Change
Assessed Fringe Benefits	\$29,030	\$30,311	\$29,631	\$601
Direct Salaries	631,105	685,680	750,160	119,055
FICA	48,279	52,457	57,385	9,106
Health Benefits	133,673	154,573	164,939	31,266
Payroll Accrual	3,623	3,962	4,347	724
Retiree Health	37,739	41,002	49,886	12,147
Retirement	171,391	186,624	205,021	33,630
Total	\$1,054,840	\$1,154,609	\$1,261,369	\$206,529

Rental of Outside Property**(\$189,816)**

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 \$198,939, an increase of \$1,201 from the previous fiscal year. The FY2019 and FY2020 Budgets shift 96.0 percent of the rental cost from general revenue to federal funds, of which half of the federal cost will be paid from Equal Employment Opportunities Commission (EEOC) funds and half from the federal Department of Housing and Urban Development (HUD). General revenues will account for \$7,922 of the rent cost. There is a corresponding increase of \$191,017 in federal funds for rental expense, which includes the escalator amount of \$1,201 for FY2020.

Public Utilities Commission

Expenditures By Program	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
Public Utilities Commission	\$9.0	\$9.9	\$10.6	\$0.7	6.7%	\$11.4	\$1.5	14.9%
Expenditures By Source								
Federal Funds	\$0.2	\$0.2	\$0.2	(\$0.0)	(\$0.2)	\$0.2	(\$0.0)	(\$0.1)
Restricted Receipts	8.8	9.7	10.4	0.7	7.2%	11.2	1.5	9.0%
Grand Total	\$9.0	\$9.9	\$10.6	\$0.7	6.7%	\$11.4	\$1.5	14.9%
Authorized FTE Levels	51.0	53.0	53.0	-	-	52.0	(1.0)	-1.9%

\$ 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.

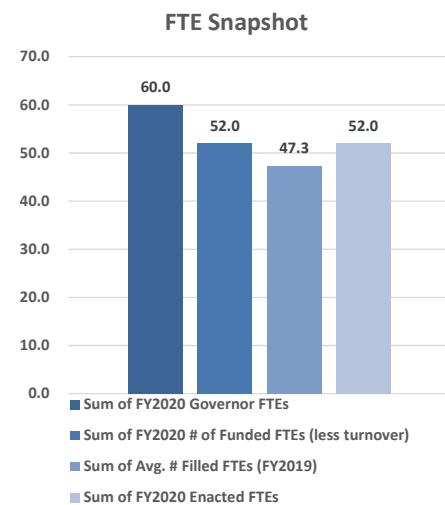
MAJOR ISSUES AND TRENDS

The FY2019 Revised Budget provides a total operating budget of \$10.6 million, including \$10.4 million in restricted receipts, and \$168,378 in federal funds. The Budget reflects an increase of \$688,666 (6.7 percent) over the FY2019 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 FY2020 Budget provides a total operating budget of \$11.4 million, including \$11.2 million in restricted receipts and \$178,002 in federal funds. The Budget reflects an all funds increase of \$1.4 million (14.6 percent), compared to the FY2019 Budget as Enacted, and reflects an increase of \$1.4 million in restricted receipts and \$9,624 in federal funds. The single largest increase is \$618,896 in restricted receipts, reflecting the increase in budgetary caps for anticipated professional service expenses related to regulatory hearings and investigations.

The Budget provides a staffing level of 53.0 FTE positions in FY2019 and 52.0 FTE positions in FY2020 for the Commission, a decrease of 1.0 unspecified vacant FTE positions as part of the statewide reduction of 203.0 vacant FTE positions. As of June 25, the total number of statewide vacancies was 1,047.3 positions.

The Public Utilities Commission pays an annual rent of \$333,420 for the rental of the state-owned office building at 89 Jefferson Boulevard in the City of Warwick.



Public Utilities Commission	Other Fund Changes
Budgetary Cap Increases	\$618,896
Electronic Business Portal	250,000
New Vehicles	60,000

Budgetary Cap Increases (restricted receipts) \$618,896

The Budget adds \$618,896 in restricted receipts, reflecting an increase in budgetary caps to the Public Utilities Reserve Account. RIGL 31-1-26 allows the Public Utilities Commission to assess each utility up to \$750,000 per year to fund the operations of both the Commission and Division as well as to engage expert witnesses and consultants required to administer the various hearings before the Commission. The Budget increases restricted receipts to provide sufficient funding for the projected contract services required in FY2019 and in FY2020. The following table illustrates the adjustments:

Public Utilities Reserve Account	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	Change
Financial Services	\$1,514,012	\$2,042,908	\$2,042,908	\$528,896
Legal Services	260,000	350,000	350,000	90,000
Total	\$1,774,012	\$2,392,908	\$2,392,908	\$618,896

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.

Electronic Business Portal (restricted receipts) \$250,000

The Budget includes \$250,000 in restricted receipts to develop an online electronic business portal (EBP) for docket (official proceedings) management and for e-filing capabilities. The EBP will have an in-house scheduler for Commission employees to track dockets and tasks assigned to each docket, and will have a list server to allow the public to track specific dockets. The EBP will relieve the Division and Commission staff of document filing and document management responsibilities.

Analyst Note: The Commission originally requested funding through the Information Technology Fund (IT Fund) for the EBP project, but was informed by the Budget Office that the IT Fund had inadequate resources to fund the project and instead recommended the expenditure be funded through restricted receipts.

New Vehicles (restricted receipts) \$60,000

The Budget includes \$30,000 in restricted receipts for the purchase of two new electric motor vehicles to replace two older gas powered vehicles; a 2009 Ford Escape and a 2010 Ford Escape.

Executive Office of Commerce

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$0.8	\$0.8	\$0.9	\$0.0	5.5%	\$1.9	\$1.1	128.9%
Commerce Programs	1.3	2.1	2.1	-	-	1.2	(0.9)	-42.9%
Economic Development Initiatives Fund	17.8	14.3	14.3	-	-	12.1	(2.2)	-15.4%
Housing and Community Development	15.9	20.1	18.1	(2.0)	-10.1%	23.2	3.1	15.3%
Quasi-Public Appropriations	14.1	19.1	19.6	0.5	2.4%	21.6	2.5	13.0%
Total	\$49.9	\$56.4	\$54.9	(\$1.5)	-2.7%	\$60.0	\$3.5	6.3%
Expenditures By Source								
General Revenue	\$32.4	\$30.3	\$30.2	(\$0.1)	-0.2%	\$28.2	(\$2.1)	-7.0%
Federal Funds	8.3	14.4	12.5	(1.9)	-13.3%	17.6	3.2	21.9%
Restricted Receipts	6.7	4.8	4.8	-	-	4.8	-	-
Other Funds	2.5	7.0	7.4	0.5	6.7%	9.5	2.5	35.8%
Total	\$49.9	\$56.4	\$54.9	(\$1.5)	-2.7%	\$60.0	\$3.5	6.3%
Authorized FTE Levels	17.0	16.0	16.0	-	-	14.0	(2.0)	-12.5%

\$ 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 agency is charged with coordinating a cohesive direction for the State's economic development activities and is the lead agency for economic development throughout Rhode Island.

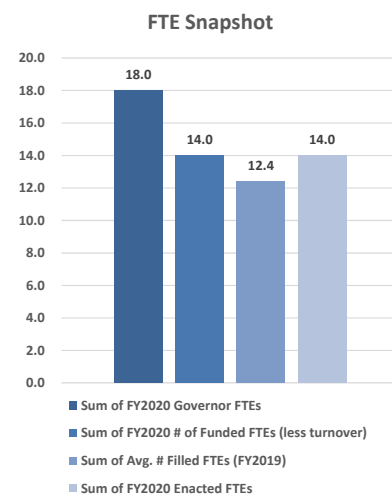
The Housing and Community Development program was transferred to the Executive Office of Commerce by the General Assembly in FY2016. In addition, the funding and administration for the Rhode Island Commerce Corporation and the I-195 Redevelopment Commission, both previously funded in the Department of Administration, were transferred to the Executive Office of Commerce. The RI Commerce Corporation (Commerce RI) is a quasi-public agency responsible for implementing statewide economic development programming including business relocation services, business financing, tourism support, and incentive programs.

MAJOR ISSUES AND TRENDS

The Budget provides \$60.0 million to fund the economic development initiatives and operations of the Executive Office of Commerce and Commerce RI. Nearly half of this, or \$28.2 million, is general revenue, a decrease of \$2.1 million (7.0 percent) from FY2019 Enacted levels. The Budget authorizes 16.0 FTE positions in FY2019 and 14.0 in FY2020. EOC maintained an average of 12.4 filled FTE positions in FY2019.

Incentives

In 2015, the General Assembly established numerous economic development incentives to spur investment in new capital and critical industry sectors, improve the workforce, and promote innovation. General revenue appropriations supporting these incentives total \$118.5 million through FY2019. The FY2020 Budget includes an additional \$14.3 million. The following table shows the total appropriations, awards, and remaining balances for each of the incentives:



Incentive	Pre-FY2019	FY2019 Final	FY2020	Appropriated To		Balance
			Enacted	Date	Awarded to Date	
Rebuild RI	\$38,500,000	\$11,200,000	\$10,000,000	\$49,700,000	\$109,460,385	(\$59,760,385)
I-195 Redevelopment Fund	27,000,000	1,000,000	-	28,000,000	25,541,000	2,459,000
First Wave Closing Fund	15,300,000	-	-	15,300,000	2,397,500	12,902,500
Wavemaker Fellowship	4,500,000	1,600,000	1,200,000	6,100,000	6,558,122	(458,122)
Small Business Assistance Fund	5,458,000	-	500,000	5,458,000	5,445,000	13,000
Innovation Initiative	3,500,000	1,000,000	1,000,000	4,500,000	3,130,185	1,369,815
Main Street RI Streetscape Improvement Fund	2,500,000	500,000	-	3,000,000	2,953,368	46,632
Air Service Development Fund	2,000,000	500,000	-	2,500,000	2,000,000	500,000
P-Tech	2,100,000	200,000	200,000	2,300,000	1,570,322	729,678
Industry Cluster Fund	1,250,000	100,000	100,000	1,350,000	\$1,163,640	186,360
SupplyRI/Small Business Promotion	-	300,000	300,000	300,000	-	300,000
Anchor Institution Tax Credit	750,000	-	-	-	-	-
R&D Transferable Tax Credit	-	-	-	-	-	-
Site Readiness Partnership	-	-	1,000,000	-	-	-
RI Opportunity Zones	-	-	-	-	-	-
Qualified Jobs Tax Incentive	-	-	-	-	66,975,278	(66,975,278)
Tax Increment Financing	-	-	-	-	29,400,000	(29,400,000)
Tax Stabilization Agreement Incentive	-	-	-	-	606,426	(606,426)
Total	\$102,858,000	\$16,400,000	\$14,300,000	\$118,508,000	\$257,201,226	(\$138,693,226)

The Budget makes several changes to existing incentives. Article 12 extends the statutory sunset date for the incentives from June 30, 2020, to December 31, 2020. Other changes and budget initiatives include:

- **Rebuild RI:** The Budget establishes new limits on the Rebuild RI Tax Credit program. The program's sales tax exemption option, previously uncapped, is now subject to the same aggregate and per-project caps as the tax credits. The Budget also increases the original overall limit of \$150.0 million to \$210.0 million, against which combined exemptions and credits are counted. Article 12 also provides a special exemption to the limits for the Fane Tower project located within the I-195 Redevelopment District.
- **Qualified Jobs:** Article 12 establishes a new limit on the State's New Qualified Jobs Incentive program. The program allows CommerceRI to award tax credits to companies that grow their workforce in Rhode Island. The base amount of the credit is up to \$2,500 annually per job created. The amount of the credit can be increased up to \$7,500 depending on whether the company meets certain criteria. In addition to these base limits, the amount of credits per company cannot exceed the value of the reasonable W-2 withholding received by the State for each new full-time job. Article 12 tightens this latter limit by setting the cap at 75.0 percent of the reasonable W-2 withholding.
- **Small Business Assistance Program:** The Budget includes \$500,000 for Commerce RI's existing Small Business Assistance program. The program uses private lending partners to help small businesses (under 200 employees) gain access to capital. The program was unfunded in FY2019.
- **Wavemaker Fellowships:** The Budget provides \$1.2 million in general revenue to fund approximately 139 fellowships in FY2020.
- **Main Street RI Streetscape:** The Budget does not fund the Main Street RI Streetscape Program (Main Street RI) in FY2020, for the first time since the program began in FY2016. Of the \$3.0 million in total appropriations since FY2016, only \$46,632 remains available to be awarded to municipalities.

Article 12 Initiatives

Article 12 of the Budget also authorizes several new economic development tools, including:

- **Economic Development Districts and Zones:** Article 12 authorizes several types of geographic-based zones with various legal and financial characteristics to incentivize economic development. These zones include:
 - **Special Economic Development Districts (SEDD):** SEDDs consist of contiguous parcels of state-owned land over 20 acres that have distinct permitting authority separate from the municipality it is located in (I-195 Redevelopment District included).

- **RI Opportunity Zones:** RI Opportunity Zones provide an incentive to direct capital gains into equity investments in development projects located in certain low-income communities,.
- **Site Readiness Program:** The Budget also provides \$1.0 million in funding for a new Commerce program to help address municipal-related obstacles to economic and site development and provide technical assistance and capacity-building support to cities and towns.
- **Small Business Development Funds:** The Budget creates a new economic development tool specifically aimed at providing financing to small businesses in Rhode Island. Article 12 authorizes the creation of multiple private capital funds designed to invest in small, Rhode Island-based businesses. The funding is targeted at the gap in financing that exists for many small businesses and start-ups. The program is to be administered by CommerceRI.

CENTRAL MANAGEMENT

The Central Management program is responsible for supervising, coordinating, and monitoring all departmental functions by providing leadership, management, and strategic planning activities. The Budget authorizes 5.0 FTE positions in FY2019 and in FY2020.

Central Management	General Revenue
FY2019 Enacted	\$839,457
<i>Target and Other Adjustments</i>	
Site Readiness	1,000,000
Personnel and Operating	82,206
FY2020 Enacted	\$1,921,663

Site Readiness

\$1.0 million

The Budget includes \$1.0 million in the capital purchases/equipment category to support a new initiative aimed at mitigating barriers to municipal economic development. The new Site Readiness initiative is envisioned to provide tools and direct assistance to advance site preparation across the State. It will involve collaboration between the State and willing municipalities and will focus on training and technical assistance, investments in site readiness, and building local capacity for economic development.

The funding will support 2.0 existing FTE positions assigned to the new program to address municipal-related obstacles to economic and site development. The staff will support local technical assistance related to issues such as model ordinances and permitting practices, coordination of work involving site and topographic surveys, wetland determinations, phase 1 environmental site assessments, zoning reviews, utility availability studies, and preliminary site engineering to determine building potential and site improvement costs.

Personnel and Operating

\$82,206

The Budget includes \$82,206 in additional general revenue for Central Management relative to the FY2019 Enacted level, with a net increase of \$73,231 in salaries and benefits and a net \$8,975 more in operating expenses. The latter is comprised of \$5,061 in new rental expenses for the EOC, an increase of \$7,352 in centralized information technology expenditures, and a \$3,438 reduction in miscellaneous expenses associated with a statewide initiative to lower costs related to certain commodities.

The net increase in personnel expenditures within Central Management includes \$49,923 in additional general revenue to fund 3.0 FTE positions that were filled in FY2019. The remaining \$23,200 in salary and benefit increases is net of several changes, including statewide COLA increases and other benefit adjustments, approximately \$200,000 in funding for the 1.0 Deputy Secretary of Commerce position, and \$305,000 in turnover savings.

COMMERCE PROGRAMS

The Budget includes \$1.2 million from general revenues in FY2020 to support Commerce Programs, \$900,000 less than the FY2019 Enacted level.

Commerce Programs	General Revenue
FY2019 Enacted	\$2,100,000
<i>Target and Other Adjustments</i>	
Air Services Development	(500,000)
Wavemaker Fellowship	(400,000)
FY2020 Enacted	\$1,200,000

Air Services Development **(\$500,000)**

The Budget does not provide new funding for the Air Service Development Fund in FY2020, representing a \$500,000 reduction in general revenue relative to the FY2019 Budget as Enacted. Since FY2017, \$2.5 million has been appropriated.

The funds have been used to support 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	To RIAC	Balance Held by	
			Commerce RI	Obligated
2016 Enacted (Final)	-	-	-	-
2017 Enacted (Final)	1,500,000	1,500,000	-	-
2018 Enacted (Final)	500,000	500,000	-	2,000,000
2019 Enacted (Final)	500,000	-	500,000	-
<i>Subtotal - Activity to Date</i>	<i>\$2,500,000</i>	<i>\$2,000,000</i>	<i>\$500,000</i>	<i>\$2,000,000</i>
2020 Enacted	-	-	-	-
Total	\$2,500,000	\$2,000,000	\$500,000	\$2,000,000

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. In order to receive reimbursement, airlines must submit marketing materials and invoices to the Rhode Island Airport Corporation (RIAC) and Commerce RI.

Recipients	Date		Obligations	Annual Obligations	Routes Resulting from Incentive
	Approved	Award Amount			
Norwegian Air	9/1/17	\$1,663,540	Airline required to submit marketing collateral supported with these funds.	None, all funds expended	5 (Ireland: Dublin, Cork, Shannon; Scotland: Edinburgh; Norway: Bergen)
Frontier	9/1/17	336,460	Airline required to submit marketing collateral supported with these funds.	None, all funds expended	4 (Miami, Charlotte, New Orleans, Denver)
Total		\$2,000,000			

Analyst Note: Although the Budget does not include additional funding in FY2020 for the Air Service Fund and all of the \$2.0 million that has been transferred to RIAC to date has been obligated, Commerce RI still has \$500,000 appropriated to the program in the FY2019 Budget as Enacted. Commerce RI will transfer these funds to RIAC in the event that it is determined by the Air Service Development Fund Council that a deal to establish a new air route would require the funds.

Wavemaker Fellowship**(\$400,000)**

The Budget includes \$1.2 million from general revenues in FY2020 to fund the Wavemaker Fellowship Program, \$400,000 less than the FY2019 Budget as Enacted level.

According to the EOC, the reduction is meant to better align the amount of available funds each year to the demand for fellowships. To date, there have been 667 fellowships awarded, with another 339 planned in FY2019 and FY2020. The following table shows actual and proposed appropriations, program costs, amount of anticipated unclaimed funds to pay credits, and total tax credits awarded. According to the EOC, all awards have been made for two years. The program allows tax credits for up to four years.

Fiscal Year	Cohort	# Fellows	Status	Carry Forward	Appropriations	Total Tax	Program	Anticipated	Carry Forward
				from Previous		Credit Award		Unclaimed	
				Year		(2-yr)	Overhead	funds	
FY2016-FY2018	1-3	667	Awarded	-	\$4,500,000	\$5,038,122	\$178,453	\$193,481	(\$523,094)
FY2019	4	200	Awarded	(523,094)	1,600,000	1,520,000	145,000	60,800	(527,294)
FY2020	5	139	Planned	(527,294)	1,200,000	1,055,412	145,000	42,216	(485,489)
Total		1,006			\$7,300,000	\$7,613,534	\$468,453	\$296,497	(\$485,489)

The Wavemaker Fellowship is a competitive student loan reimbursement program for college and university graduates who take 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's degree up to \$6,000 for a graduate or post-graduate degree.

Wavemaker Fellows by Degree Sought*
Master's or

Associate's	Bachelor's	Higher	Total
13	385	269	667

*Note: Data through Cohort 3

ECONOMIC DEVELOPMENT INITIATIVES FUND

The Budget provides \$12.1 million from general revenues in FY2020 to support various incentives, business assistance, and development programs designed to create and expand economic development in Rhode Island. This is \$2.2 million less than the FY2019 Budget as Enacted.

Economic Development Initiatives	General Revenue
FY2019 Enacted	\$14,300,000
<i>Target and Other Adjustments</i>	
Rebuild RI	(1,200,000)
I-195 Redevelopment Fund	(1,000,000)
Small Business Assistance	500,000
Main Street RI Streetscape	(500,000)
FY2020 Enacted	\$12,100,000

Rebuild RI**(\$1.2 million)**

The Budget provides \$10.0 million from general revenues in FY2020 for the Rebuild RI Tax Credit incentive, \$1.2 million less than the FY2019 Budget as Enacted level.

The Rebuild Rhode Island program uses both tax credit and sales tax exemption incentives. The tax credit is administered by the Commerce Corporation and is designed to promote investment in real estate development for commercial and/or residential use. Commerce RI can 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 the credit exceeds a taxpayer's liability in a given 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. 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 has the right to redeem (purchase) the credits at 90.0 percent of the credit value.

Rebuild RI Tax Credit			
Budget	Appropriation	Awarded	Balance
2016 Enacted (Final)	\$1,000,000	\$23,779,498	(\$22,779,498)
2017 Enacted (Final)	25,000,000	57,582,554	(55,362,052)
2018 Enacted (Final)	12,500,000	3,050,000	(45,912,052)
2019 Enacted (Final)	11,200,000	25,048,333	-
<i>Subtotal - Activity to Date</i>	<i>\$49,700,000</i>	<i>\$109,460,385</i>	<i>(45,912,052)</i>
2020 Enacted	10,000,000	-	(37,212,052)
Total	\$59,700,000	\$109,460,385	(\$49,760,385)

The Rebuild RI Fund, a restricted receipt account, was established in FY2016 to fund the program. The account is funded by general revenue appropriations. 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 to award new tax credits. Each year, the Director of Revenue requests the amounts necessary to pay for the redemption of tax credits. The following table provides the estimated obligations and annual drawdowns by fiscal year. It also shows an appropriation scenario that sufficiently covers planned draw down activity, keeps annual appropriations below \$25.0 million, and leaves a reasonable annual ending balance for the following fiscal year.

Estimated Cash Flow Summary for Rebuild RI											
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Beginning Balance	\$48.3	\$50.1	\$41.5	\$14.8	\$9.4	\$2.5	\$1.5	\$6.0	\$6.9	\$2.9	\$1.2
Combined Draw Downs*	(8.2)	(18.6)	(46.8)	(30.3)	(31.9)	(26.0)	(15.6)	(9.1)	(9.0)	(6.7)	(1.7)
Estimated Appropriation^	10.0	10.0	20.0	25.0	25.0	25.0	20.0	10.0	5.0	5.0	1.0
Ending Balance	50.1	41.5	14.8	9.4	2.5	1.5	6.0	6.9	2.9	1.2	0.5

\$ in millions

*Includes tax credits and sales tax exemptions. Amounts takes into consideration all projects in pipeline as of July, 2019, including Fane Tower.

^Appropriation levels for FY2021 through FY2030 have been chosen for demonstration purposes only. Consideration was given to keeping annual appropriations below \$25.0 million, while covering the draw downs, and leaving a reasonable ending balance (Senate Fiscal Staff estimates).

Commerce RI has the authority to provide qualifying projects with sales tax exemptions on certain qualified purchases that are related to the project's development. These purchases can include construction materials and services as well as furnishings and other interior improvements. To receive these exemptions, the developer must apply with Commerce RI and, if approved, will receive a rebate against those expenditures certified by Commerce RI. Most of the current Rebuild RI projects have a sales tax rebate incentive in addition to the Rebuild RI tax credits. The 34 current projects have a combined \$40.9 million in sales tax rebates that have been approved as part development.

Article 12: Article 12 makes numerous changes to the Rebuild RI program, including:

- **Program Limits:** When the Rebuild RI tax credit program was first established by the General Assembly in 2016, several limits were instituted on the program to prevent awarded credits from outpacing general revenues and to ensure program performance. These checks included a \$150.0 million cap on the total amount of credits permitted to be issued, a \$15.0 million per-project limit, and an initial sunset date of December 31, 2018. These limits ensured that the General Assembly had an opportunity to evaluate the effectiveness of the program over time and, based on its analysis, either reauthorize the program or curtail it. In 2018, the General Assembly chose to extend the sunset date to June 30, 2020; however, it did not change the cap. To date, the RI Commerce Corporation (CommerceRI) has awarded \$109.5 million, or 73.0 percent of the total amount of the original cap.
- **Sales Tax Exemption Limit:** The Rebuild RI tax credit program allows CommerceRI to provide sales tax exemptions to Rebuild RI projects for certain qualifying, project-related purchases. Of the 34 current Rebuild RI-awarded projects, 28 have also received sales tax exemption approvals, ranging in value from \$100,000 to \$2.7 million. Electric Boat is an outlier having received approval

for an estimated \$18.0 million in sales tax exemptions. CommerceRI has approved \$40.9 million in sales tax exemptions in total.

Previously, there was no limit (per project or in the aggregate) on the amount of sales tax exemptions that CommerceRI could approve. Article 12 establishes both a per-project and an aggregate limit by folding the total amount of sales tax exemptions under the same program caps that the Rebuild RI tax credits are subjected to. The combined value of tax credits and sales tax exemptions is calculated retroactively to the beginning of the program for purposes of the overall program cap. Qualified projects awarded combined tax credits and sales tax exemptions in excess of the \$15.0 million per project threshold prior to the enactment of Article 12 are not subject to the new limit.

- **New Cap:** Article 12 increases the maximum number of aggregate Rebuild RI tax credits and sales tax exemptions permitted to a total of \$210.0 million. The original limit was \$150.0 million and pertained only to the tax credits. CommerceRI has approved \$109.5 million in tax credits and \$40.9 million in sales tax exemptions across 34 projects, for a total of \$150.4 million, or 71.6 percent of the total cap authorized by the article.
- **Special Exemption to Per-Project and Total Program Limits:** Article 12 also provides a special exemption to the per-project and total program caps on the combined amount of tax credits and sales tax exemptions that may be issued. This special exemption is applicable only to the project that the I-195 Redevelopment District has been authorized to enter into a purchase and sale agreement for parcels 42 and P4 (Fane Tower). The exemption allows combined credits and exemptions up to \$25.0 million.
- **Sunset Extension:** Article 12 extends the sunset for the Rebuild RI tax credit program from June 30, 2020, to December 31, 2020.

Analyst Note: The Governor's Budget extended the sunset of the Rebuild RI tax credit program and 11 other economic development incentives to December 2023. The Budget does not include an extension for any other incentives.

- **Historic Structure Rebuild Projects:** Article 12 charges CommerceRI with developing streamlined application processes for the issuance of Rebuild RI tax credits for projects involving certified or recognized historic structures, manufacturers, or affordable or workforce housing. The article further requires the Division of Taxation to contact, at CommerceRI's expense, the developers who are currently in the queue to receive Historic Preservation tax credits should the program be recapitalized and extended. There are currently 37 projects in the queue with approximately \$67.1 million in potential credits under the historic preservation program.

Rebuild RI Projects: The following table shows the current projects which have been awarded Rebuild RI tax credits:

Project	Date Approved	Amount	Sales Tax	Total
			Rebate Estimate	Investment Leveraged
45 Pike	9/26/2016	\$2.5	\$0.4	\$23.2
78 Fountain Street	3/28/2016	6.1	0.9	48.4
A.T. Cross	5/9/2016	0.4	0.1	2.1
Agoda	2/27/2017	1.0	-	5.1
Aloft Hotel	1/28/2019	0.1	1.5	1.0
Bristol Belvedere	2/27/2017	1.0	0.2	9.4
Case Mead	2/22,2016, 5/1/2017	1.6	0.2	11.0
Chestnut Commons	12/19,2016, 10/30/2017	3.5	0.6	32.9
Downcity	1/27/2017, 12/28/2017	11.9	0.4	39.7
Edge II	11/19/2018	6.0	1.3	59.2
Electric Boat	5/21/2018	2.0	18.0	792.1
Finlay	8/10/2016	0.3	0.3	54.3
Gotham Greens	11/20/2017	1.3	-	12.2
Hope Artiste	9/26/2016	3.6	0.8	38.9
Immunex RI Corporation	4/10/2018	3.5	3.3	165.1
Infinity Meat Solutions	5/21/2018	1.9	1.8	110.2
Infosys	12/18/2017	0.8	0.1	8.5
Innovate Newport	11/21/2016, 12/17/2018	2.4	0.0	8.3
Lippitt Mill	8/22/2016	2.1	0.2	15.2
Louttit Laundry	1/25/2016	2.7	0.3	10.1
Ocean State Job Lot	6/27/2016	3.1	1.5	49.1
ONE MetroCenter	11/19/2018	3.0	0.5	19.0
Pontiac Mills	5/23/2016	3.6	0.5	34.6
Prospect Heights	3/28/2016	3.7	-	12.2
Providence Commons	1/25/2016	5.6	-	54.4
R&W Phase II	1/22/2018	1.0	0.2	7.2
Residence Inn	2/22/2016, 5/22/2017	0.1	1.3	59.8
River House	5/1/2017	8.4	0.7	61.9
Rubius Therapeutics	6/28/2018	2.8	2.7	188.0
The Edge	5/22/2017	3.0	1.0	56.9
Union Trust	3/28/2016	1.1	-	14.6
Virgin Pulse	12/19/2016	3.2	0.3	10.8
Warwick Hyatt Hotel	6/27/2016	1.4	0.3	23.8
Wexford Innovation Center	5/1/2017	15.0	1.6	104.7
Total		\$109.5	\$40.9	\$2,198.3

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

Note: Multiple dates refer to original board approval dates and dates award was amended.

I-195 Redevelopment Fund

(\$1.0 million)

The Budget does not provide new funding for the I-195 Redevelopment Fund in FY2020, representing a \$1.0 million reduction as compared to the FY2019 Budget as Enacted.

I-195 Redevelopment Fund			
Budget	Appropriation	Awarded	Balance
2016 Enacted (Final)	\$25,000,000	-	\$25,000,000
2017 Enacted (Final)	-	3,000,000	22,000,000
2018 Enacted (Final)	2,000,000	22,070,000	1,930,000
2019 Enacted (Final)	1,000,000	471,000	2,459,000
<i>Subtotal - Activity to Date</i>	<i>\$28,000,000</i>	<i>\$25,541,000</i>	<i>2,459,000</i>
2020 Enacted	-	-	2,459,000
Total	\$28,000,000	\$25,541,000	2,459,000

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-195 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 \$25.5 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. Based on appropriations and awards to date, the I-195 Redevelopment Fund would have \$2.5 million of unencumbered funds in FY2020. The following is a list of the awards to date:

I-195 Redevelopment Projects		
Project	Date Approved	Commitment
Wexford	7/10/17	\$18,800,000
National Grid: Screening	5/15/17	2,000,000
One Ship St	7/10/17	1,000,000
Temporary Parking	9/26/17	1,000,000
Aloft Hotel	2/13/19	750,000
National Grid: Wire Burial	5/15/17	500,000
National Grid: Riverwalk	5/15/17	500,000
Placemaking and Activation	8/21/17	350,000
The Shack	7/10/17	320,000
Venture Café	10/4/18	156,000
Park Management Consultant	3/29/18	90,000
Park Management Consultant Phase 2	8/28/18	75,000
Total		\$25,541,000

Small Business Assistance

\$500,000

The Budget includes \$500,000 for the Small Business Assistance incentive program. This is the first time funding has been provided since FY2016.

Small Business Assistance Fund			
Budget	Appropriation	Disbursed	Balance
2016 Enacted (Final)	\$5,458,000	\$5,345,000	\$113,000
2017 Enacted (Final)	-	100,000	13,000
2018 Enacted (Final)	-	-	13,000
2019 Enacted (Final)	-	-	-
<i>Subtotal - Activity to Date</i>	<i>\$5,458,000</i>	<i>\$5,445,000</i>	<i>13,000</i>
2020 Enacted	500,000	-	513,000
Total	\$5,958,000	\$5,445,000	\$513,000

The program was established 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. 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, award balance, and total leveraged investment to date:

Lender	Award	Amount Loaned	Lending Balance	Total Loans Leveraged
<i>Traditional Lending</i>				
BDC Capital	\$1,900,000	\$1,549,862	\$350,138	\$4,752,099
Business Development Co of RI	1,000,000	871,015	128,985	2,316,000
Community Investment Corporation (CIC)	1,000,000	406,500	593,500	1,047,115
South Eastern Economic Devel. Corp (SEED)	1,000,000	940,300	59,700	1
<i>Subtotal</i>	<i>\$4,900,000</i>	<i>\$3,767,677</i>	<i>\$1,132,323</i>	<i>\$8,115,215</i>
<i>Micro Lending</i>				
CIC Microloans	170,000	146,500	23,500	326,500
CWE Microloans	150,000	128,455	21,545	144,000
SEG Microloans	125,000	121,250	3,750	90,000
Rhode Island Black Business Association	100,000	25,000	75,000	-
<i>Subtotal</i>	<i>\$545,000</i>	<i>\$421,205</i>	<i>\$123,795</i>	<i>\$560,500</i>
Total	\$5,445,000	\$4,188,882	\$1,256,118	\$8,675,715

The FY2019 Budget as Enacted increased the amount of Small Business Assistance program funds available for “micro loans” (\$2,000 to \$25,000) from 10.0 percent to 25.0 percent. The loans may be used to provide:

- Additional capital to businesses;
- 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); or
- Collateral support and enhancement.

The Small Business Assistance program has provided \$421,205 in micro loans, leveraging a total loan amount of \$560,500 to date.

Analyst Note: According to the EOC, the Small Business Assistance program needs approximately \$5.0 million more in appropriations to become self-sustaining.

Main Street RI Streetscape**(\$500,000)**

The Budget does not fund the Main Street RI Streetscape Program (Main Street RI) in FY2020 for the first time since the program began in FY2016. This represents a \$500,000 reduction relative to the FY2019 Budget as Enacted.

Main Street Streetscape		
Budget	Appropriation	Awarded
2016 Enacted (Final)	\$1,000,000	\$915,400
2017 Enacted (Final)	1,000,000	1,000,000
2018 Enacted (Final)	500,000	-
2019 Enacted (Final)	500,000	1,037,968
<i>Subtotal - Activity to Date</i>	<i>\$3,000,000</i>	<i>\$2,953,368</i>
2020 Enacted	-	-
Total	\$3,000,000	\$2,953,368

The Main Street RI Streetscape Program was created to provide loans, matching grants, and other forms of financing, with recipients providing a 30.0 percent match, to upgrade streetscapes in local business districts. Twenty-five awards, totaling \$3.0 million, have been made to date and are listed in the following table:

Project Name	Board	
	Approval Date	Funding
Central Falls	3/28/2016	\$300,000
Pawtucket	3/28/2016	245,000
ONE Neighborhood Builders	3/28/2016	108,000
Bristol	3/28/2016	80,000
East Greenwich	3/28/2016	32,400
The Providence Foundation	3/28/2016	80,000
Woonsocket	3/28/2016	70,000
Bristol	5/22/2017	42,855
Jamestown	5/22/2017	65,000
North Kingstown	5/22/2017	204,400
Providence	5/22/2017	189,145
East Providence	5/22/2017	75,000
Smithfield	5/22/2017	11,075
Westerly	5/22/2017	140,210
Warren	5/22/2017	203,315
Warwick	5/22/2017	69,000
Barrington	11/19/2018	58,450
East Providence	11/19/2018	69,969
New Shoreham	11/19/2018	39,935
North Providence	11/19/2018	150,000
Pawtucket	11/19/2018	300,000
Providence	11/19/2018	47,114
Warren	11/19/2018	59,500
Westerly	11/19/2018	233,000
Woonsocket	11/19/2018	80,000
Total		\$2,953,368

OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

The Office of Housing and Community Development (OHCD) 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 federal Community Development Block Grant (CDBG) provides funding to 33 municipalities to address housing and community development needs. Prior to FY2016, the program was administered by the Division of Planning under the Department of Administration.

Housing and Community Development	General Revenue
FY2019 Enacted	\$923,204
<i>Target and Other Adjustments</i>	<i>(4,149)</i>
Facilities Management Savings	(98,569)
Personnel	20,722
FY2020 Enacted	\$841,208

Housing and Community Development	Other Funds Changes
Federal Grants (federal funds)	\$3,165,545

Facilities Management Savings **(\$98,569)**

The Budget includes \$98,569 in general revenue savings in both FY2019 and FY2020 associated with revised projected Division of Capital Asset Management and Maintenance (DCAMM) costs billed to the Office. According to the Budget Office, these revised projections are based on actual billings through December 2018.

Personnel **\$20,722**

The Budget adds \$148,005 in personnel funding to the Office of Housing and Community Development (OHCD) in FY2020. This includes \$20,722 from general revenues and \$127,733 from federal funds. The general revenue increase reflects the shift of a partial FTE position from an expiring federal Community Development Block Grant to general revenue.

Federal Grants (federal funds) **\$3.2 million**

The Budget provides a net increase of \$3.2 million from federal funds for Housing and Community Development programming in FY2020. The federal grant sources and respective amounts are summarized in the following table:

Federal Grant	FY2019 Enacted	FY2020 Enacted	Change from Enacted	
CDBG - Disaster Recovery Hurricane Sandy	\$4.2	\$2.0	(\$2.2)	-51.4%
CDBG - Disaster Recovery Program	0.8	0.8	-	-
CDBG - FFY 2012	0.5	0.5	-	-
CDBG - FFY 2013	0.5	0.5	-	-
CDBG - FFY 2014	1.5	1.5	-	-
CDBG - FFY 2015	2.5	2.5	-	-
CDBG - FFY 2016	1.0	2.5	1.5	150.0%
CDBG - FFY 2017	1.0	1.5	0.5	50.0%
CDBG - FFY2018	-	1.5	1.5	N/A
Community Development Block Grants - Administration	0.3	0.6	0.3	79.4%
Emergency Shelter Grants	0.8	0.7	(0.0)	-2.4%
Housing Opportunities for Persons with AIDS	-	0.6	0.6	N/A
Neighborhood Stabilization Program 1	-	0.5	0.5	N/A
Neighborhood Stabilization Program 3	-	0.5	0.5	N/A
Title XX Shelter Transfer	1.4	1.4	-	-
Total	\$14.4	\$17.6	\$3.2	18.0%

\$ in millions

CDBG Program: The Budget includes \$3.5 million in additional Community Development Block Grant (CDBG) funds by drawing down from the FFY2016 through FFY2018 awards. Under federal guidelines, the State manages the CDBG program for 33 Rhode Island municipalities which do not receive an allocation directly from the United States Department of Housing and Urban Development (HUD). The State receives funding each federal program year and 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, facilities/improvements, social services, and planning (land use). CDBG funds are targeted to distressed areas with predominately low- and moderate- income neighborhoods.

These additional resources are offset by a decrease of \$2.2 million related to the expiration of the remaining CDBG Disaster Recovery Grant related to Hurricane Sandy. This grant has supported local (municipal) disaster recovery activities since 2012. CDBG–Disaster Recovery funded projects are now complete and this reduction reflects the termination of the grant.

Neighborhood Stabilization Program: The Budget provides \$960,400 in federal HUD grant funds for the Neighborhood Stabilization Program (NSP).

The NSP provides emergency assistance to state and local governments to mitigate abandonment and blight by purchasing foreclosed or abandoned homes to rehabilitate, resell, or redevelop in order to stabilize neighborhoods and prevent the values of neighboring homes from declining.

Housing Opportunities for Persons with AIDS: The Budget increases federal funds within the OHCD by \$577,412, reflecting the shift in the administration of HUD’s Housing Opportunities for Persons with AIDS grant program from RIHousing to OHCD. The program is unique in that it is the only federal program focused on housing for low-income, HIV-positive individuals. Consolidating the program into OHCD aligns with the Office’s other homeless and low-income programming.

QUASI-PUBLIC APPROPRIATIONS

The Budget provides \$12.1 million from general revenues to support the Rhode Island Commerce Corporation and several pass-through appropriations to fund specific economic programs. There are no FTE positions allocated to this program.

Quasi-Public Appropriations	General Revenue
FY2019 Enacted	\$12,126,714
<i>Target and Other Adjustments</i>	
East Providence Waterfront Commission Grant	50,000
Commerce Corporation Base Allocation	(43,492)
Airport Impact Aid	(14,964)
FY2020 Enacted	\$12,118,258

East Providence Waterfront Commission Grant **\$50,000**

The Budget includes \$50,000 in general revenue in FY2020 to support the work of the East Providence Waterfront Commission in its efforts to revitalize the city’s waterfront.

Commerce Corporation Base Allocation **(\$43,492)**

Commerce RI 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 Commerce RI’s budget. The Commerce RI Board has the sole responsibility to authorize the Corporation’s annual budget.

The Budget provides \$7.4 million from general revenues to Commerce RI as its base allocation. This is \$43,492 less from general revenues than the FY2019 Budget as Enacted. Commerce RI’s total budget in FY2020 is \$13.6 million. The base allocation represents approximately 55.0 percent of the quasi-public agency’s annual revenue. The balance is comprised of hotel tax revenue (39.0 percent), federal grants (3.0 percent), financial programs (2.0 percent), and other miscellaneous revenue (1.0 percent).

The decrease in the base allocation is attributable a shift of funds from the Commerce RI to the Department of Administration (DOA) to be used to support the personnel costs of the State’s Small Business

Ombudsman (SBO). The SBO operates out of the DOA's Office of Regulatory Reform and works closely with Commerce RI and the Department of Business Regulation (DBR). The SBO assists small businesses that do not have expertise in compliance or regulatory matter related to their industry. The SBO helps businesses navigate the regulatory system, AND advocates for regulatory process improvement and improves compliance.

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

Commerce RI Budget			
Revenues	FY2018 Actual	FY2019 Revised	FY2020 Enacted
State Appropriations			
RI Commerce Corporation Base Appropriation	\$7,224,514	\$7,474,514	\$7,431,022
Total State Appropriations	\$7,224,514	\$7,474,514	\$7,431,022
Other Revenues			
Hotel Tax Revenue	\$6,398,790	\$5,604,258	\$5,277,596
Finance Program Allocation	414,540	318,194	320,000
Federal Grants	1,464,569	1,645,622	450,510
Other	112,122	141,851	140,000
Total Other Revenues	\$8,390,021	\$7,709,925	\$6,188,106
Total Revenues	\$15,614,535	\$15,184,439	\$13,619,128
Expenditures			
Total Operations (Personnel and Operating)	\$15,133,508	\$13,120,173	\$13,150,000
Grants or Partnerships	1,498,415	1,645,622	450,510
Total Expenditures	\$16,631,923	\$14,765,795	\$13,600,510
Operating Surplus/(Deficit)	(17,388)	418,644	384,514
Pass-Through Grants			
STAC Research Alliance (EPScore)	\$950,545	\$900,000	\$900,000
Innovative Matching Grants	863,009	1,000,000	1,000,000
Renewable Energy Fund	8,397,522	2,250,000	1,000,000
Airport Impact Aid	1,009,896	1,025,000	762,500
Chafee Center at Bryant	376,200	476,200	476,200
Polaris Manufacturing Technical Assistance	250,000	350,000	350,000
Urban Ventures	140,000	140,000	-
Other (AICU, Working Cities, Warwick Station)	-	-	-
Federal Pass-thru Grants	2,880,266	1,645,622	450,510
Total	\$14,867,438	\$7,786,822	\$4,939,210

Source: Executive Office of Commerce

CAPITAL PROJECTS

Quonset Piers (other funds)

\$2.3 million

The Budget provides \$5.0 million from Rhode Island Capital Plan (RICAP) funds in FY2020 for architectural/engineering and construction services for improvements to Pier 2 at the Quonset Davisville Port in the Town of North Kingstown. This is \$2.3 million more than the FY2019 Budget as Enacted level. The Quonset Development Corporation (QDC) has put forward a plan to extend and rehabilitate Pier 2 by building an east extension and installing a sheet pile bulkhead. According to the Budget Office, this approach is the most cost effective and permits continuous use of the pier during construction.

The Budget includes \$88.4 million in total funding for the project through FY2021, including \$13.4 million from RICAP funds. Other funding includes \$49.5 million in general obligation bonds, \$4.0 million in QDC funds, and \$21.0 million in revenue bonds.

I-195 Commission (other funds)

\$150,000

The Budget provides \$450,000 from RICAP funds for the I-195 Redevelopment District Commission, \$150,000 more than the FY2019 Budget as Enacted. According to the Budget Office, the funding continues financing for permitting, environmental modeling, and other architectural and engineering services needed to prepare property for acquisition and development.

Executive Office of Health and Human Services

Expenditures by Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$150.6	\$136.4	\$190.4	\$54.0	39.6%	\$181.3	\$45.0	33.0%
Medical Assistance	2,368.9	2,470.6	2,465.3	(5.3)	-0.2%	2,509.4	38.8	1.6%
Total	\$2,519.4	\$2,607.0	\$2,655.7	\$48.7	1.9%	\$2,690.7	\$83.8	3.2%

Expenditures by Source								
Expenditures by Source	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Revenue	\$950.3	\$982.9	\$975.6	(\$7.4)	-0.7%	\$1,002.3	\$19.4	2.0%
Federal Funds	1,546.1	1,605.8	1,661.1	55.3	3.4%	1,664.5	58.7	3.7%
Restricted Receipts	23.0	18.2	19.0	0.8	4.2%	23.9	5.7	31.1%
Total	\$2,519.4	\$2,607.0	\$2,655.7	\$48.7	1.9%	\$2,690.7	\$83.8	3.2%

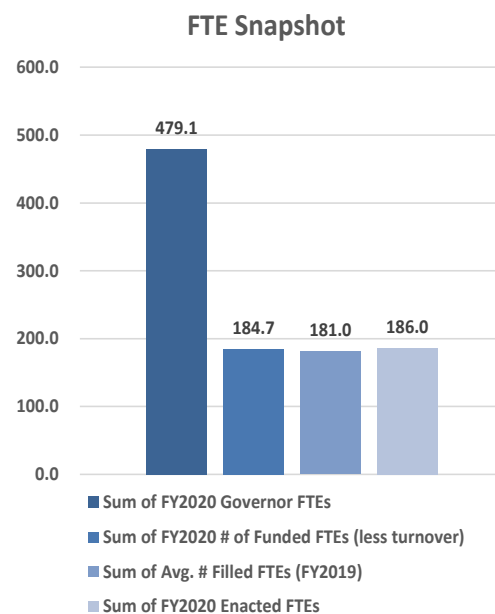
Authorized FTE Levels	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Authorized FTE Levels	285.0	192.0	192.0	-	-	186.0	(6.0)	-3.1%

The Executive Office of Health and Human Services (EOHHS) is the umbrella agency which oversees the Departments of Health (DOH); Human Services (DHS); Children, Youth, and Families (DCYF); and Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). EOHHS coordinates the organization, finance, and delivery of publicly-funded health and human services programs and serves as the single State agency for Medicaid. Its mission is to ensure access to high quality and cost effective services which foster the health, safety, and independence of all Rhode Islanders.

MAJOR ISSUES AND TRENDS

The FY2020 Budget primarily focuses on cost containment in the Medical Assistance (Medicaid) program. The May 2019 Caseload Estimating Conference projected that the program would require \$984.8 from general revenues in FY2020. The Budget includes provider cuts to long-term care facilities and managed care organizations, eliminates some “State-only” programs, and makes a number of other program changes in order to reduce State Medicaid spending to \$976.6 million in FY2020.

The FY2020 Budget authorizes 186.0 FTE positions for EOHHS, a reduction of 6.0 FTEs relative to the FY2019 Enacted level. The Budget adds 1.0 legal counsel and eliminates 7.0 vacancies based on an average of 11.0 vacancies in FY2019. The Budget does not include the Governor’s proposal to transfer the Divisions of Veterans’ and Elder Affairs from DHS to EOHHS. The Budget removes the 252.1 FTE positions that would have been added to EOHHS under this transfer.



Caseload Estimating Conference

Each November and May, the State revises medical assistance caseload forecasts in order to estimate entitlement program spending for both the current and following fiscal year. The May 2019 Caseload Estimating Conference (CEC) adopted estimates dictate the entitlement program appropriations included in the FY2019 Revised and FY2020 Enacted Budgets.

Total spending for medical assistance programs is estimated to decrease by \$2.6 million in FY2019 and increase by \$57.4 million in FY2020 compared to the FY2019 Budget as Enacted. This includes both State and federal spending on hospital services, long-term care, managed care, and pharmacy benefits.

Medical Assistance - May 2019 Adopted Estimates

	FY2019 Enacted	FY2019 Adopted	Change to Enacted	FY2020 Adopted	Change to Enacted
Hospitals	\$191.2	\$198.5	\$7.3	\$199.8	\$8.6
General Revenue	91.3	92.1	0.9	93.5	2.3
Federal Funds	99.9	106.4	6.5	106.3	6.3
Long-Term Care	\$396.3	\$377.4	(\$18.9)	\$440.5	\$44.2
General Revenue	185.9	181.3	(4.6)	207.7	21.8
Federal Funds	210.5	196.1	(14.4)	232.8	22.4
Managed Care	\$1,774.6	\$1,779.8	\$5.2	\$1,770.6	(\$4.0)
General Revenue	611.1	605.5	(5.6)	609.2	(1.9)
Federal Funds	1,154.5	1,165.3	10.8	1,151.3	(3.1)
Restricted Receipts	9.0	9.0	-	10.1	1.1
Pharmacy	\$65.5	\$69.2	\$3.7	\$74.1	\$8.6
General Revenue	66.0	69.6	3.5	74.4	8.3
Federal Funds	(0.6)	(0.4)	0.2	(0.3)	0.3
Total	\$2,427.5	\$2,424.9	(\$2.6)	\$2,485.0	\$57.4
General Revenue	954.3	948.5	(5.8)	984.8	30.5
Federal Funds	1,464.3	1,467.4	3.2	1,490.1	25.8
Restricted Receipts	9.0	9.0	-	10.1	1.1

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

Rhode Island Comprehensive Demonstration

On December 20, 2018, the Executive Office received approval from the Centers for Medicare and Medicaid Services (CMS) for an extension of the Rhode Island Comprehensive Demonstration, also known as the Section 1115 Waiver, which was set to expire on December 31, 2018. This waiver constitutes the legal authority for the State to pursue innovations designed to improve health care access, quality, and outcomes that further the mission of the Medicaid program. The special terms and conditions (STCs) of the waiver act as a contract which allows the State to deviate from the Medicaid State Plan. This is the second extension of the Comprehensive Demonstration; the General Assembly directed the State to apply for the initial waiver in 2008. Rhode Island's Medicaid program now operates almost entirely under the Comprehensive Demonstration. The extension allows for continued flexibility through December 31, 2023. The extension allows the State to claim federal matching funds for the BH Link triage center established in the FY2019 Budget as Enacted, strengthens eligibility criteria for group home services for the developmentally disabled population, and extends federal funding for the Health System Transformation Project (HSTP) through December 31, 2020. The waiver extension also includes a number of measures which are not considered as part of the FY2020 Budget as Enacted, including federal financial participation for the Family Home Visiting Program, expansion of peer support services, and provision of home-based primary care services for individuals confined to their homes.

Non-Emergency Medical Transportation

In September 2018, the State entered into a three-year contract with Medical Transportation Management (MTM) for the provision of non-emergency medical transportation (NEMT) services beginning January 1, 2019. The NEMT program coordinates thousands of rides per day for Medicaid beneficiaries and individuals over the age of 60 who do not have access to transportation for medical appointments and certain designated services. The contract with the former vendor, Logisticare, ended on December 31, 2018. EOHHS procured the new contract through a competitive bidding process.

The rollout of the new contract has been problematic for users. In the first two months of service, the State received thousands of complaints from patients and families, who reported issues including long wait times, missed appointments, and inappropriate vehicles for disabled populations. As a result, EOHHS fined the company \$1.0 million and renegotiated the contract with MTM; this \$1.0 million penalty is included in the adopted CEC estimate previously noted. The new contract removes a penalty cap, which only allowed the State to seek a maximum of 4.0 percent for inadequate services, and adds a 10.0 percent quality withhold which enables the State to withhold payment until MTM achieves specific performance benchmarks.

Unified Health Infrastructure Project

In September 2016, the State launched Phase II of the Unified Health Infrastructure Project (UHIP), the largest scale IT project the State has undertaken. The project, renamed RI Bridges, aims to integrate more than 15 eligibility-determination systems into one. The State first undertook the UHIP project in April 2015, when federal agencies were offering enhanced federal funding to encourage the development of integrated eligibility systems for health and human services programs. The system has been troublesome and expensive for the State, far exceeding the initial general revenue projections of \$89.3 million. On May 31, 2019, the State submitted an Implementation Advanced Planning Document Update (IAPD-U) to the federal government, which reported cost projections of \$126.5 million in State funds (\$566.9 million all funds) through September 30, 2020. These costs are shared across EOHHS, DHS, and HealthSource RI.

	EOHHS UHIP Funding				Total
	Pre-FY2018	FY2018 Actual	FY2019 Final	FY2020 Enacted	
General Revenue	\$30,621,761	\$5,292,498	\$4,921,730	\$2,048,556	\$42,884,545
Federal Funds	191,642,402	44,744,452	66,443,725	62,876,509	\$365,707,088
Restricted Receipts	-	-	-	6,614,152	\$6,614,152
Total	\$222,264,163	\$50,036,950	\$71,365,455	\$71,539,217	\$415,205,785

Phase II of the UHIP project has been plagued with technical failures resulting in delays and errors in eligibility processing and payments to service providers. The State continues to make “offline” payments to nursing facilities for applications they have submitted but which RI Bridges has not fully processed. While advances are being made, the State has begun reconciling payments previously made to nursing facilities in order to properly claim Medicaid match. The State continues to negotiate with the developer, Deloitte, to ensure that a functional eligibility system is procured.

The State has stopped payment to Deloitte and has twice reached an agreement with the vendor for expense credits totaling more than \$87.0 million for continued design and development of the system. These credits cover maintenance and operations costs. The FY2020 Budget as Enacted includes these negotiated credits in a restricted receipt account.

Analyst Note: On March 15, 2019, the State announced plans to extend its contract with Deloitte through June 30, 2021. The contract was set to expire on March 31, 2019. The State had issued a Request for Information (RFI) to determine the complexity of switching vendors, although it was decided that finishing the course with Deloitte would be less disruptive. Under the terms of the extended contract, the State agreed not to sue the company in exchange for a rate reduction, reducing the cost of services by an estimated \$75.0 million, as well as a direct cash payment of \$50.0 million. At this time, it is not clear how much of the \$50.0 million will be returned to the federal government and how much the State may retain. The agreement is pending approval by CMS.

CENTRAL MANAGEMENT

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

Central Management	General Revenue
FY2019 Enacted	\$28,659,176
<i>Target and Other Adjustments</i>	
Unified Health Infrastructure Project (UHIP)	(3,025,929)
Finance and Management Contracts	2,103,063
Non-UHIP Personnel	(1,983,032)
Open Enrollment	(174,418)
Consent Decree Court Monitor	75,000
FY2020 Enacted	\$25,723,262
Central Management	
Other Fund Changes	
State Innovation Model (federal funds)	(\$4,563,796)

Unified Health Infrastructure Project (UHIP) (\$3.0 million)

The Budget includes \$3.0 million less from general revenues (\$42.7 million more from all funds) relative to the FY2019 Enacted Budget for UHIP expenditures. This is primarily due to general revenue savings of \$1.9 million for targeted UHIP-related contract reductions. These reductions impact contracts with KPMG, Automated Health Systems, Northrop Grumman Information Technology, and Faulkner Consulting Group, among others. The Budget also shifts \$855,662 in contract expenses from general revenues to restricted receipts to reflect the use of Deloitte settlement funds. The net reduction in UHIP funding also includes \$379,771 less from general revenues, consistent with EOHHS' request, for UHIP personnel.

Finance and Management Contracts \$2.1 million

The FY2020 Budget includes \$9.2 million from general revenues (\$39.1 million all funds) to fund an array of non-UHIP contracted finance and management services. This represents a general revenue increase of \$2.1 million (\$5.5 million all funds) relative to the FY2019 Budget as Enacted.

Finance and Management Contracts - General Revenue	FY2019 Enacted	FY2020 Enacted	Change
Rhody Health Options Contracts	-	\$1,660,676	\$1,660,676
Medicaid Management Information System	3,879,409	4,106,528	227,119
Independent Provider Model	-	192,500	192,500
Health Information Exchange	-	120,000	120,000
Electronic Clinical Quality Measures	-	100,000	100,000
Asset Verification	-	97,950	97,950
All Other	3,246,922	2,951,740	(295,182)
Total	\$7,126,331	\$9,229,394	\$2,103,063

Rhody Health Options Contracts: The FY2019 Budget as Enacted included \$6.5 million in general revenue savings related to the Rhody Health Options (RHO) redesign. This initiative shifted beneficiaries from the RHO Phase I managed care plan to either RHO Phase II, Rhody Health Partners, or fee-for-service on October 1, 2018. The medical expenses for the fee-for-service population appear in the nursing home and home- and community-based service budget lines. The FY2019 Enacted Budget assumed savings by reducing administrative costs, taxes, and risk margin and more effectively handling crossover claims with Medicare for the dual eligible population (those eligible for both Medicare and Medicaid).

As part of the redesign, the State contracted with the Rhode Island Parent Information Network (RIPIN) to provide case management services for high-risk individuals in the transition population. The State also expanded an existing contract with Automated Health Systems (AHS) to support a customer service and benefit enrollment call center. The FY2019 Budget as Enacted included funding for these contracts within the Medicaid program; however, the remainder of EOHHS' contracts are funded in Central Management. The Budget shifts funding for these contracts, totaling \$1.7 million from general revenues (\$3.3 million all

funds), from Medical Assistance to Central Management. There is a concurrent reduction in the Medicaid program. The costs associated with the two contracts do not change.

Medicaid Management Information System: The Medicaid Management Information System (MMIS) manages business functions for Medicaid-funded programs. States are required by CMS to operate a MMIS in order to be eligible for federal funding. The State receives a 90.0 percent federal match for design, development, and installation, a 75.0 percent match for claims processing and information retrieval systems, and a 50.0 percent match for all other functions. The MMIS is an integral component of the State's Medicaid program, as it processes claims for Medicaid services and tracks Medicaid expenditures on a monthly basis. The Departments of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) and Children, Youth, and Families (DCYF) also utilize this system for their respective populations.

The FY2019 Budget as Enacted included \$3.9 million from general revenues to support the MMIS. FY2018 actual general revenue expenditures totaled \$5.1 million. The Governor's Budget included an additional \$1.2 million from general revenues (\$1.8 million all funds) to align the system with historical expenditures; however, the General Assembly reduced this target by \$1.0 million. This results in a net general revenue increase of \$227,119 compared to the FY2019 Enacted Budget.

Independent Provider Model: The Budget includes \$192,500 from general revenues (\$770,000 all funds) to support the implementation of the independent provider (IP) model in FY2020. The 2018 General Assembly directed the State to establish an IP model for the delivery of long-term services and supports. This model establishes a public registry of home health aides which promotes flexibility for seniors and individuals with disabilities when accessing long-term care services. Under the model, consumers can hire and manage any individual caregiver of their choice, rather than accessing aides through a provider agency. The State maintains the registry and sets certain parameters, such as wages and qualification standards. The goal of the model is to increase the supply of home care workers, thereby allowing more individuals to access services in their homes rather than a nursing home or other residential facility.

Health Information Exchange: The State's Health Information Exchange (HIE), known as CurrentCare, allows medical professionals to securely access their patients' health information. It has been operated by the Rhode Island Quality Institute (RIQI) for eight years. The exchange is eligible for an enhanced federal match of 90.0 percent.

The Budget includes one-time expenses of \$120,000 from general revenues (\$1.2 million all funds) to finance the Fast Healthcare Interoperability Resources (FHIR) upgrade to the HIE. The FHIR is a national standard which describes data formats and elements for exchanging electronic health records. This critical upgrade has been delayed for several years due to lack of funding. The Budget also includes a general revenue increase of \$115,310 (\$1.4 million all funds) within the assistance and grants category to make the \$4.4 million all funds payment to enroll Medicaid beneficiaries in CurrentCare. The payment funds the State's share of the monthly enrollment fee for approximately 170,000 individuals.

Electronic Clinical Quality Measures: The State's electronic clinical quality measurement (eCQM) system supports the collection, validation, and sharing of data for participating health care entities in an effort to support quality measurement and reporting. It allows providers to share their data and aggregate it with data from patients, hospitals, provider groups, and insurance payers. Without a universal eCQM system, individual organizations must invest in unique and expensive interfaces. The eCQM was initiated two years ago with federal funding from the State Innovation Model (SIM) grant which expired on June 30, 2019. The system receives a 90.0 percent federal match. The FY2020 Budget includes \$100,000 from general revenues (\$1.0 million all funds) to support continuation of the system.

Asset Verification: The Budget includes an additional \$97,950 from general revenues (\$195,900 all funds) to finance the ongoing maintenance of the asset verification system (AVS). The AVS uses electronic data sources from financial institutions to verify applicants' assets to ensure that they satisfy the income and resource requirements for Medicaid long-term care services. This system establishes a timely process for

determining or re-determining Medicaid eligibility for the aged, blind, and disabled population. The FY2019 Budget as Enacted included \$187,500 from general revenues (\$1.5 million all funds) to fund a contract for the implementation of the system. The contract was awarded to the New England States Consortium System Organization (NESCSO) and the system was implemented on November 1, 2018. The additional funding for maintenance costs is consistent with the terms of the NESCSO contract.

All Other: The Budget includes \$295,182 less from general revenues for all other finance and management contracts, including the replacement contracts for the Conduent contract which ended on December 31, 2018. The State previously contracted with Conduent for an array of finance and management services. General revenue funding for the contract totaled \$2.0 million (\$6.0 million all funds) in the FY2019 Enacted Budget. The Governor's FY2020 Budget included an additional \$868,093 from general revenues (\$1.7 million all funds) to fund three replacement contracts; however, the General Assembly reduced general revenue funding for all finance and management contracts by \$1.0 million (\$2.0 million all funds) to bring funding more in line with the FY2019 Enacted level.

Non-UHIP Personnel

(\$2.0 million)

The Budget reduces general revenue expenditures for non-UHIP personnel by \$2.0 million, but increases federal and restricted expenditures by \$2.1 million for a net all funds impact of \$67,209. This is the result of several changes to EOHHS' personnel roster. Based on the results of the most recent cost allocation plan, the FY2019 Revised and FY2020 Budgets shift projected salary and benefit expenses from general revenue to both federal and restricted fund sources. The Budget also eliminates 7.0 vacant positions from the Executive Office, based on an average vacancy rate of 11.0 FTEs in FY2019, and adds 1.0 legal counsel.

Open Enrollment

(\$174,418)

The Executive Office contracts with Automated Health Systems (AHS) to operate a call center for Medicaid's biannual open enrollment periods. The FY2019 Budget as Enacted included \$359,624 from general revenues (\$719,248 all funds), assuming call center funding requirements for both the fall and spring open enrollment periods. The Executive Office requested general revenue funding of \$185,206 (\$370,412 all funds) in FY2020 to support the AHS contract, citing that the contractual support is only needed for one open enrollment period. The FY2020 Budget includes funding accordingly, representing a general revenue reduction of \$174,418 (\$348,836 all funds) relative to the FY2019 Enacted Budget.

Consent Decree Court Monitor

\$75,000

The FY2019 Budget as Enacted shifted the contract for the Consent Decree Court Monitor from the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to EOHHS. This transfer added \$150,000 from general revenues (\$300,000 all funds) to EOHHS; however, this was not the full value of the contract. General revenue funding for the court monitor contract totals \$225,000 (\$450,000 all funds). The Budget adds \$75,000 from general revenues (\$150,000 all funds) in FY2019 and FY2020 to correct this error. The correct funding was removed from the BHDDH budget in FY2019.

State Innovation Model (federal funds)

(\$4.6 million)

The Budget reduces federal funding by \$4.6 million in FY2020 to reflect the expiration of the State Innovation Model (SIM) grant. In December 2014, the State was awarded a four-year, \$20.0 million SIM grant by the Centers for Medicare and Medicaid Services (CMS) to design, develop, and test new models of delivering and paying for healthcare. Funding was provided in FY2016 through FY2019 and was centralized in the Executive Office of Health and Human Services, although it also covered operating and personnel expenses within HealthSource RI, the Office of the Health Insurance Commissioner, and BHDDH's Division of Behavioral Healthcare. The grant expired on June 30, 2019.

The SIM grant was designed to accelerate the shift from volume-based care, where providers are incented to provide more care, to value-based care, where providers are incented to provide the best care at the lowest

cost. The grant attempted to reform healthcare delivery and to provide better care at lower cost through the “triple aim” to improve patients’ experience of care, enhance the physical and behavioral health of the State’s population, and reduce the per capita costs of healthcare in Rhode Island.

MEDICAL ASSISTANCE

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

Medical Assistance	General Revenue
FY2019 Enacted	\$954,256,896
<i>Target and Other Adjustments</i>	-
May Caseload Estimating Conference	30,529,698
Hospital Payments	6,683,646
Nursing Home COLA	(3,514,967)
Managed Care Organization (MCO) Reductions	(2,920,924)
Limit Hospice Rate Increase	(2,592,700)
Fraud, Waste, and Abuse	(1,861,273)
Rhody Health Options Contracts	(1,660,676)
Rlte Share Enrollment	(1,124,251)
Cortical Integrative Therapy	(1,000,000)
Estate Recovery Optimization	(236,300)
FY2020 Enacted	\$976,559,149

May Caseload Estimating Conference

\$30.5 million

Each November and May, the Caseload Estimating Conference (CEC) estimates expenditures for human services and medical entitlement programs for the current and out year. These adopted expenditure levels determine the appropriations for entitlement programs. Projections are based on enrollment trends as well as inflation-based price adjustments.

The May 2019 CEC projected general revenue expenditures of \$997.9 million in the medical assistance program in FY2020, or \$30.5 million more than the FY2019 Budget as Enacted. The initiatives described below are applied relative to the caseload estimate.

Hospital Payments

\$6.7 million

The Budget includes a net general revenue increase of \$6.7 million (\$18.6 million all funds) relative to the adopted caseload estimate to make a number of changes to hospital payments.

Hospital Payments	General Revenue	All Funds
Hospital Rate Increase	\$8,938,819	\$25,325,767
Inpatient Upper Payment Limit	(3,296,645)	(8,748,429)
Disproportionate Share Hospital Payment	1,223,787	2,601,035
Outpatient Upper Payment Limit	(182,315)	(559,016)
Total	\$6,683,646	\$18,619,357

Hospital Rate Increase: 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 and make adjustments based on factors such as hospital costs, hospital coding, and availability of services. Increases may not exceed the Prospective Payment System Hospital Input Price Index, an

inflation-based index published by CMS. The May 2019 CEC adopted estimate includes inflators of 3.2 percent for inpatient and 1.3 percent for outpatient services.

Article 13 of the Enacted Budget increases both inpatient and outpatient hospital rates by 7.2 percent in FY2020. This includes the inflator as well as a supplemental rate increase to adjust for rate freezes and reductions that occurred in prior fiscal years. This represents a general revenue increase of \$8.9 million (\$25.3 million all funds) compared to the May 2019 CEC adopted estimate. This requires two State Plan Amendments, one each for inpatient and outpatient rates, which were submitted to CMS on June 28, 2019.

Hospital Rate Changes by Fiscal Year		
Fiscal Year	Inpatient	Outpatient
FY2013	2.7%	1.9%
FY2014	0.0%	0.0%
FY2015	0.0%	0.0%
FY2016	-2.5%	-2.5%
FY2017	3.0%	1.9%
FY2018	2.4%	2.4%
FY2019	2.8%	1.8%
FY2020	7.2%	7.2%

Although this initiative significantly increases expenditures, it also positively impacts revenue collections. Of the \$25.3 million in additional expenditures, \$23.5 million will be subject to the 2.0 percent insurance premium tax. Therefore, by increasing hospital rates, the State will receive an estimated increase of \$469,777 in revenue relative to the estimate adopted by the May 2019 Revenue Estimating Conference.

Inpatient Upper Payment Limit: Upper Payment Limit (UPL) payments compensate hospitals for the difference between what hospitals receive for services to Medicaid patients and what they are paid under Medicare reimbursement principles. In past fiscal years, the State has made UPL payments to hospitals, matched by federal funds, to bring its total Medicaid expenditures up to 100.0 percent of the Medicare UPL, thereby maximizing available federal funds. Article 13 eliminates UPL payments for inpatient hospital services. This requires a State Plan Amendment, which was submitted to CMS on June 28, 2019. The State will continue providing UPL payments for hospital outpatient services.

Inpatient UPL	
Hospital	FY2020 Adopted
Butler	-
Kent	780,483
Memorial	-
Women and Infants	3,344,332
Care New England	\$4,124,815
Bradley	-
Miriam	533,878
Newport	147,477
Rhode Island Hospital	2,797,457
Lifespan	\$3,478,812
Roger Williams	259,301
St. Joseph	645,496
Prospect - CharterCARE	\$904,797
Landmark	164,488
South County	51,056
Westerly	24,461
Rehabilitation	-
Other	\$240,005
Total	\$8,748,429

The May 2019 CEC adopted estimate includes a total of \$8.7 million in inpatient UPL payments in FY2020, of which \$3.3 million is from general revenues. The Budget reduces expenditures by the equivalent amount.

Disproportionate Share Hospital Payment: Federal law requires that state Medicaid programs make Disproportionate Share Hospital (DSH) payments to qualifying community hospitals which serve a large number of uninsured, underinsured, or Medicaid patients. The DSH program subsidizes hospitals with high uncompensated care costs, which include certain expenses which are not covered out-of-pocket or by Medicaid or other insurance. DSH payments are lump-sum disbursements issued in July of each fiscal year and are subject to the applicable Federal Medical Assistance Percentage (FMAP) at the time of issuance. The State share is funded through revenues generated by the hospital licensing fee authorized in Article 5.

The FY2019 Budget as Enacted authorized a maximum all funds DSH payment of \$139.7 million in FY2020. The May 2019 CEC adopted estimate includes \$139.7 million, accordingly, including \$66.3 million from general revenues. The Enacted Budget increases the aggregate DSH payment to \$142.3 million, consistent with the maximum allowed by the federal government. This represents a general revenue increase of \$1.2 million (\$2.6 million all funds) compared to the May 2019 CEC adopted estimate.

Outpatient Upper Payment Limit: Although the State will continue to make the outpatient UPL payment in FY2020, the 7.2 percent increase in hospital reimbursement rates reduces the need for this supplemental payment. The May 2019 CEC estimate includes \$5.2 million from all funds for the outpatient UPL payment, which is reduced to \$4.6 million after adjusting for the rate increase. This equates to \$182,315 in general revenue savings (\$559,016 all funds) compared to the adopted estimate.

Nursing Home COLA

(\$3.5 million)

Each October, pursuant to RIGL 40-8-19, nursing homes are to receive a cost-of-living adjustment (COLA) rate increase based on the national nursing home inflation index. The May 2019 CEC adopted nursing home payments assuming a 3.0 percent price increase in FY2020. The Budget limits the rate increase to 1.0 percent, saving \$3.5 million in general revenues (\$7.5 million all funds). Article 13 contains statutory language for the initiative. This requires a State Plan Amendment, which was submitted to CMS on June 28, 2019.

Although this initiative will significantly reduce expenditures, it is important to note that revenue collections will also be negatively impacted. Of the \$7.5 million in estimated savings, \$6.4 million is projected within fee-for-service nursing home expenditures, which would otherwise be subject to the 5.5 percent nursing home provider tax, and \$1.1 million is projected within managed care, which would otherwise be subject to the 2.0 percent insurance premium tax. Therefore, by limiting the nursing facility COLA, the State will forego approximately \$390,450 relative to the estimate adopted by the May 2019 Revenue Estimating Conference.

Nursing Facility Rate Changes by Year			
Fiscal Year	Date	Adopted	Index
FY2013	10/1/2012	3.1%	3.1%
FY2014	10/1/2013	0.0%	2.9%
FY2015	10/1/2014	0.0%	3.5%
	4/1/2015	3.2%	0.0%
FY2016	8/1/2015	-2.5%	0.0%
	10/1/2015	0.0%	3.2%
FY2017	10/1/2016	3.3%	3.3%
FY2018	10/1/2017	0.0%	2.8%
FY2019	7/1/2018	1.5%	0.0%
	10/1/2018	1.0%	2.7%
FY2020	10/1/2019	1.0%	3.0%

Managed Care Organization (MCO) Reductions

(\$2.9 million)

The Budget reduces general revenue expenditures to managed care organizations (MCOs) by \$2.9 million (\$10.7 million all funds) in FY2020. These proposed changes would require negotiations with MCOs and amendments to managed care contracts, which must be approved by CMS.

Managed Care Organization (MCO) Reductions	General Revenue	All Funds
FQHC In-Plan	(\$1,895,747)	(\$5,300,000)
Performance Goal Program	(890,828)	(5,137,916)
C-Section Births	(134,349)	(285,000)
Total	(\$2,920,924)	(\$10,722,916)

FQHC In-Plan: Federally Qualified Health Centers (FQHCs) are organizations that provide comprehensive and affordable care to vulnerable populations in underserved areas. State Medicaid programs are required by the federal government to cover the preventive and primary care services offered by FQHCs. Medicaid payment rules for FQHCs are governed by a federal prospective payment system (PPS) which prescribes rates for each patient encounter. In Rhode Island, a significant number of Medicaid beneficiaries are enrolled in managed care plans, which are not required to use the same payment system. Managed care organizations (MCOs) negotiate a rate with the FQHCs, which is typically lower than the encounter rate under the PPS. Therefore, FQHCs are often paid less for providing care to managed care beneficiaries compared to other individuals. When this happens, EOHHS pays the difference through a supplemental payment called a wraparound (or wrap) payment.

Historically, EOHHS has seen an upward trend in Medicaid member usage at FQHCs which has resulted in consistently higher wrap payments. FQHCs have little incentive to control costs if EOHHS continues to provide these payments. The Budget eliminates the wraparound payments and, instead, builds the payments into the rates paid through managed care. This will encourage the MCOs to work with FQHCs to manage

costs and strengthen procedures on billable encounters. The Budget assumes that this initiative would impact utilization of other managed care services, thereby generating \$1.9 million in general revenue savings (\$5.3 million all funds) in FY2020.

Performance Goal Program: The Budget eliminates the Performance Goal Program (PGP) in FY2020. The Medicaid Performance Goal Program has operated in Rhode Island since 1998. The program established standards for quality and performance within managed care while focusing on eight domains: utilization, access to care, prevention and screening, women’s health, chronic care, behavioral health, compliance, and total cost of care. The PGP provides financial incentives to health plans for meeting specific performance benchmarks. Based on estimates adopted by the May 2019 CEC, eliminating the PGP will reduce general revenue expenditures by \$890,828 (\$5.1 million all funds). This proposal will also negatively impact revenues generated through the insurance premium tax, reducing collections by approximately \$102,758.

C-Section Births: The Budget includes a goal to reduce C-Section births from the current level of 30.0 percent of all Medicaid births to the national best practice of 20.0 percent. The Budget assumes general revenue savings of \$134,350 (\$285,000 all funds) by achieving a 10.0 percent reduction in the incidence of C-Section births in FY2020, slightly offset by an estimated \$5,700 loss in revenue collections.

Limit Hospice Rate Increase

(\$2.6 million)

The FY2019 Budget as Enacted provided rate increases of 10.0 percent for home care and hospice providers delivering personal care attendant services and 20.0 percent for home care and hospice providers delivering skilled nursing and therapeutic services. For hospice providers delivering skilled nursing services, EOHHS applied a 20.0 percent increase to all components of the hospice rate, including room and board which is passed through to nursing facilities. This was not the intent of the rate increase, as it resulted in a discrepancy between the room and board rates paid for hospice care and non-hospice care in nursing facilities. The Budget corrects this issue by explicitly excluding room and board from the rate increase. This initiative is expected to reduce general revenue expenditures by \$2.6 million (\$5.5 million all funds) in FY2020. This requires a State Plan Amendment, which was submitted to CMS on June 28, 2019.

This rate reduction will negatively impact revenues generated by the nursing home provider tax. The \$5.5 million all funds expenditures saved through this initiative would otherwise be subject to this 5.5 percent tax. Therefore, the State will forego approximately \$302,500 related to this initiative.

Fraud, Waste, and Abuse

(\$1.9 million)

The Budget assumes \$1.9 million in general revenue savings (\$6.4 million all funds) related to work undertaken by the State Office of Internal Audit (OIA) to identify and reduce fraud, waste, and abuse in human services programs. The Governor’s Budget included \$4.2 million in savings related to this initiative within the Department of Administration. The Enacted Budget distributes \$1.9 million to the Medicaid program, where the savings will be realized.

The May 2019 CEC adopted estimate includes general revenue savings of \$388,244 (\$1.3 million all funds) to reflect the annualized savings related to 247 cases that were terminated in FY2019. These include cases where individuals were deceased but for whom the Medicaid program was making payments as well as individuals who had moved out of State but whose benefits had not been terminated.

According to the Budget Office, there are an additional 2,604 pending cases for which the State will be able to avoid an estimated \$6.4 million in payments in FY2020. The estimate assumes that payments will be avoided for half of the fiscal year. Based on the distribution of cases between RIte Care and Expansion, this includes general revenue cost avoidance of \$1.9 million.

FY2020 OIA Fraud Savings	Managed Care	Expansion	Total
Number of Cases	1,399	1,205	2,604
Premium Cost (full year)	\$6,835,754	\$5,884,368	\$12,720,122
Cost Avoidance (six months)	(3,417,877)	(2,942,184)	(6,360,061)
State Share	47.15%	8.50%	29.3%
General Revenue	(\$1,611,358)	(\$250,086)	(\$1,861,444)

Although this initiative will significantly reduce expenditures, it is important to note that the proposal will also negatively impact revenue collections. The \$6.4 million in all funds cost avoidance would otherwise be subject to the 2.0 percent insurance premium tax. Therefore, by reducing capitation payments in managed care, the State will forego approximately \$127,200 in revenues relative to the estimate adopted by the May 2019 Revenue Estimating Conference.

Rhody Health Options Contracts

(\$1.7 million)

The FY2019 Budget as Enacted included \$6.5 million in general revenue savings related to the Rhody Health Options (RHO) redesign. This initiative shifted beneficiaries from the RHO Phase I managed care plan to either RHO Phase II, Rhody Health Partners, or fee-for-service on October 1, 2018. The medical expenses for the fee-for-service population appear in the nursing home and home- and community-based service budget lines. The FY2019 Enacted Budget assumed savings by reducing administrative costs, taxes, and risk margin and more effectively handling crossover claims with Medicare for the dual eligible population (those eligible for both Medicare and Medicaid).

As part of the redesign, the State contracted with the Rhode Island Parent Information Network (RIPIN) to provide case management services for high-risk individuals in the transition population. The State also expanded an existing contract with Automated Health Systems (AHS) to support a customer service and benefit enrollment call center. The FY2019 Budget as Enacted included funding for these contracts within the Medicaid program; however, the remainder of EOHHS' contracts are funded in Central Management. The Budget shifts funding for these contracts, totaling \$1.7 million from general revenues (\$3.3 million all funds), from Medical Assistance to Central Management. There is a concurrent increase in the Central Management program. The costs associated with the two contracts do not change.

RItE Share Enrollment

(\$1.1 million)

The Budget includes \$1.1 million in general revenue savings (\$2.4 million all funds) related to an initiative to increase enrollment in RItE Share, the State's premium assistance program for Medicaid-eligible individuals with access to employer-sponsored health insurance. Article 13 requires that EOHHS submit a plan by October 1, 2019, to increase enrollment by 2,000 individuals beginning January 1, 2020. The savings will be achieved by transitioning these individuals from the RItE Care managed care plan, at approximately \$250.95 per member per month (PMPM), to the RItE Share program, at \$52.21 PMPM.

The RItE Share program is an alternative enrollment option to RItE Care, the State's managed care plan for children and families. Rather than enrolling individuals in RItE Care, the program pays all or a portion of the eligible family's monthly premium on an employer-sponsored plan, provided that the premium is less than the PMPM for RItE Care (\$250.95). RItE Share participants are also eligible to receive any RItE Care benefits that are not covered by the employer's plan.

Average Enrollment, Children and Families	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
RItE Share	10,139	9,442	8,752	7,122	7,278	6,820	5,183	3,722
Change from Prior Year		-6.9%	-7.3%	-18.6%	2.2%	-6.3%	-24.0%	-28.2%
RItE Care	116,243	118,070	132,942	137,430	143,257	150,615	158,023	157,881
Change from Prior Year		1.6%	12.6%	3.4%	4.2%	5.1%	4.9%	-0.1%

Average enrollment of children and families in the RItE Share program has steadily declined over the last decade, although overall participation in Medicaid, including RItE Care, has increased. The FY2019

monthly average enrollment of 3,722 RIte Share members represents a 28.2 percent reduction relative to FY2018. This initiative will bring enrollment figures closer to historical levels.

Although this initiative will significantly reduce expenditures, it is important to note that the proposal will also negatively impact revenue collections. The \$2.4 million all funds expenditures saved through this initiative would otherwise be subject to the 2.0 percent insurance premium tax. Therefore, by moving 2,000 individuals from RIte Care to RIte Share, the State will forego approximately \$47,698.

Cortical Integrative Therapy

(\$1.0 million)

The Budget eliminates the State-only Cortical Integrative Therapy (CIT) program which is not eligible for federal Medicaid matching funds. This reduces general revenue expenditures by \$1.0 million.

Cortical Integrative Therapy (CIT) is a specialized rehabilitative treatment for certain brain disorders and injuries. CMS has denied the State's request for federal matching funds for CIT due to a lack of scientific evidence surrounding its efficacy as a medical treatment. According to CMS, the basis of the denial is lack of parameters for cost or quality control. The FY2019 appropriation of \$1.0 million was provided to a single doctor. The Budget eliminates this program in FY2020, saving \$1.0 million in general revenues.

Estate Recovery Optimization

(\$236,300)

The Budget includes savings of \$236,300 from general revenues (\$500,000 all funds) from an initiative to optimize estate recoveries. State Medicaid programs must recover payments from a deceased beneficiary's estate to offset Medicaid expenditures which were made on behalf of the individual for nursing facility services, home- and community-based services, and related hospital and prescription drug services. These collections were moderately higher in FY2016 and FY2017 than they have been in more recent fiscal years. This initiative would restore focus on pursuing potential recoveries through improved case tracking by augmenting EOHHS' policies and procedures around estate recoveries.

Department of Children, Youth, and Families

Expenditures by Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$13.1	\$13.2	\$13.6	\$0.4	3.1%	\$15.1	\$1.9	14.6%
Child Welfare	188.6	173.6	198.7	25.2	14.5%	175.6	2.0	1.2%
Children's Behavioral Health Services	13.0	12.7	13.4	0.7	5.6%	13.7	1.1	8.6%
Juvenile Correctional Services	22.7	28.3	23.3	(5.0)	-17.6%	25.2	(3.1)	-11.0%
Higher Education Incentive Grants	0.2	0.2	0.2	-	-	0.2	-	-
Total	\$237.5	\$227.9	\$249.2	\$21.3	9.3%	\$229.9	\$1.9	0.9%

Expenditures by Source								
General Revenue	\$173.7	\$161.6	\$177.4	\$15.8	9.8%	\$165.1	\$3.5	2.2%
Federal Funds	61.0	61.7	68.6	6.8	11.1%	60.0	(1.7)	-2.8%
Restricted Receipts	2.5	2.7	2.4	(0.3)	-9.4%	1.9	(0.8)	-29.4%
Other Funds	0.4	1.9	0.8	(1.1)	-58.4%	2.9	1.0	50.5%
Total	\$237.5	\$227.9	\$249.2	\$21.3	9.3%	\$229.9	\$1.9	0.9%

Authorized FTE Levels 616.5 631.5 629.5 (2.0) -0.3% 621.5 (10.0) -1.6%
\$ in millions. Totals may vary due to rounding.

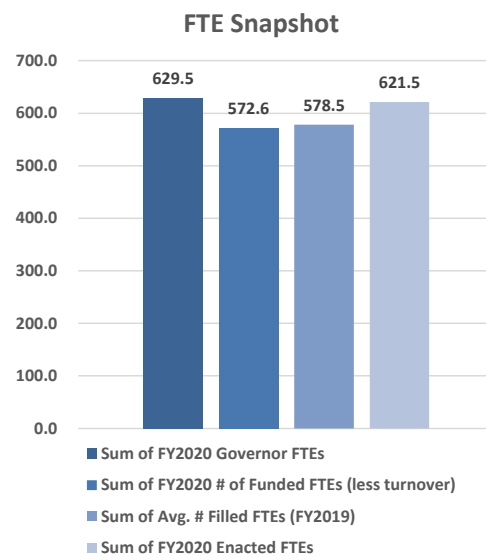
The Department of Children, Youth, and Families (DCYF) is charged with implementing a statewide network of supports to protect vulnerable children and families. The Department develops, oversees, and evaluates programs which provide opportunities for children to reach their full potential. DCYF has three major operational divisions: Child Welfare (including child protective services, family services, and permanency support), Children's Behavioral Health Services, and Juvenile Corrections (including the Rhode Island Training School and juvenile probation). The Department supports an average of 3,200 children and their families, and indirectly serves thousands more through community-based programs.

MAJOR ISSUES AND TRENDS

The Budget includes \$229.9 million from all funds for the Department of Children, Youth, and Families in FY2020. This includes \$165.1 million from general revenues, \$60.0 million from federal funds, \$1.9 million from restricted receipts, and \$2.9 million from RICAP funds. General revenue funding increases by \$3.5 million (2.2 percent) relative to the FY2019 Budget as Enacted.

The Budget reduces the Department's FTE authorization by 10.0 positions, from 631.5 in the FY2019 Enacted Budget to 621.5 in FY2020. This reflects the removal of 2.0 legal staff in the FY2019 Revised Budget and the reduction of 8.0 FTEs to reflect the transfer of the child care licensing unit to the Department of Human Services (DHS).

Children's Rights Settlement: In January 2018, the State of Rhode Island and DCYF settled 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 deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. Over the last decade, these inadequacies have resulted in numerous incidents of child abuse, neglect, and death in Rhode Island. The 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.



Child and Family Services Review: In October 2018, the federal Administration for Children and Families (ACF) released an analysis of Rhode Island’s child welfare system, based on findings from the third round of the Child and Family Services Review (CFSR). The CFSRs are periodic reviews of child welfare systems across the nation, designed to achieve three goals: assess conformity with federal child welfare requirements, evaluate child and family experiences while receiving child welfare services, and assist states in their efforts to help children and families achieve positive outcomes. The report found that DCYF needed improvement in 27 of the 45 areas reviewed, based on a random selection of 65 cases. Although child welfare systems across the country typically exhibit similar shortcomings and the Department has made great strides in transforming its system of care in recent years, the report reflects the Department’s ongoing challenges. Specifically, according to the report, Rhode Island’s child welfare system is one “in which the volume of cases, in addition to broader systemic challenges, affects caseworkers, attorneys, and the courts, and compromises the State’s ability to achieve positive outcomes.” The ACF encourages the State to focus its program improvements on the following: developing appropriate safety plans, conducting ongoing safety and risk assessments, achieving timely permanency for children in foster care, and engaging parents. The results of the CFSR will continue to influence DCYF operations in the coming years.

Foster Care: The Department is in the process of restructuring its services and supports for foster families. When a child is removed from their home and placed in DCYF care, the Department has a number of foster care placement options. This includes kinship care (relatives or close family friends paid directly by DCYF), DCYF-licensed foster care (non-relative families recruited and paid by DCYF), or private agency foster care (families recruited by private providers which set their own, typically higher, rates). The wide array of placement options results in foster families receiving varying levels of reimbursement for providing the same level of care. The Department is procuring new contracts in FY2020 with private placement agencies in order to support a more transparent and equitable rate-setting process. This will allow DCYF to determine all reimbursement rates, ensuring that rates accurately reflect each child’s level of need, and provide the same support services to all families regardless of placement type.

Budget Deficit: The Department experienced a significant budget deficit in FY2019. The deficit is primarily driven by the Child Welfare program as the Department receives growing numbers of child maltreatment reports and completes more investigations, meanwhile trying to move towards a more comprehensive and appropriate service array for the children and families it serves. The FY2019 Enacted Budget included \$161.6 million from general revenues (\$227.9 million all funds) for the Department. The Budget includes general revenue funding of \$177.4 million in FY2019 (\$15.8 million more than Enacted) and \$165.1 million in FY2020 (\$3.5 million more than Enacted). General revenue spending in FY2018 totaled \$173.7 million.

Historically, the Department has been held to unachievable budget targets which have required a supplemental budget. The Department’s FY2018 and FY2019 budgets were constrained by caseload levels, coupled with an effort to transform services for youth in State care. For many years, the Department was over-reliant on congregate care (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, prioritizing kinship foster care, and licensing more foster families in order to provide more appropriate out-of-home care. An increasing number of children and youth are placed in home-based foster care 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 a year-end average of 398 in FY2019, despite an increase in total caseload over the same time period.

CENTRAL MANAGEMENT

The Central Management program is provided by the Office of the Director and Support Services. Central Management functions are primarily administrative and strive to improve 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
FY2019 Enacted	\$8,783,677
<hr/>	
<i>Target and Other Adjustments</i>	<i>141,622</i>
Centralized Service Charges	1,983,444
Accreditation	500,000
Parking	(55,540)
RICHIST	35,866
FY2020 Enacted	\$11,389,069

Centralized Service Charges

\$2.0 million

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, facilities management, and human resources. These expenditures were previously centralized in the Department of Administration, and are now reflected in each agency based on actual use. The FY2019 Budget as Enacted added \$1.5 million to the Juvenile Corrections program for information technology charges, which the Department later transferred to Central Management. The Budget adds these charges to Central Management in both FY2019 and FY2020 to reflect this change. In addition to the transferred charges, the Budget includes \$445,955 more from general revenues to reflect a statewide adjustment to the existing accounts in Central Management based on actual billings through December 2018.

Accreditation

\$500,000

The Budget requires that DCYF seek accreditation by the Council on Accreditation (COA), a national human service accrediting organization. In light of ongoing challenges at the Department, the General Assembly included language in Article 13 to require that the Department seek accreditation in order to establish how its operations compare to national best practices and highlight where improvements can be made. The Budget includes \$500,000 from general revenues to support the process. If instated, the accreditation would be effective for four years and DCYF would be required to certify continued compliance with COA standards on an annual basis.

The General Assembly first required DCYF to seek accreditation through the COA in 2010. The legislature added RIGL 42-72-5.3 to initiate the process on July 1, 2011, with an accreditation plan due to the Governor, Speaker of the House, President of the Senate, and several legislative committees by July 1, 2012. The FY2012 Budget as Enacted included approximately \$450,000 from general revenues to support the application process. The General Assembly shifted the funding to FY2013. The Department conducted a readiness assessment, as recommended by the COA, which determined that undergoing the accreditation process would be worthwhile. At the time, the Department reported that it would pursue accreditation in FY2015 and requested that the \$450,000 be shifted from FY2013 to FY2015. Ultimately, the funding was not included and DCYF was never accredited.

Article 13 requires that the Department initiate the application process by September 1, 2019, with a final accreditation plan due to the Governor and General Assembly by October 1, 2020. This plan would inform the Governor and General Assembly regarding the changes that would need to be made to obtain and maintain accreditation along with the resources that would need to be provided in FY2021 in order to do so. The \$500,000 included in FY2020 will cover the application fee, site visits by COA staff, and incidental personnel and operating costs. The funding will not address the potential costs associated with remediating any structural barriers that the Department would have to overcome in order to achieve accreditation, such as the addition or reorganization of staff.

Parking**(\$55,540)**

The Budget includes general revenue savings of \$55,540, consistent with a recommendation put forth by the Governor's Commission on Government Efficiency to consolidate the Department's parking leases for its main office in Providence. The estimate is based on one quarter of the fiscal year for DCYF's employee parking contract, assuming the reduction would be implemented in the fourth quarter of FY2020.

RICHIST**\$35,866**

States have the option to receive federal funding from the Children's Bureau in order to support a Statewide Automated Child Welfare Information System (SACWIS). SACWIS platforms provide foster care and adoption case management through a comprehensive, automated tool. In Rhode Island, this system is known as the Rhode Island Children's Information System (RICHIST). The RICHIST is the Department's required method of documentation and serves as a registry for all case, financial, and staff management information. It provides a standardized, electronic method of capturing and recording confidential case information, including investigation reports, family assessments, court activity, service plans, and eligibility information. RICHIST generates the caseload and financial data which the Department uses to create its budget requests to the Governor and General Assembly.

The Budget includes \$821,966 from general revenues (\$1.3 million all funds) to support maintenance of the RICHIST in both FY2019 and FY2020, consistent with the Department's request. This is \$35,866 more from general revenues (\$112,698 all funds) compared to the FY2019 Budget as Enacted.

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 includes out-of-home placements such as foster and congregate care. Foster care settings include kinship and non-kinship placements as well as private agency homes. Congregate care settings encompass residential treatment facilities, group homes, semi-independent living, and independent living. Child Welfare also includes the Permanency Services Unit, which oversees the administration of the adoption and guardianship subsidy programs for children and youth in permanent placements.

The FY2020 Budget as Enacted includes \$124.2 million from general revenues to support Child Welfare. This is \$4.7 million more than the FY2019 Budget as Enacted but \$14.0 million less than the FY2019 Revised Budget. Actual general revenue expenditures in FY2018 were \$134.6 million.

Child Welfare	General Revenue
FY2019 Enacted	\$119,568,576
<i>Target and Other Adjustments</i>	751,878
Caseload Adjustment	7,838,030
Accelerate Voluntary Extension of Care	(2,584,191)
Home-Based Services Length of Time	(1,282,026)
Target Savings	(800,000)
Personnel	792,323
Children's Behavioral Health Licensing	(46,112)
FY2020 Enacted	\$124,238,478

Caseload Adjustment**\$7.8 million**

The majority of expenditures in the Child Welfare program are caseload-driven and funded through the assistance and grants category. The FY2019 Budget as Enacted provided \$88.6 million from general revenues in assistance and grants for direct services, or \$13.7 million less than FY2018 actuals.

During FY2018 and FY2019, the Department saw significant increases in reports, investigations and removals, which translated into increases in out-of-home placements. While the congregate care census continues to decline, overall expenditures have been driven by higher per diem rates for these placements. This is due to the fact that the case mix of the remaining congregate care population is heavily weighted towards the highest-need youth, especially those that have been stepped down from hospital-based settings to residential treatment centers or out-of-State placements. DCYF now assumes the full cost of care for these youth, who were previously covered by Medicaid, increasing the general revenue share of these costs.

In addition, the FY2019 Enacted Budget included funding to raise the per diem rates for DCYF-paid foster families. The rates paid in FY2018 were effective January 1, 2016. Before that, the same rates were in place for nearly a decade. This rate increase also contributed to the FY2019 deficit given increased foster care caseloads.

Age	Per Diem Foster Care Rates		
	FY2018	FY2019	Change
0-3	\$17.95	\$23.00	28.1%
4-11	\$19.26	\$25.50	32.4%
12+	\$21.01	\$26.50	26.1%

The Governor's Budget added \$10.3 million from general revenues to support the Department's caseload-based trends. The Enacted Budget accepts this adjustment, but shifts \$2.5 million in child care expenses from general revenues to federal child care block grant funds available at the Department of Human Services (DHS). The majority of child care expenses are budgeted in DHS; however, the DCYF budget reflects child care expenses incurred on behalf of children in foster care. This shift to federal funds reduces the general revenue caseload adjustment to \$7.8 million.

It should be noted that the savings initiatives discussed in this section are applied against this caseload adjustment, rather than the FY2019 Enacted Budget.

Accelerate Voluntary Extension of Care**(\$2.6 million)**

The Budget includes general revenue savings of \$2.6 million (\$3.0 million all funds) in FY2020 related to the Voluntary Extension of Care (VEC) initiative included in the FY2019 Budget as Enacted. The VEC program allows the option for former foster youth who entered care on or after their sixteenth birthday to continue receiving services from the Department through age 21.

The savings would be achieved by moving youth who are currently in independent or semi-independent living (IL/SIL) programs into the VEC program. Through IL/SIL arrangements, DCYF compensates providers for programming, including housing support and limited case management. Through the in-house VEC program, DCYF is able to continue providing housing support as well as consistent, ongoing case management and enhanced case management when needed. The average monthly cost of IL/SIL programs is \$6,589, whereas the cost in VEC is approximately \$1,200. Youth in VEC are also more likely to be eligible for federal Title IV-E reimbursement, increasing the potential to offset general revenue expenditures with federal funds. The initiative assumes 57 youth will be transitioned in the second half of FY2019 and into FY2020. Savings are also reflected in the FY2019 Revised Budget.

Home-Based Services Length of Time**(\$1.3 million)**

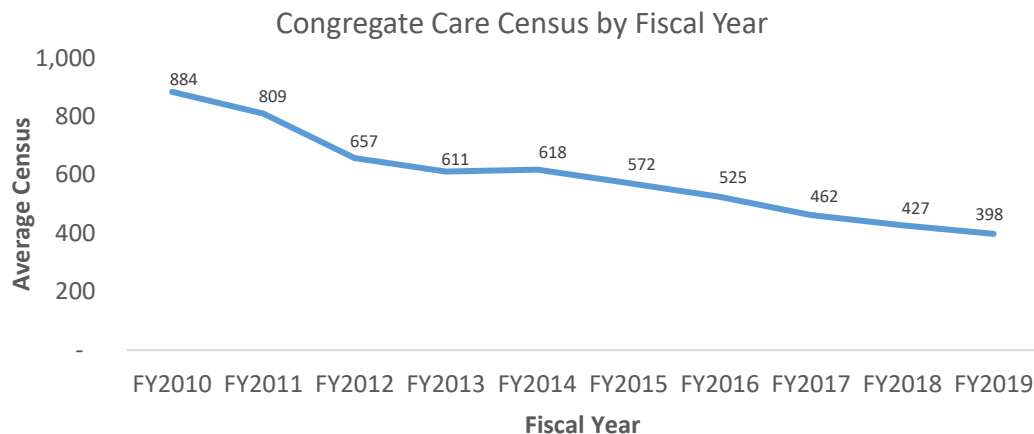
Home-based services employ crisis intervention strategies designed to prevent the separation of families by maintaining children safely in their homes. Home-based services are provided to children and families who have been reported to child protective services (CPS) for suspected abuse or neglect, but are not determined to be at imminent risk of danger, or to children who have been removed from their homes but are expected to return in the near term. Following an investigation and assessment by CPS, these services may be offered to families to improve safety and prevent the need for out-of-home care or future involvement with DCYF.

The Budget includes general revenue savings of \$1.3 million (\$2.0 million all funds) in FY2020 by limiting reauthorizations for home-based services to 60 days. This policy change was effective January 1, 2019. Families are automatically granted an initial authorization of six months for home-based services; however, prior to the change, subsequent authorizations were granted for an additional six months. In some cases, this resulted in the Department paying for services which were not required for a child's level of need. The new policy, which requires a reauthorization every 60 days, does not preclude a subsequent reauthorization from being issued if warranted (therefore, a six month reauthorization can still be granted if necessary). It does allow the Department to tailor services on a more case-specific basis and only pay for services that are necessary and appropriate. There are additional savings included in the FY2019 Revised Budget.

Target Savings

(\$800,000)

The Budget reduces FY2020 general revenue expenditures by \$800,000 for target savings, consistent with the Governor's recommendation. Of this total, \$200,000 is accounted for in the foster care budget line and the remaining \$600,000 is accounted for in the congregate care budget line. This indicates that the Department is expected to achieve some savings by continuing prevention efforts to avoid removing children from their homes, locating permanent placements for children who cannot return home, and limiting costly congregate care placements, which have steadily declined over the last decade.



Personnel

\$792,323

The Department requested \$27.5 million from general revenues for personnel in the Child Welfare program in FY2020, or \$1.7 million more than the Enacted Budget. Less all target adjustments, including the statewide cost-of-living adjustment, the request represents an increase of \$682,232 from general revenues, with an equivalent reduction in federal funds based on the results of the most recent cost allocation plan. The Enacted Budget makes two adjustments. First, the Budget shifts \$329,048 from federal funds to general revenues to correct a technical error in DCYF's request which allocated more salary and benefit expenditures to the federal child care block grant funds than had been agreed to by the Department of Human Services (DHS). The Budget also reduces general revenue expenditures by \$218,957 (\$866,375 all funds) to reflect the transfer of the child care licensing unit, including 8.0 FTE positions, to DHS.

Children's Behavioral Health Licensing

(\$46,112)

The Budget includes general revenue savings of \$46,112 (\$74,374 all funds), consistent with a recommendation put forth by the Governor's Commission on Government Efficiency to modify the Department's behavioral health licensing function. Previously, DCYF licensed children's behavioral health programs and child-centric behavioral health organizations (i.e. the facilities that deliver such programs). This initiative would allow the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to license all behavioral healthcare facilities, including those that are child-centric.

DCYF would maintain licensure oversight over children’s behavioral health programs. This initiative would involve amending BHDDH’s regulations and removes funding for 1.0 licensing position at DCYF.

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
FY2019 Enacted	\$6,944,545
<i>Target and Other Adjustments</i>	
Pivot to Prevention	166,915
	73,600
FY2020 Enacted	\$7,185,060

Pivot to Prevention **\$73,600**

The Department’s current strategic plan highlights the intent to “Pivot to Prevention” by focusing on efforts to keep children safe at home, at school, and in the community, with the ultimate goal of reducing child abuse and neglect in Rhode Island. The Department recently convened a small team, led by the Harvard Kennedy Government Performance Lab, to develop recommendations to strengthen procedures for preventing child abuse. The team determined that increased staff capacity is needed to:

- Develop an interdepartmental referral procedure and protocol and train DCYF and other State agency staff on the new protocol.
- Develop and implement policies and procedures for identifying at-risk pregnant mothers and connecting them to supportive services. This includes supporting DCYF in the implementation of Plans of Safe Care, which address the health and treatment needs for substance-exposed newborns.
- Develop and implement a Newborn Developmental Risk assessment system.

The Budget includes \$73,600 from general revenues (\$136,600 all funds) to support a part-time position within DCYF’s existing staffing authorization for this initiative.

JUVENILE CORRECTIONAL SERVICES

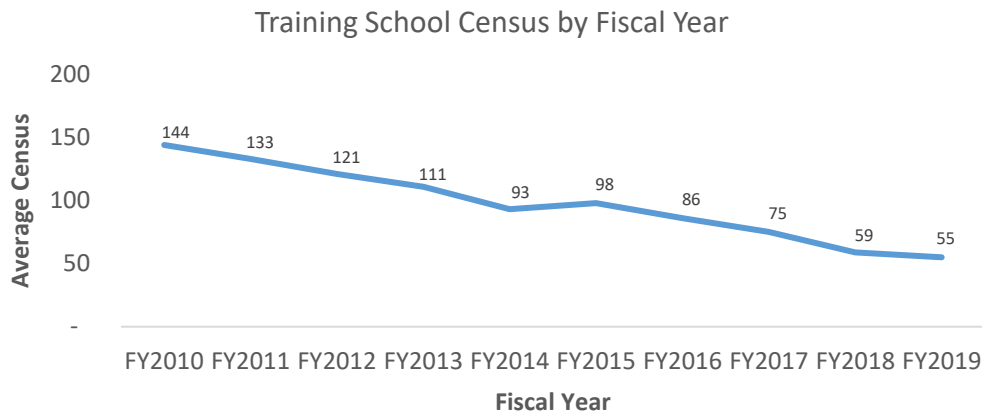
Juvenile Correctional Services includes two major sub-programs:

- **Rhode Island Training School (RITS):** The RITS is a secure correctional facility for adjudicated juvenile offenders as well as those who are detained and awaiting trial. The facility has a maximum capacity of 148, with 124 beds for male residents and 24 beds for female residents. The Training 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.
- **Juvenile Probation and Parole:** Juvenile Probation supervises all formerly adjudicated 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 to address the factors which contribute to delinquent behavior in order to prevent recidivism.

Juvenile Correctional Services	General Revenue
FY2019 Enacted	\$26,117,243
<i>Target and Other Adjustments</i>	
Personnel	(2,833)
Centralized Service Charges	(1,953,110)
Reconfiguration of Units at the RITS	(1,060,671)
RITS Education Program	(550,000)
FY2020 Enacted	\$22,111,978

Personnel **(\$2.0 million)**

The Budget reduces general revenue funding for personnel in Juvenile Corrections by \$2.0 million relative to the FY2019 Budget as Enacted. The majority of salary and benefits in this program are funded through general revenues, with a small amount of federal funding (approximately \$125,000) available as a Medicaid match for administrative activities. Of the reduction in personnel funding, \$1.7 million was requested by the Department, primarily based on steadily declining caseloads at the Rhode Island Training School as the State utilizes more appropriate placements and services for the juvenile justice population. This is consistent with nationwide efforts to divert youth from the juvenile justice system, shifting resources from incarceration to community-based alternatives. Over the last decade, the average census at the Training School has declined 61.8 percent.



In addition to the \$1.7 million reduction requested by the Department, the Budget further reduces personnel funding by \$292,543 to adjust a calculation in the benefits line. According to the Budget Office, the Department’s personnel request incorrectly calculated benefits for the Howard Union of Teachers, which represents educators at the Training School. This resulted in budgeted longevity bonuses and supplemental benefits which were higher than these employees actually receive. The Budget adjusts salaries and benefits in the Juvenile Corrections program to correct this error.

Centralized Service Charges **(\$1.1 million)**

The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, facilities management, and human resources. These expenditures were previously centralized in the Department of Administration, and are now reflected in each agency based on actual use. The FY2019 Budget as Enacted added \$2.4 million to the Juvenile Corrections program for information technology and facilities management. During FY2019, the Department transferred the information technology charges, totaling \$1.5 million, to the Central Management program. The Budget removes these charges from Juvenile Corrections in both FY2019 and FY2020 to reflect this change. This reduction is offset by an additional \$476,818 for facilities management charges to reflect a statewide adjustment based on actual billings through December 2018.

Reconfiguration of Units at the RITS**(\$550,000)**

As previously discussed, the census at the Rhode Island Training School has continued to decline over the last decade. As of July 1, 2019, there were 49 youth at the RITS. In response to changes in the population, the Department is conducting a feasibility study to assess the current layout and physical structure of the facility. The study will assist the Department in determining the best use of the space given the changing needs of the population.

The Budget assumes that the study will allow DCYF to reorganize and repurpose an existing unit to enhance residential programming options, saving \$550,000 given a half-year impact. This initiative will improve the Department's ability to maximize federal funding and optimize staffing levels. The savings are accounted for in the turnover budget line, suggesting the Department's intent to freeze certain positions. According to the Budget Office, this initiative will impact 11.0 FTE positions, including 8.0 Juvenile Program Workers, 1.0 Cottage Manager, 1.0 Clinical Social Worker, and 1.0 Supervisor. These positions were filled in FY2019.

RITS Education Program**(\$438,651)**

The Rhode Island Training School provides year-round educational programming for all residents, regardless of whether they are detained or adjudicated. The program must comply with all Rhode Island Department of Elementary and Secondary Education regulations. Currently, there are 14 full-time teachers, with two teachers for each of the core subjects (Math, Science, English, and History). The average salary, excluding benefits and longevity, is approximately \$86,500. Most of the teachers receive longevity bonuses and incentives for obtaining a Master's or Doctorate level degree.

In response to a steadily declining census at the Training School, the demand for classroom and vocational education has decreased. The Budget includes savings of \$438,651 related to a reduction in the number of teachers in the program, which can be achieved through a combination of attrition and layoffs. The savings estimate is based on the impact of freezing 3.0 FTE positions. The savings are budgeted as turnover.

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. DCYF coordinates with the Office of the Post-Secondary Education Commissioner's Division of Higher Education Assistance (DHEA) to administer the grant program. DHEA provides information regarding cost of attendance and financial aid for each applicant to the program. This allows DCYF to ensure that funding is distributed equitably across participants.

Higher Education Incentive Grants	General Revenue
FY2019 Enacted	\$200,000
<i>Target and Other Adjustments</i>	-
FY2020 Enacted	\$200,000

During the 2018-2019 academic year, a total of 56 students were identified as eligible for the program and were offered scholarships. DCYF indicates that the number of applicants is always higher than the number of youth who receive assistance due to a number of factors, including the fact that some youth are determined eligible but choose not to attend college. The program provides between 50 and 75 awards each year. The number of awarded scholarships for the 2018-2019 academic year is not yet available.

In the 2016-2017 academic year, 81 students were offered higher education grants, of which 69 accepted. Of these students, 44 (63.8 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 Budget includes a total of \$790,000 from Rhode Island Capital Plan (RICAP) funds in FY2019 and \$2.9 million in FY2020. Projects include:

- Acquisition and renovation of a facility for the purpose of operating an in-State residential treatment center for young women. Currently, there are about 30 adolescent females in DCYF's care whose complex behavioral health needs exceed existing in-State capacity. These youth are often placed in an out-of-State facility or at the Rhode Island Training School. The Budget provides \$1.5 million in FY2020 to develop the site for this facility.
- 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 \$750,000 in both FY2019 and FY2020 for these improvements.
- Acquisition and installation of a generator at the Training School. The Budget includes a total of \$650,000, with \$40,000 in FY2019 and \$610,000 in FY2020.

Department of Health

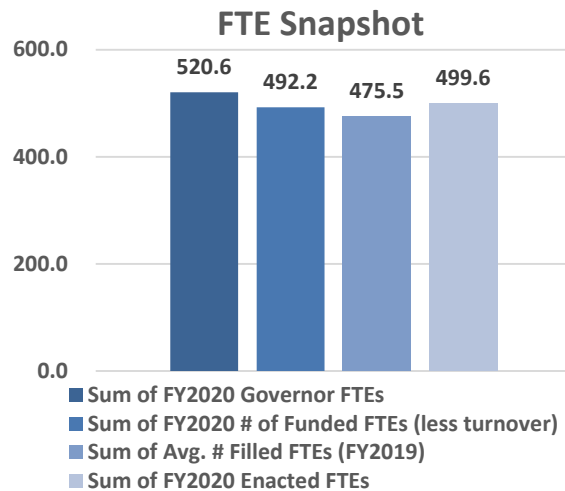
Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$11.3	\$12.3	\$14.6	\$2.3	18.6%	\$15.2	\$2.9	23.5%
Community Health and Equity	94.6	103.7	108.4	4.7	4.5%	107.2	3.4	3.3%
Customer Services	11.6	12.1	12.9	0.7	6.1%	13.6	1.5	12.1%
Environmental Health	11.9	13.3	13.3	0.1	0.5%	13.2	(0.1)	-0.4%
Health Laboratories and Medical Examiner	11.6	12.6	12.4	(0.2)	-1.6%	12.6	0.0	0.0%
Policy, Information and Communications	4.4	4.7	5.5	0.8	17.2%	6.5	1.8	38.9%
Preparedness, Resp, Infectious Dis, & Emergency Services	14.1	15.4	20.3	4.9	32.1%	18.4	3.0	19.3%
Total	\$159.6	\$174.1	\$187.4	\$13.3	7.6%	\$186.6	\$12.5	7.2%
Expenditures By Source								
General Revenue	\$26.3	\$29.0	\$30.3	\$1.4	4.7%	\$31.0	\$2.0	6.9%
Federal Funds	93.5	101.2	110.5	9.3	9.2%	105.8	4.6	4.5%
Restricted Receipts	39.7	43.9	46.6	2.7	6.1%	49.5	5.5	12.6%
Other Funds	-	-	-	-	-	0.4	0.4	-
Total	\$159.6	\$174.1	\$187.4	\$13.3	7.6%	\$186.6	\$12.5	7.2%
Authorized FTE Levels	506.6	514.6	517.6	3.0	0.6%	499.6	(15.0)	-2.9%

\$ 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 otherwise unexplained deaths.

MAJOR ISSUES AND TRENDS

The FY2020 Budget as Enacted appropriates funding for the seven programs within the Department of Health (DOH): Central Management, Community Health and Equity, Customer Services, Environmental Health, Health Laboratories and Medical Examiner, Policy, Information and Communications, and Preparedness, Response, Infectious Diseases and Emergency Response. The Budget includes \$186.6 million in all funds for FY2020, an increase of \$12.5 million from the FY2019 Budget as Enacted. General revenues compromise 16.7 percent of the budget, equaling \$31.0 million, an increase of \$2.0 million from the FY2019 Budget as Enacted.



The Budget reduces the FTE authorization by 15.0 FTEs as compared to the FY2019 Budget as Enacted. The Budget eliminates 18.0 unspecified vacant positions, which is offset by the authorization of 3.0 new general revenue funded FTE positions. The new positions include 3.0 Nursing Care Evaluators to reduce a backlog of uninvestigated complaints, facility-reported incidents, and routine annual inspections of certain state-licensed hospitals, assisted living facilities, and other health facilities.

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
FY2019 Enacted	\$2,096,306
<i>Target and Other Adjustments</i>	<i>(39,671)</i>
Facilities Management	1,587,425
FY2020 Enacted	\$3,644,060

Facilities Management**\$1.6 million**

The Budget increases general revenue facilities management expenditures by \$1.6 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. Beginning 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 FY2019 Budget as Enacted appropriated \$1.1 million for facilities management, which is increased by \$1.6 million to \$2.7 million in the FY2020 Budget.

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 established in FY2017, by shifting functions from the previous division of Community and Family Health and Equity.

Community Health and Equity	General Revenue
FY2019 Enacted	\$638,372
<i>Target and Other Adjustments</i>	<i>7,125</i>
FY2020 Enacted	\$645,497

Community Health and Equity	Other Fund Changes
Federal Fund Adjustments	\$413,256

Federal Fund Adjustments**\$413,256**

The Budget increases federal funds by \$413,256 within the Community Health and Equity Program as compared to the FY2019 Budget as Enacted. The following table illustrates the various federal fund adjustments.

	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted	FY2020 Enacted	Change from Enacted
Federal Fund Adjustments						
Immunization	\$12.4	\$15.8	\$14.7	(\$1.2)	\$15.1	(\$0.7)
Maternal Infant & Early Childhood Home Visiting	8.1	5.7	8.4	2.7	8.4	2.7
Chronic Disease Prevention and Control	1.0	1.0	0.2	(0.9)	-	(1.0)
WIC - Administrative Costs	6.6	7.9	6.9	(1.1)	7.0	(0.9)
WIC - Benefits	15.3	17.3	16.0	(1.3)	16.5	(0.8)
Diabetes & Heart Disease & Stroke Prevention	-	-	1.7	1.7	2.2	2.2
Public Health Actions To Prevent Obesity	4.2	4.2	1.6	(2.6)	-	(4.2)
Support for Expectant and Parenting Teens	-	-	0.8	0.8	0.8	0.8
WIC Special Projects	-	-	3.1	3.1	2.0	2.0
All changes less than \$500,000	14.5	16.0	17.4	1.3	16.4	0.3
Total	\$62.1	\$68.0	\$70.6	\$2.6	\$68.4	\$0.4

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

CUSTOMER SERVICES

The Division of Customer Services has licensure and regulatory responsibilities of health care professionals and facilities, and is comprised of three centers: the Professional Licensing, Boards and Commissions; the Center for Vital Records', and the Center for 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
FY2019 Enacted	\$7,046,195
<i>Target and Other Adjustments</i>	228,320
Facilities Regulation	624,047
Information Technology Charges	432,172
Turnover	(184,826)
FY2020 Enacted	\$8,145,908

Nursing Care Monitoring and Compliance

\$624,047

The Budget provides \$624,047, \$296,666 more than recommended in the Governor's recommended budget, in general revenue to reduce a backlog of uninvestigated complaints, facility-reported incidents, and routine annual inspections of certain state-licensed hospitals, assisted living facilities, and other health facilities. The Governor's recommended budget only provided funding for personnel and did not allocate any general revenue, only restricted receipts. The Budget includes 3.0 Nursing Care Evaluator positions and funding for clerical services, mileage allowances and grants. Funding is raised from fees charged to healthcare facilities that were found to be in violation of state law and/or regulations. An increase in staffing will increase oversight and decrease poor practices by facilities.

Information Technology Charges

\$432,172

The Budget adds \$432,172 in general revenues (\$475,172 all funds) to reflect billed amounts for information technology services. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, capital asset management and maintenance, and human resources. Beginning 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.

Turnover

(\$184,826)

The Budget decreases general revenue by \$184,826 within Customer Services for personnel savings. The Department of Health averaged 39.1 vacancies over FY2019. The reduction is equivalent to 1.6 FTE

positions within the division. Total agency reductions in turnover are equivalent to 7.4 FTE positions agency-wide.

ENVIRONMENTAL HEALTH

The Environmental Health program holds responsibility for the licensure and regulatory activities related to Environmental Health and all activities related to Healthy Homes. The program regulates and provides oversight of population-based activities related to safe food; clean water; healthy homes in the areas of lead, asbestos, radon; and, health and safety in the workplace. The program includes three Centers: the Center for Food Protection, the Center for Drinking Water Quality, and the Center for Healthy Homes and Environment.

Environmental Health	General Revenue
FY2019 Enacted	\$5,689,929
<i>Target and Other Adjustments</i>	<i>16,070</i>
Turnover	(132,340)
FY2020 Enacted	\$5,441,319
Turnover	(\$132,340)

The Budget decreases general revenue by \$132,340 within Environmental Health for personnel savings. The Department of Health averaged 39.1 vacancies over FY2019. The reduction is equivalent to 1.2 FTE positions within the division. Total agency reductions in turnover are equivalent to 7.4 FTE positions agency-wide.

HEALTH LABORATORIES AND MEDICAL EXAMINER

The Health Laboratories and Medical Examiner 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 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
FY2019 Enacted	\$10,470,418
<i>Target and Other Adjustments</i>	<i>568,723</i>
Turnover	(511,850)
Personnel Shift to Available Restricted Receipts	(276,490)
Lab Equipment Maintenance	(80,754)
FY2020 Enacted	\$10,170,047
Turnover	(\$511,850)

The Budget decreases general revenue by \$511,850 within the Health Laboratories and Medical Examiner program for personnel savings. The Department of Health averaged 39.1 vacancies over FY2019. The reduction is equivalent to 4.9 FTE positions within the division. Total agency reductions in turnover are equivalent to 7.4 FTE positions agency-wide.

Personnel Shift to Available Restricted Receipts **(\$276,490)**

The Budget reduces general revenues by \$276,490 as compared to the FY2019 Budget as Enacted to reflect a shift to restricted receipts due to excess funds in the Health Laboratories restricted receipt account.

Lab Equipment Maintenance **(\$80,754)**

The Budget reduces general revenue funds by \$80,754 as compared to the FY2019 Budget as Enacted. Some lab equipment in environmental and forensic sciences have recently been replaced, reducing the required funds for maintenance and repairs for the equipment. The Budget includes \$274,153 in general revenue (\$354,793 all funds) for the maintenance and repairs of this equipment.

POLICY INFORMATION AND COMMUNICATION

The Policy Information and Communication 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
FY2019 Enacted	\$1,046,839
<i>Target and Other Adjustments</i>	<i>18,928</i>
Information Technology Charges	(141,700)
FY2020 Governor	\$924,067

Information Technology Charges **(\$141,700)**

The Budget decreases general revenue expenditures by \$141,700 to reflect billed amounts for information technology services. 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.

PREPAREDNESS, RESPONSE, INFECTIOUS DISEASE, AND EMERGENCY MEDICAL SERVICES

The Preparedness, Response, Infectious Disease, and Emergency Medical Services division includes four centers: 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 Medical Services	General Revenue
FY2019 Enacted	\$1,975,771
<i>Target and Other Adjustments</i>	<i>22,252</i>
FY2020 Enacted	\$1,998,023

Preparedness, Response, Infections Disease, and Emergency Medical Services	Other Fund Changes
Federal Fund Adjustments	\$2,954,323

Federal Fund Adjustments (federal funds) **\$3.0 million**

The Budget increases federal funds by \$3.0 million within the Preparedness, Response, Infectious Disease, and Medical Services as compared to the FY2019 Budget as Enacted. The following table illustrates the various major federal fund adjustments.

Federal Fund Adjustments	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted	FY2020 Enacted	Change from Enacted
Epidemiology & Lab Capacity for Infectious Diseases	\$3.0	\$3.6	\$2.9	(\$0.7)	\$2.9	(\$0.7)
First Responders Project To Combat Opioid Overdose	-	-	0.6	0.6	0.8	0.8
HIV Prevention	1.0	0.8	1.5	0.7	1.6	0.8
Opioid Overdose Crisis Response	-	-	2.8	2.8	1.4	1.4
All changes less than \$500,000	8.6	9.0	10.6	1.6	9.7	0.6
Total	\$12.6	\$13.4	\$18.4	\$5.0	\$16.4	\$3.0

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

Department of Human Services

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$8.2	\$8.7	\$9.8	\$1.2	13.3%	\$9.9	\$1.2	14.0%
Child Support Enforcement	10.4	10.0	9.1	(0.9)	-8.7%	9.7	(0.3)	-2.6%
Elderly Affairs	19.1	20.9	21.2	0.3	1.5%	21.0	0.1	0.5%
Health Care Eligibility	21.7	15.5	18.3	2.8	18.3%	11.8	(3.6)	-23.5%
Individual and Family Support	120.3	140.8	144.9	4.1	2.9%	162.7	21.8	15.5%
Rhode Island Works	90.6	99.2	94.0	(5.2)	-5.3%	97.3	(2.0)	-2.0%
State Funded Programs	261.6	283.3	266.2	(17.1)	-6.1%	266.2	(17.2)	-6.1%
Supplemental Security Income Program	19.9	20.0	19.2	(0.8)	-3.9%	19.5	(0.5)	-2.7%
Veterans Affairs	47.4	34.4	38.3	3.9	11.4%	40.3	5.9	17.2%
Total	\$599.3	\$632.8	\$621.1	(\$11.7)	-1.9%	\$638.3	\$5.5	0.9%

Expenditures By Source

General Revenue	\$100.8	\$98.0	\$114.0	\$16.0	16.3%	\$92.2	(\$5.8)	-5.9%
Federal Funds	490.2	521.1	500.4	(20.7)	-4.0%	514.4	(6.7)	-1.3%
Restricted Receipts	3.7	9.0	1.9	(7.1)	-79.1%	26.8	17.8	197.3%
Other Funds	4.6	4.8	4.8	0.0	1.0%	5.0	0.3	5.2%
Total	\$599.3	\$632.8	\$621.1	(\$11.7)	-1.9%	\$638.3	\$5.5	0.9%

Authorized FTE Levels 981.1 1,020.1 1,030.1 10.0 1.0% 1,038.1 18.0 1.8%

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

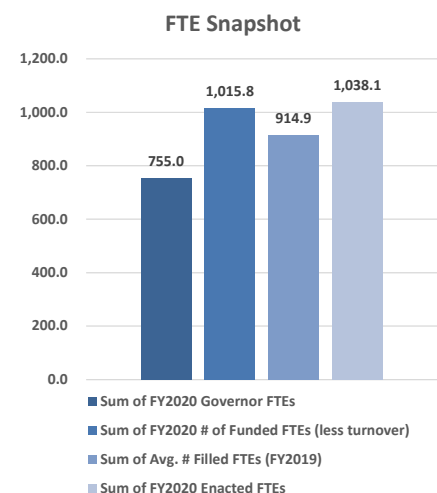
The Department of Human Services (DHS) administers programs and services that support the needs of children and families, adults and children with disabilities, veterans, and the elderly. These services include health care, child care, cash assistance, and other supportive services for working parents and families.

MAJOR ISSUES AND TRENDS

The FY2020 Budget includes total funding of \$638.8 million, a \$5.5 million increase from the FY2019 Budget as Enacted, including a general revenue decrease of \$5.8 million. The majority of the general revenue decrease is associate with the transfer of general revenues to the UHIP Cost Recovery restricted receipt account. This account will be funded by settlement funds for Deloitte, the prime contractor of the State's UHIP system. The Budget also includes a decrease of \$1.4 million in general revenue related to adjustments from the May 2019 Caseload Estimating Conference, mainly within the State's Child Care Assistance Program.

The Budget authorizes 1,038.1 FTE positions for FY2020, an increase of 18.0 FTEs from the FY2019 Budget as Enacted. The increase is mainly associated with an additional 12.0 FTE positions within Veterans' Services. The Budget also includes an additional 8.0 FTE positions reflecting the transfer of the Childcare Licensing Unit from the Department of Children, Youth, and Families to DHS. These increases are partially offset by 2.0 FTE positions being transferred to the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.

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, Supplemental Nutrition Assistance Program (SNAP), General Public Assistance (GPA), and Supplemental Security Income (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. The costs of the project, is projected to total \$656.0 million through FY2020, of which \$502.0 million is federal funds and \$153.9 million is state funds. Costs are shared across the Executive Office of Health and Human Services (EOHHS), DHS, and HealthSource RI (HSRI).

The Budget includes a total of \$34.5 million related to UHIP expenditures, including an additional \$17.7 million in restricted receipts for an anticipated UHIP settlement from Deloitte Consulting, the primary developer of the system.

Deloitte has agreed to pay the State \$50.0 million in settlement funds, this amount is shared between DHS, EOHHS, and the federal government. The Budget includes \$24.7 million in the UHIP cost recovery restricted receipt account for DHS's share of the settlement. The Department anticipates that the additional settlement will fund UHIP related program costs in FY2020, however; no settlements are planned for FY2021. Any costs for UHIP related programs that were funded by the restricted receipt account will need to be funded by additional general revenues.

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 2019 Caseload Estimating Conference adopted estimates dictate the entitlement program appropriations included in the FY2020 Budget as Enacted.

Overall spending for cash assistance programs, including RI Works, child care subsidies to working families, Supplemental Security Income (SSI) state supplement, and General Public Assistance (GPA), is estimated to be \$117.3 million in FY2020, a decrease of \$2.6 million from the FY2019 Enacted level. The major contributor to this decrease is an anticipated decrease in subsidies for the RI Works program and SSI.

Caseload Estimating Conference - Cash Assistance Program

	FY2018 Actuals	FY2019 Enacted	FY2019 Revised	FY2020 May CEC	FY2020 Enacted	Change from Enacted
Rhode Island Works						
Persons	9,831	10,025	9,250	9,250	9,334	(691)
Monthly Cost per Person	\$193.1	\$193.0	\$188.0	\$188.0	\$188.0	(\$5.0)
Federal Funds*	24.9	25.3	23.1	23.1	23.3	(2.0)
Child Care						
Subsidies	8,895	9,300	9,040	9,240	9,240	(60)
Annual Cost per Subsidy	\$7,316.0	\$7,912.0	\$7,800.0	\$7,950.0	\$7,966.0	\$54.0
Federal Funds*	55.2	62.9	60.6	63.6	63.6	0.7
General Revenue*	9.9	10.7	9.9	9.9	10.0	(0.7)
SSI- State Supplement						
Persons	35,118	35,000	33,750	33,750	33,750	(1,250)
Monthly Cost per Person	\$47.7	\$47.5	\$47.3	\$47.2	\$47.9	\$0.4
General Revenue*	20.2	20.0	19.2	19.2	19.5	(0.5)
General Public Assistance						
Persons	256	270	162	162	162	(108)
Monthly Cost per Person	\$166.6	\$137.0	\$150.0	\$150.0	\$150.0	\$13.0
General Revenue*	1.1	1.1	0.9	0.9	0.9	(0.2)
Total	\$111.3	\$119.9	\$113.7	\$116.6	\$117.3	(\$2.6)
Federal Funds*	80.1	88.2	83.7	86.6	86.9	(1.3)
General Revenue*	31.2	31.8	30.0	30.0	30.4	(1.4)

* \$ 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
FY2019 Enacted	\$4,147,933
<i>Target and Other Adjustments</i>	2,292
Head Start Grant	390,000
Personnel	118,689
Community Action Agencies	80,000
Centralized Service Charges	(62,035)
FY2020 Enacted	\$4,676,879
Central Management	Other Funds
Community Service Block Grant (federal funds)	\$781,952

Head Start Grant**\$390,000**

The Budget includes \$1.2 million in general revenue to support the Head Start program, a \$390,000 increase over the FY2019 Enacted level. The Head Start program promotes school readiness of children from low-income families by providing an environment that supports children's growth. The program is mainly supported by federal funds with the State providing additional funding as needed.

Personnel**\$118,689**

The Budget includes an additional \$118,689 for personnel costs within Central Management. The increase includes an additional \$318,689 due to changes in the Department's cost allocation plan based on the most recent Random Moment Time Studies (RMTS) and statewide adjustments. This increase is partially offset by a \$200,000 shift from general revenues to indirect cost recovery restricted receipts based on more recent collections.

The Department contracts with Public Consulting Group, Inc. to conduct RMTS on employees every two weeks. The information collected from these studies is used to determine how much time employees spend on state and federal programs and how the Department allocates funding. Depending on the outcome of these studies budgeted personnel costs and actual personnel costs can vary.

Community Action Agencies**\$80,000**

The Budget includes an additional \$80,000 in general revenues to fund Community Action Agencies, bringing total funding in FY2020 to \$600,000. Community Action Agencies work to address poverty throughout the State by providing training, public education, and technical assistance.

Centralized Service Charges**(\$62,035)**

The Budget includes \$54,669 in general revenue expenditures for Information Technology Service Center projected costs in FY2020. This is a reduction of \$62,035 from the FY2019 Budget as Enacted amount of \$116,704. 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 were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget reduces these costs for FY2020.

	FY2019 Enacted	FY2020 Enacted	Change from Enacted	
Centralized Service Charges				
Information Technology	\$74,323	\$12,288	(\$62,035)	-83.5%
Capital Asset and Management	-	-	-	-
Human Resources	42,381	42,381	-	0.0%
Total	\$116,704	\$54,669	(\$62,035)	-53.2%

Community Service Block Grant (federal funds)**\$781,952**

The Budget includes an additional \$781,952 in federal funds to support the Community Service Block Grant. This grant helps fund the state's seven Community Action Agencies that work with individuals living in poverty and provide services such as employment, education, housing, nutrition, and health.

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 from families that receive state support through Rhode Island Works or Medicaid are retained by the State, while other collections are distributed directly to families.

Child Support Enforcement	General Revenue
FY2019 Enacted	1,956,875
<i>Target and Other Adjustments</i>	<i>(4,743)</i>
Child Support Enforcement - Medicaid Initiative	870,058
FY2020 Enacted	\$2,822,190

Child Support Enforcement – Medicaid Initiative**\$870,058**

The Budget includes an additional \$870,058 to reverse an unachievable savings initiative. The FY2019 Budget as Enacted included savings related to an increased Medicaid match. The initiative intended to establish paternity during Medicaid enrollment, leading to an increase in federal Medicaid collections by shifting the Medicaid match to the enhanced Affordable Care Act Match of 90.0 percent. The initiative was intended to allow the Department to offset general revenue spending with the additional federal funds. However, Medicaid is unable to ask for information about non-custodial parents on the enrollment application, which has led to decreased collections. The Department has since determined that this initiative is not achievable and the funding is restored.

OFFICE OF HEALTHY AGING

The Office of Healthy Aging, previously the Division of Elderly Affairs, provides comprehensive services, advocacy, and public policy dedicated to the needs of older Rhode Islanders, adults with disabilities, their caregivers, and families. The Office implements a system of community-based care for individuals sixty years and older as well as adults with disabilities. The Office is responsible for developing and implementing a State Plan on Aging under the federal Older Americans Act. The Office 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.

Office of Healthy Aging	General Revenue
FY2019 Enacted	\$7,858,293
<i>Target and Other Adjustments</i>	<i>(18,697)</i>
Respite Services	185,000
FY2020 Enacted	\$8,024,596

Respite Services**\$185,000**

The Budget includes an additional \$185,000 in general revenues for elderly respite care services, bringing total funding to \$325,000. Respite services allow family caregivers to arrange for a break from their daily care taking routines. Respite care services include in-home respite care, adult day centers, and residential respite care.

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
FY2019 Enacted	\$6,072,355
<i>Target and Other Adjustments</i>	<i>(71,992)</i>
UHIP Cost Recovery	(4,164,433)
Personnel	(783,341)
Centralized Service Charges	394,437
Rental of Outside Property	(215,810)
FY2020 Enacted	\$1,231,216

UHIP Cost Recovery**(\$4.2 million)**

The Budget shifts \$4.2 million from general revenues to the UHIP cost recovery restricted receipt account in the Individual and Family Support program. The UHIP cost recovery account is intended to fund UHIP-related operating costs, including a portion of salary and benefits associated with additional technicians and other support staff. UHIP cost recovery funds are based on current and anticipated settlement funds Deloitte Consulting, the primary developer of the system.

Deloitte has agreed to pay the State \$50.0 million in settlement funds, this amount is shared between DHS, EOHHS, and the federal government. The Budget includes \$24.7 million in the UHIP cost recovery restricted receipt account for DHS's share of the settlement.

Analyst Note: The Department anticipates that the additional Deloitte settlement will fund associated costs in FY2020, however; no additional settlements are anticipated for FY2021 and the costs associated with administering UHIP related programs will need to be funded with additional general revenue.

Personnel**(\$783,341)**

The Budget decreases general revenue for personnel costs by \$783,341. The Budget includes an additional \$341,347 to realign overtime costs with FY2018 actual costs and shift funds within general revenue personnel accounts to allocate more State funding for UHIP costs. This increase is offset by a savings of \$37,609 for statewide adjustments, and a shift of \$1.1 million from general revenue to the restricted receipt account which will be funded by a settlement from Deloitte.

The FY2019 Budget as Enacted included \$4.1 million in general revenues to fund salary and benefit costs for Medical Services Administration. Medical Services Administration works to determine if applicable individuals are eligible for certain medical benefits. The Budget shifts \$1.1 million from general revenues to restricted receipts as eligibility determination personnel and related expenses for UHIP related programs will now be funded through the UHIP cost recovery restricted receipt account.

Analyst Note: The Department anticipates that the additional Deloitte settlement will fund associated costs in FY2020, however; no additional settlements are anticipated for FY2021 and the costs associated with administering UHIP related programs will need to be funded with additional general revenue.

Centralized Service Charges**\$394,437**

The Budget includes \$955,296 in general revenue expenditures for Information Technology and Capital Asset Management Service Center projected costs in FY2020. This is an increase of \$394,437 from the FY2019 Budget as Enacted amount of \$560,859. 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 were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

Centralized Service Charges	FY2019 Enacted	FY2020 Enacted	Change from Enacted	
Information Technology	\$431,922	\$869,370	\$437,448	101.3%
Capital Asset and Management	128,937	85,926	(43,011)	-33.4%
Human Resources	-	-	-	-
Total	\$560,859	\$955,296	\$394,437	70.3%

Rental of Outside Property**(\$215,810)**

The Budget includes \$215,810 in general revenue savings (\$532,968 all funds savings) related to the rental of outside property. \$123,478 of this savings is due to the termination of the Department's lease in its current Providence field office. The Department anticipates ending the lease in December 2019; however, a new office space has not yet been determined. The remaining \$92,332 is related to relocating DHS staff from outside rental locations to state-owned properties in the Pastore Complex in Cranston. These savings were identified as a part of the Governor's Efficiency Commission.

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
FY2019 Enacted	\$22,530,162
<i>Target and Other Adjustments</i>	
UHIP Cost Recovery	802,069
IAPD- UHIP Fund Alignment	(7,242,650)
Personnel	5,158,158
Elderly Transportation Program	(3,636,273)
FY2020 Enacted	1,810,259
Individual and Family Support	\$19,421,725
<i>Other Funds</i>	
UHIP Cost Recovery (restricted receipts)	\$17,761,551
Preschool Development Grant (federal funds)	2,794,057
Child Care Licensing Unit (federal funds)	601,881

UHIP Cost Recovery

(\$7.2 million)

The Budget shifts \$7.2 million from general revenues to the UHIP cost recovery restricted receipt account. The UHIP cost recovery account is intended to fund UHIP-related operating costs, including a portion of salary and benefits associated with additional technicians and other support staff. UHIP cost recovery funds are based on current and anticipated settlement funds Deloitte Consulting, the primary developer of the system.

Deloitte has agreed to pay the State \$50.0 million in settlement funds. This amount is shared between DHS, EOHHS, and the federal government. The Budget includes \$24.7 million in the UHIP cost recovery restricted receipt account for DHS's share of the settlement.

Analyst Note: The Department anticipates that the additional Deloitte settlement will fund associated costs in FY2020, however; no additional settlements are anticipated for FY202 and the costs associated with administering UHIP related programs will need to be funded with additional general revenue.

IAPD – UHIP Funding Alignment

\$5.2 million

The Budget includes an additional \$5.2 million in general revenue related to UHIP funding shifts to align with the State's Implementation Advanced Planning Document (IAPD). The most recent IAPD updates the methodology for calculating design, development, and implementation (DDI) costs of the UHIP system. As an incentive for states to create a unified health infrastructure plan, the federal government provided a 90.0 percent match for DDI costs across all programs. Beginning in FY2019, the federal match of 90.0 percent for DDI costs only applies to Medicaid, other benefit programs must now pay their share of DDI costs.

The cost of DDI had previously been based on lines of code. The Departments would calculate how many lines of code were run by each UHIP program (such as SNAP, TANF and GPA) and allocated costs accordingly. Due to the elimination of the 90.0 percent federal match for non-Medicaid DDI costs, the most recent IAPD changes the DDI cost allocation method from lines of code to Benefits Received. The Benefits Received cost allocation method assigns planned development hours to common business

requirement requests. Common business requirement requests are DDI activities that are used for multiple UHIP programs, the costs are shared among the programs based on their size. This change is intended to distribute shared software development costs equitably among the benefit programs.

The change in the calculation of DDI costs leads to a \$5.2 million increase. The increase is comprised of an additional \$1.1 million in the state allocation for child care, \$2.9 million in the state allocation for SNAP, and \$1.8 million in the state allocation for SSI. These increases are partially offset by a decrease of \$530,633 in the state allocation for General Public Assistance.

Personnel

(\$3.6 million)

The Budget includes a general revenue decrease of \$3.6 million for personnel costs. The Governor's Budget included an additional \$6.1 million for personnel due to the reallocation of funding from the UHIP cost recovery restricted receipt account to general revenues and updated allocations based on the most recent Random Moment Time Studies (RMTS). This increase is offset by the transfer of \$9.8 million from general revenue to the restricted receipt account which will be funded by a settlement from Deloitte.

The FY2019 Budget as Enacted included \$13.0 million in general revenues to fund salary and benefit costs for the administration of state assistance programs including Food Stamp Administration, Child Care Administration, etc. The Budget shifts \$9.8 million from general revenues to restricted receipts as personnel and related expenses for UHIP related programs will now be funded through the UHIP cost recovery restricted receipt account.

The Department contracts with Public Consulting Group Inc. to conduct RMTS on employees every two weeks. The information collected from these studies is used to determine how much time employees spend on state and federal programs and helps determine how the Department allocates funding. Depending on the outcome of these studies budgeted personnel costs and actual personnel costs can vary. The Department updates their cost allocations quarterly based on information from the RMTS.

Analyst Note: The Department anticipates that the additional Deloitte settlement will fund associated costs in FY2020, however; no additional settlements are anticipated for FY202 and the costs associated with administering UHIP related programs will need to be funded with additional general revenue.

Elderly Transportation Program

\$1.8 million

The Budget includes \$2.9 million in general revenue (\$7.3 million all funds) for the Elderly Transportation Program (ETP), an increase of \$1.8 million above the FY2019 Budget as Enacted. The additional funding is due to the increase in the demand for rides, as well covering the projected costs for the new vendor. In FY2019 the Executive Office of Health and Human Services (EOHHS) contracted with a new vendor, Medical Transportation Management, to provide service for the ETP program. The ETP provides transportation to medical appointments, special medical treatments, and nutrition services for elderly and disabled clients.

UHIP Cost Recovery (restricted receipts)

\$17.8 million

The Budget includes \$24.7 million in restricted receipts for United Health Infrastructure Project (UHIP) settlement funds from the primary software developer, Deloitte Consulting, an increase of \$17.8 million from FY2019 enacted levels. In FY2019 the UHIP restricted receipt account included \$6.9 million. The FY2020 Budget shifts \$24.7 million from general revenues to the restricted receipt account (\$5.4 million from Health Care Eligibility and \$19.2 million from Individual and Family Support).

The restricted receipt account is intended to fund personnel and operational costs associated with UHIP. Deloitte has credited the State \$85.6 million for delayed functionality of the system. Deloitte has agreed to pay the State \$50.0 million in settlement funds, this amount is shared between DHS, EOHHS, and the federal government. The Budget includes \$24.7 million in the UHIP cost recovery restricted receipt account for DHS's share of the settlement.

Preschool Development Grant (federal funds)**\$2.8 million**

The Budget includes \$2.8 million in federal funds for a new Preschool Development Birth to Age Five (PDG B-5) grant. The grant is intended to support the development, planning, and coordination of the State's Early Childhood System. The grant will be used to develop a strategic plan that will make recommendations about data infrastructure, workforce, family engagement, funding streams and the expansion of high quality programs (including Universal Pre-Kindergarten). The Department has released a request of proposals and is working with the RI Department of Education, the RI Department of Health, and the Department of Children, Youth and Families to select vendors.

Child Care Licensing Unit (federal funds)**\$601,881**

The Budget includes an additional \$601,881 in federal funds (\$752,346 all funds) to support the transfer of the Child Care Licensing Unit from the Department of Children, Youth and Families to the Department of Human Services. The transfer would include 8.0 FTE positions. The transfer is intended to centralize transactions with child care facilities in the Department of Human Services.

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.

Prior to FY2020, beneficiaries were not allowed to receive cash assistance for more than 24 months (consecutive or not) within 60 continuous months. Article 13 of the FY2020 Budget as Enacted eliminates this constraint, but retains the 48-month lifetime limit beneficiaries are eligible for cash assistance. The lifetime limit includes Temporary Assistance for Needy Families (TANF) cash assistance paid to the beneficiary in other states. Cash assistance provided to a child will not be counted toward their lifetime limit should they need to apply for benefits as adults.

Rhode Island Works	General Revenue
FY2019 Enacted	\$10,669,986
<i>Target and Other Adjustments</i>	-
Child Care Assistance	(630,354)
FY2020 Enacted	\$10,039,632

Rhode Island Works	Other Fund Changes
Caseload Estimating Conference - Rhode Island Works (federal funds)	(1,987,210)
Caseload Estimating Conference - Child Care Assistance (federal funds)	\$706,997

Child Care Assistance**(\$630,354)**

The Budget includes a net decrease of \$630,354 in general revenue for child care assistance. Article 13 alters the child care reimbursement rate structure for licensed family child care providers caring for infants and toddlers. Pursuant to the article, a tiered reimbursement rate system will be applied in addition to family child care providers' existing step increases. The Budget includes \$150,000 from general revenues to fund rate increases. This increase is offset by a \$780,345 decrease related to the recoupment of payments made to child care providers during the child care reconciliation process. In FY2019 the Department sent \$0.9 million in reconciliation payments to 337 child care providers who were underpaid for child care in FY2017. In FY2020 the Department anticipated recouping \$780,345 from providers who were overpaid in FY2017. The Budget includes the additional funds and reduces expenditures by the same amount.

Federal Funds Changes

(\$1.3 million)

The Budget includes a net decrease of \$1.3 million in federal funds, including the following:

- **Caseload Estimating Conference – Rhode Island Works:** The May 2019 Caseload Estimating Conference (CEC) adopted a RI Works caseload estimate of 9,250 at a monthly cost of \$188.00 per person. The FY2020 Budget as Enacted includes an additional 16 persons for a total of 9,334, leading to a decrease of 691 persons and a decrease of \$5.00 per person from the FY2019 Enacted level. The increase in RI Works persons included in the Enacted Budget is related to the elimination of the 24 month constraint, as stated in Article 13.

The total federal fund cost of the RI Works program in FY2020 is \$23.3 million, a decrease of \$2.0 million from the FY2019 Enacted level. The RI Works program is primarily funded through the federal Temporary Assistance to Needy Families (TANF) grant.

- **Caseload Estimating Conference - Child Care Assistance:** The May 2019 Caseload Estimating Conference (CEC) adopted a child care subsidies estimate of 9,240 persons at an annual cost of \$7,950 per subsidy. The FY2020 Budget as Enacted includes 9,240 persons but increases the annual cost per subsidy by \$16 to \$7,966 leading to a decrease of 60 subsidies but an increase of \$54.00 per subsidy from the FY2019 Enacted level. The increase in the cost per subsidy included in the Enacted Budget is related to the establishment of a tiered reimbursement rate system for licensed family child care providers caring for infants and toddlers, as stated in Article 13.

The total federal fund cost of the Child Care Assistance program in FY2020 is \$63.6 million, an increase of \$ 706,997 from the FY2019 Enacted level. Rhode Island provides child care assistance to low-income families (typically, families earning less than 180.0 percent of the federal poverty level).

STATE FUNDED PROGRAMS

State Funded Programs incorporates two different programs, General Public Assistance (GPA) and the Supplemental Nutrition Assistance Program (SNAP); however, only one of these programs 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 (\$265.1 million in FY2020) 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
FY2019 Enacted	\$1,183,880
<i>Target and Other Adjustments</i>	
Caseload Estimating Conference - General Public Assistance	(187,280)
FY2020 Enacted	\$996,600

Caseload Estimating Conference—General Public Assistance

(\$187,280)

Estimators at the May 2019 Caseload Estimating Conference (CEC) projected that, in FY2020, 162 people would receive general public assistance (GPA) at a monthly cost of \$150.00 per person. Expenditures for monthly cash payments, indigent burials, and the GPA hardship contingency fund are projected to be \$1.0 million in FY2020, an \$187,280 general revenue decrease from FY2019 enacted

levels. This decrease is due to an estimated savings of \$85,000 related to burials, as well as an estimated 108 less persons collecting GPA benefits. These savings are partially offset due to an increase in the monthly cost per person from the FY2019 enacted level of \$137.00 to \$150.00 in FY2020.

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, 2019, the federal SSI payment was increased 2.8 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 federal monthly payment is \$771.00 for an individual and \$1,157.00 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
FY2019 Enacted	\$20,022,000
<i>Target and Other Adjustments</i>	
Caseload Estimating Conference - SSI	(534,900)
FY2020 Enacted	\$19,487,100

Caseload Estimating Conference—SSI

(\$534,900)

The May 2019 Caseload Estimating Conference (CEC) adopted an SSI estimate of 33,750 persons at a monthly cost of \$47.22 and \$70,000 for transaction fees. The FY2020 Budget as Enacted includes 33,750 persons but increases the monthly cost per person by \$0.72 to \$47.94, leading to a decrease of 1,250 persons and an increase of \$0.4 in the monthly cost per person. The increase in the monthly cost per person included in the Enacted Budget is related to an expansion in eligibility for Category F, which provides an enhanced State SSI payment for certain residents in assisted living facilities. Previously, the higher payment was only provided to individuals enrolled in managed care plans. Pursuant to Article 13,

the State is allowed to also provide the higher payment for individuals enrolled in “an alternative, successor, or substitute program,” which includes fee-for-service Medicaid.

The total general revenue cost of the SSI program in FY2020 is \$19.5 million, a decrease of \$534,900 from the FY2019 Enacted level.

VETERANS SERVICES

The Office of Veterans’ Services, previously 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.

Office of Veterans' Services	General Revenue
FY2019 Enacted	\$23,558,301
<i>Target and Other Adjustments</i>	
Veterans' Home	76,848
Personnel- Office of Veterans' Affairs	1,448,992
FY2020 Enacted	25,478,689

Office of Veterans' Services	Other Funds Changes
Veterans' Cemetery (federal funds)	\$3,000,000

Veterans' Home

\$1.4 million

The Budget adds general revenue funding of \$1.4 million (\$2.3 million all funds) to support operations at the Rhode Island Veterans’ Home.

- **Contracted Services:** The Budget adds a net \$958,866 from general revenues (\$2.7 million all funds) to support contracted services at the Veterans’ Home. This aligns funding in FY2020 with actual expenditures incurred in FY2018. The Office reported a \$2.4 million all funds closing deficit at the Veterans’ Home in FY2018, of which \$14,403 was general revenue. The general revenue overage would have been significantly greater, but the home was able to leverage additional federal funds and restricted receipts to minimize the deficit. These additional funds will not be available to offset expenditures in FY2020. The Budget adds \$1.0 million for contracted medical services and shifts \$100,000 from restricted receipts to general revenues to support security services. This increase is partially offset by a decrease of \$126,083 for janitorial services.
- **Centralized Service Charges:** The Budget adds \$678,521 from general revenues to support increased centralized service charges at the Veterans’ Home, the majority of which is for facilities management. The FY2018 Budget as Enacted authorized the Governor to establish centralized accounts for information technology, facilities management, and human resources. These expenditures were previously centralized in the Department of Administration, and are now reflected in each agency based on actual use. The appropriation for the Veterans’ Home in the FY2019 Budget as Enacted was based on a facilities assessment which was conducted at the old veterans’ home. The new home, which opened in November 2017, is significantly larger. The actual charges being assessed for facilities increased, which necessitated additional funding in both FY2019 and FY2020.
- **Veterans at Risk:** The Budget transfers funding for the Veterans at Risk grant from the Veterans’ Home budget line to the Office of the Director. This amounts to a general revenue reduction of \$200,000 within the Veterans’ Home, but has no net impact on the Office of Veterans’ Affairs overall.
- **Veterans’ Home Personnel:** The Budget includes an additional \$7,331 from general revenues to support personnel at the Veterans’ Home. The Budget includes an additional \$1.9 million to convert 12.0 Seasonal Institutional Attendants to full-time status and align all other salary and benefit

expenditures, including overtime, with current projections. The Budget offsets these expenditures by \$1.7 million for anticipated turnover, and by an additional \$231,303 in overtime savings.

Personnel- Office of Veterans' Affairs

\$394,548

The Budget includes an additional \$394,548 for personnel costs within the Office of the Director. According to the Department, the additional funds for personnel within the Office of the Director are intended to more accurately reflect where positions are actually working.

Veterans' Cemetery (federal funds)

\$3.0 million

The Budget includes \$3.0 million from federal funds to support six capital projects at the Rhode Island Veterans' Memorial Cemetery in Exeter. The projects include:

- Expansion of in-ground water piping and installation of hydrants to increase water capacity throughout cemetery grounds.
- Reconstruction of one of the three existing committal shelters.
- Construction of a staging area for funeral processions.
- Completion of a land survey to determine future expansion potential within existing acreage.
- Installation of crypts and a new columbarium wall.

Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals

Expenditures by Program	FY2018	FY2019	FY2019	Change		FY2020	Change		
	Actual	Enacted	Revised	from Enacted		Enacted	from Enacted		
Central Management	\$4.2	\$2.7	\$4.1	\$1.4	52.6%	\$4.8	\$2.1	77.6%	
Hospital & Community System Support	1.7	2.9	2.1	(0.8)	-27.1%	2.3	(0.6)	-22.3%	
Behavioral Healthcare Services	24.3	27.6	35.9	8.3	30.0%	37.3	9.7	35.0%	
Services for the Developmentally Disabled	265.1	271.7	274.7	2.9	1.1%	296.9	25.2	9.3%	
Hospital & Community Rehabilitation Services	120.4	117.5	123.1	5.6	4.7%	121.9	4.4	3.8%	
Total	\$415.7	\$422.5	\$439.9	\$17.4	4.1%	\$463.2	\$40.7	9.6%	
Expenditures by Source									
General Revenue	\$190.7	\$188.1	\$193.9	\$5.8	3.1%	\$196.4	\$8.3	4.4%	
Federal Funds	214.7	226.2	238.0	11.8	5.2%	260.4	34.2	15.1%	
Restricted Receipts	5.5	5.1	5.6	0.5	10.7%	6.1	1.0	20.0%	
Other Funds	4.8	3.1	2.3	(0.8)	-24.2%	0.3	(2.8)	-90.3%	
Total	\$415.7	\$422.5	\$439.9	\$17.4	4.1%	\$463.2	\$40.7	9.6%	
Authorized FTE Levels	1,319.4	1,302.4	1,304.4	2.0	0.2%	1,189.4	(113.0)	-8.7%	

\$ 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 with mental or physical illnesses, developmental disabilities, and substance use disorders. BHDDH administers a coordinated system of mental health promotion and substance abuse prevention through contracted, community-based programs and 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.

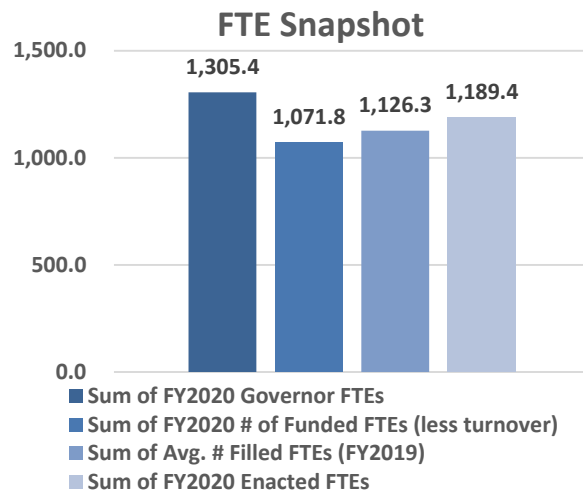
MAJOR ISSUES AND TRENDS

The Budget includes \$463.2 million from all funds for BHDDH in FY2020, of which \$196.4 million is from general revenue, \$260.4 million is from federal funds, \$6.1 million is from restricted receipts, and \$300,000 is from RICAP funds. The Budget includes an all funds increase of \$40.7 million (9.6 percent) as compared to the FY2019 Budget as Enacted.

The Budget includes \$4.5 million in general revenue (\$9.5 million all funds) within the Division of Developmental Disabilities to provide an increase in wages for Direct Support Professionals (DSPs), who support individuals with intellectual and/or developmental disabilities. The increase in funding will increase DSP wages by an estimated \$0.82 per hour, effective October 1, 2019.

The Budget authorizes 1,189.4 FTE positions in FY2020, decreasing the Department's FTE positions by 113.0, reflecting the elimination of 110.0 vacant positions, offset by the shift of 2.0 positions transferred from the Department of Human Services, and 5.0 positions transferred from BHDDH to the Department of Administration. As of the pay period ending July 7, 2019, there were 1089.0 filled and 213.4 vacant positions in the Department.

Consent Decree: The State 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, focusing specifically on



sheltered workshops, 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 and 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.

Billing Audit: In January of 2019, the Office of Internal Audit (OIA) finalized an audit of BHDDH to determine if operations are occurring efficiently and effectively and provided recommendations to the Department based on audit findings. The audit discussed findings that included insufficient guidance for billing documentation requirements and a deficient billing verification function, putting the Department at risk for overpayment of claims. OIA recommended that BHDDH complete an evaluation of the current billing system, implement stronger controls on billing, and offer consistent billing training to providers. In response to the audit, BHDDH stated that a new case and financial management system will be implemented and the Department will work to establish formal training sessions to encourage proper billing practices. BHDDH has also recently entered into a contract with New England States Consortium Systems Organization (NESCO) to review the billing structure in place. The review by NESCO is scheduled to be completed by December 2019.

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 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
FY2019 Enacted	\$1,975,017
<i>Target and Other Adjustments</i>	<i>243,414</i>
New Cost Allocation Plan Transfers	857,444
Correct Personnel Allocations	281,118
Transfer of Personnel from Human Services	138,802
FY2020 Enacted	\$3,495,795

New Cost Allocation Plan Transfers* **\$857,444*

The Budget increases general revenue funds by \$857,444 in FY2020 for the transfer of personnel from Developmental Disabilities and Behavioral Health to Central Management. The transfer is a result of the Department’s new cost allocation plan, which consolidates salary and benefits expenditures for Quality and Licensing Unit personnel within Central Management. The transfer of personnel from DD and BH would allow the Department to fund personnel from one program, rather than the positions have allocations from multiple programs. Currently, funding is divided between DD and BH for the Quality and Licensing Unit, and the new cost allocation plan eliminates confusion by consolidating funding within Central Management.

Correct Personnel Allocations* **\$281,118*

The Budget increases general revenue spending by \$281,118 to correct an error with the personnel cost within the Divisions of Central Management and Developmental Disabilities. A total of 4.0 FTE positions

were incorrectly allocated into Developmental Disabilities, and funded fully by general revenue. The positions should have been allocated 50.0 percent to Central Management and 50.0 percent to Developmental Disabilities with a federal match. The increased funding corrects the allocations within Central Management and there is an associated decrease in funding in Developmental Disabilities.

Transfer of Personnel from Human Services **\$138,802**

The Budget increases general revenue expenditures by \$138,802 in addition to federal matching dollars to reflect the transfer of 2.0 FTE program planner positions from the Department of Human Services to Central Management to reflect the new Quality and Licensing Unit within BHDDH. The personnel have been working within Central Management, and the Budget formally transfers the FTE positions and the associated funding.

HOSPITAL AND COMMUNITY SYSTEM SUPPORT

The Hospital and Community System Support program provides financial management support 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
FY2019 Enacted	\$2,614,415
<i>Target and Other Adjustments</i>	<i>(189,297)</i>
Centralized Service Charges	(477,466)
Transfer of RICLAS Personnel	294,294
FY2020 Enacted	\$2,241,946

Centralized Service Charges **(\$477,466)**

The Budget reduces general revenue expenditures to reflect billed amounts for information technology, capital asset management and maintenance, and human resources charges. 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 \$188,516 in FY2020 for these expenses, reflecting a reduction of \$477,466 from the FY2019 Budget as Enacted.

Transfer of RICLAS Personnel **\$294,294**

The Budget increases general revenue expenditures by \$294,294 to reflect the transfer of 1.0 Investigative Auditor and 1.0 Deputy Chief Financial Officer from the Rhode Island Community Living and Supports (RICLAS) program to the Division of Hospital and Community System Support. The transfer of personnel and funding is the result of the Department's new cost allocation plan, which consolidates salary and benefits expenditures for the 2.0 FTE positions within Financial Management and establishes new federal matching accounts, rather than the positions have allocations from multiple programs.

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 use disorder prevention, intervention, and treatment activities. The program, primarily funded by federal grants, provides screening, early interventions, referrals, clinical treatment services, and recovery support activities. The program

coordinates with other departments and agencies in the State, including the criminal justice system, public healthcare system, child welfare, education, and other allied human service entities.

Behavioral Healthcare Services	General Revenue
FY2019 Enacted	\$3,610,316
<i>Target and Other Adjustments</i>	
Behavioral Healthcare Link	545,598
New Cost Allocation Plan Transfers	(650,000)
Teen Substance Use Disorder Prevention	(493,239)
	65,000
FY2020 Enacted	\$3,077,675

Behavioral Healthcare Services	Other Fund Changes
Federal Grant Changes	\$10,549,548

Behavioral Healthcare Link ***(\$650,000)***

The Department contracted with Horizon Healthcare Partners to launch BH Link in November 2018. The location provides 24-hour triage, stabilization, and referral services to the entire state for individuals in behavioral health crises as an alternative to emergency departments or correctional facilities. The Budget as Enacted provided the Department with \$650,000 for the start-up costs of BH Link, which are no longer required in FY2020, as the program is now established and will be federally funded going forward.

New Cost Allocation Plan Transfers ***(\$493,239)***

The Budget includes \$493,239 in general revenue savings in FY2020 to reflect the transfer of 7.0 FTE positions from Behavioral Health to Central Management. The transfer is a result of the Department's new cost allocation plan, which consolidates salary and benefits expenditures for Quality and Licensing Unit personnel within the Divisions of Central Management and Financial Management. The transfer of personnel would allow the Department to fund personnel from one program, rather than the positions have allocations from multiple programs.

Teen Substance Abuse Prevention ***\$65,000***

The Budget increases general revenue expenditures by \$65,000, raised from marijuana penalties and distributed for evidence-based prevention activities at middle schools and high schools around the state in conjunction with the Department of Health. Activities include peer support programs, training, family support programs, and parent engagement.

Federal Grant Changes (federal funds) ***\$10.5 million***

The Budget increases federal funds by \$10.5 million within the Division of Behavioral Healthcare Services as compared to the FY2019 Budget as Enacted. Federal changes include the new State Opioid Response Grant, which provides the State with \$12.6 million in FY2020 to respond to the opioid epidemic. The following table illustrates the various major federal fund adjustments.

Federal Fund Adjustments	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted	FY2020 Enacted	Change from Enacted
State Opioid Response	-	-	\$6.5	\$6.5	\$12.6	\$12.6
Prevention Framework Partnership for Success	-	-	1.4	1.4	2.3	2.3
State Targeted Response Grant	0.7	2.2	3.6	1.4	0.0	(2.1)
Strategic Prevention Framework	(2.9)	2.2	2.2	0.0	0.2	(2.0)
Promoting Integration of Primary and Behavioral Health Care	-	-	1.0	1.0	2.0	2.0
Cooperative Agreement to Benefit Homeless Individuals	2.3	1.8	1.8	(0.0)	0.2	(1.6)
Medicaid Administrative Expenditures	-	-	0.8	0.8	0.9	0.9
Mental Health Utilization/Administration	0.6	0.5	-	(0.5)	-	(0.5)
Medication Assisted Treatment	0.6	1.0	1.3	0.3	0.5	(0.5)
All changes less than \$500,000	11.4	14.1	14.4	0.3	13.8	(0.4)
Total	\$12.7	\$21.9	\$33.1	\$11.2	\$32.4	\$10.5

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

SERVICES FOR THE DEVELOPMENTALLY DISABLED

The Division of Developmental Disabilities (DD) supports a statewide network of private and public programs for adults with 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 possible. 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 to function within the community.

The program serves approximately 4,400 individuals through State-run programs and community-based providers, including those who only receive case management services. The State-run system consists of 24-hour, nursing-level facilities; the State group home system, otherwise known as Rhode Island Community Living and Supports (RICLAS); and a private residential provider network. As of February 2019, 1,590 individuals were served in residential placements, including 380 in Shared Living Arrangements and 1,210 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 clients are served by more than one program.

The Budget includes \$280.9 million from all funds, including \$131.4 million from general revenue for the Division of Developmental Disabilities in FY2020. This is \$5.1 million more general revenue than the FY2019 Budget as Enacted and \$4.0 million more than actual expenditures in FY2018.

Services for the Developmentally Disabled	General Revenue
FY2019 Enacted	\$126,318,720
<i>Target and Other Adjustments</i>	85,279
DSP Wage Increase	4,500,000
Caseload Growth Adjustment	2,797,141
Health Homes Initiative	2,496,805
Residential Rebalancing Continuation	(1,518,621)
Centralized Service Charges	(789,684)
Correct Personnel Allocations	(562,224)
Personnel	(399,840)
New Cost Allocation Plan Transfers	(330,877)
Home Health Aide Increase	273,412
FY2020 Enacted	\$132,870,111

DSP Wage Increase**\$40.5 million**

The Budget increases general revenue expenditures by \$4.5 million (\$9.5 million all funds) within the Division of Developmental Disabilities to provide an increase in wages for Direct Support Professionals (DSPs), who support individuals with intellectual and/or developmental disabilities (I/DD). The funding increase supports the State's efforts to rebalance the long-term care system, improve access to high-quality services, and provide supports in the least restrictive setting. Historically, I/DD service providers have struggled to recruit, train, and retain this crucial workforce because they are unable to offer competitive wages. According to BHDDH, this addition will equate to an average pay increase of \$0.82 per hour based on the current average hourly wage of \$12.27, effective October 1.

Caseload Growth Adjustment**\$2.8 million**

The Budget includes an additional \$2.8 million from general revenue to support the program's projected needs for FY2020. This reflects population growth and scheduled SIS-A reevaluations of over 1,000 individuals who receive services. The SIS-A evaluates the practical support requirements of individuals with intellectual disabilities through an interview process to provide a recommendation for services. The scheduled assessments are expected to place individuals in a higher tier of services than they are currently assigned, resulting in higher spending per individual.

Residential Rebalancing Continuation**(\$1.5 million)**

The Budget includes general revenue savings of \$1.5 million by continuing residential rebalancing efforts in FY2020. 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 32.0 percent of individuals who receive direct services from DD reside in group home settings. Rebalancing efforts began in FY2019, and the Department seeks to reduce the overall group home census to 25.0 percent by FY2021. The Department is rebalancing residential services 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.

Health Homes Initiative**\$2.5 million**

Federal rules for conflict-free case management 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 and do not provide actual care services. The health home payment methodology shifts from fee-for-service to a value-based payment method for individuals with developmental disabilities. This alternative method is cost-effective and provides a more person-centered payment structure, consistent with the Department's goals.

The Budget restores \$2.9 million in general revenue to reflect unachieved savings from the health home initiative in the FY2019 Budget as Enacted, including \$1.7 million from assumed savings in FY2019 and an additional \$1.2 million in FY2020. The restoration provides funding for those who decide not to transition to conflict-free case management and reflects a delay in implementation. The individuals who transition into the conflict-free case management system will be phased into the new funding structure, with several individuals transitioned each month. The Department anticipates implementation to begin in October 2019, with \$455,020 realized savings in FY2020. The FY2020 savings are to be achieved through a 90.0 percent federal match, resulting in a net general revenue increase of \$2.5 million (\$15.5 million all funds).

Centralized Service Charges **(\$789,864)**

The Budget reduces general revenue expenditures to reflect billed amounts for information technology, capital asset management and maintenance, and human resources charges. 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 \$935,762 in FY2020 for these expenses, reflecting a reduction of \$789,864 in general revenue from the FY2019 Budget as Enacted.

Correct Personnel Cost Allocations **(\$562,224)**

The Budget reduces general revenue spending by \$562,224 to correct an error with the personnel cost. A total of 4.0 FTE positions were incorrectly allocated and funded fully by general revenue, when they should have had a 50.0 percent federal match. There as an associated increase of general revenue funding in Central Management to correct the allocations.

Personnel Adjustments **(\$399,840)**

The Budget reduces general revenue spending by \$399,840 to reflect various personnel adjustments. These adjustments include the closure of one group home, in which staff will be reallocated to other group homes, reducing overtime expenditures. The reallocation of personnel generates a general revenue savings of \$91,909. Personnel adjustments also include a savings of \$202,721 to reflect a reassessment of staffing patterns to reduce overtime and overnight shifts.

In addition, the Budget decreases general revenue spending by \$105,210 to reflect the reallocation of 2.0 FTE Rhode Island Community and Living Supports (RICLAS) personnel from DD to Hospital and Community System Support to reflect the new cost allocation plan, which would allow the Department to fund personnel from one program, rather than the positions have allocations from multiple programs.

New Cost Allocation Plan Transfers **(\$330,877)**

The Budget includes general revenue savings of \$330,877 in FY2020 to reflect the transfer of 5.0 FTE positions from DD to Central Management. The transfer is a result of the Department's new cost allocation plan, which consolidates salary and benefits expenditures for Quality and Licensing Unit personnel within Central Management. The transfer of personnel would allow the Department to fund personnel from one program, rather than the positions have allocations from multiple programs.

Home Health Aide Increase **\$273,412**

The Budget includes a general revenue increase of \$273,412 to reflect a growth in projected expenditures caused by a higher billing rate for licensed practical nurses in home health care settings. The 20.0 percent increase increased rates from \$5.72 to \$6.90, per 15 minute increment. In the FY2019 Budget as Enacted, there was \$301,692 in general revenue funds with a federal match added for home health aide wage increases. Home health aide funding increases are due to rate changes, which are set by the Executive Office of Health and Human Services.

HOSPITAL AND COMMUNITY REHABILITATION SERVICES

The Hospital and Community Rehabilitation Services Program provides a continuum of treatment and residential options for psychiatric and developmentally disabled clients. The Hospital facilities are licensed by the Department of Health (DOH) and accredited by the national board for health care organizations, the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). The Eleanor Slater Hospital (ESH) has two campuses; the Pastore Center in Cranston has 306 licensed beds and averages 128 patients, while the Zambarano Campus in Burrillville has 189 licensed beds and averages 95 patients. Hospital funding levels and FTE authorization dictate actual bed utilization and census. The Pastore Center campus

focuses on long-term psychiatric and psychogeriatric services while the Zambarano campus focuses on long-term and rehabilitative care.

Hospital & Community Rehabilitation Services	General Revenue
FY2019 Enacted	\$53,573,498
<i>Target and Other Adjustments</i>	<i>(458,790)</i>
Increased Funding for Eleanor Slater Hospital Staff	1,319,920
Centralized Service Charges	772,771
Security Services	738,680
Maximize Medicaid	(500,001)
Laundry Services	(455,365)
Medicare Part B Billings	(200,000)
Radiology	(95,000)
FY2020 Enacted	\$54,695,713

Increased Funding for Eleanor Slater Hospital Staff **\$1.3 million**

To reduce the risk of non-compliance with Joint Commission on Accreditation of Hospitals (JCAHO) standards, the Budget includes \$1.3 million in additional general revenue funding for Eleanor Slater Hospital (ESH) staff due to an increase in forensic patients (those who have been deemed unfit to stand trial). The added funds will allow ESH to meet standards that are required for accreditation and includes \$2.7 million more in overtime than the \$1.3 million the agency had requested. The additional overtime funding is offset by \$1.0 million turnover savings, in addition to other statewide personnel adjustments.

Centralized Service Charges **\$772,771**

The Budget reduces general revenue expenditures to reflect billed amounts for information technology, capital asset management and maintenance, and human resources charges. 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 \$4.7 million in FY2020 for these expenses, reflecting an increase of \$772,771 from the FY2019 Budget as Enacted.

Security Services **\$738,680**

The Budget adds \$738,680 more from general revenue to reflect a new contract with APG Security to enhance the security services at Eleanor Slater Hospital. This will allow the Department to keep personnel safe and reduce workers compensation claims. The total contract amount is \$1.3 million.

Maximize Medicaid **(\$500,001)**

The Budget assumes general revenue savings of \$500,001 related to the improvement of Medicaid claiming at ESH. The savings are to be achieved by changing the way services are billed. The method will change from billing based on actual time spent to billing based on services provided including case management, and personal care services, enhancing Medicaid match rates.

Laundry Services **(\$455,365)**

The Budget includes general revenue savings of \$455,365 as part of an initiative to complete laundry services more cost-effectively. Currently, laundry services for ESH are performed at an off-site facility with a fee of \$1 per pound. ESH washes 1.6 million pounds of laundry per year. An assessment found that the costs of performing laundry services on campus would result in general revenue savings of \$960,000, offset by implementation costs of \$504,635.

Medicare Part B Billings **(\$200,000)**

The Budget reduces general revenue expenditures by \$200,000 to reflect the improvement of Medicare Part B billing at ESH. Medicare Part B provides health insurance coverage for health care services that are

medically necessary for individuals who are disabled and those who are over the age of 65. ESH must bill Medicare for covered services that are provided to Medicare patients. Improvements in coding and physician documentation of services that are reimbursable by Medicare will increase reimbursements, decreasing the need for general revenue.

Radiology

(\$95,000)

The Budget includes a net savings of \$95,000 in general revenue to reflect the outsourcing of radiology services for ESH. Savings will be achieved through an elimination of associated physician services and the costs of performing x-rays on site. The hospital performs less than 500 in-house x-rays per year. The 0.8 FTE x-ray technician will be reassigned as a Coordinator for Mobile Services. The x-ray machine that the hospital uses has an expired maintenance agreement and is not working at its full capacity. Outsourcing the radiology services avoids future costs to replace the equipment. A replacement x-ray machine would cost approximately \$250,000.

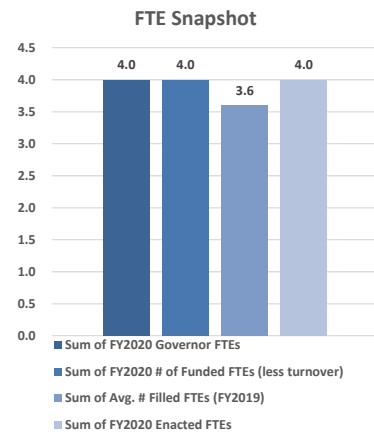
Governor's Commission on Disabilities

Expenditures By Program	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
Governor's Commission on Disabilities	\$710,175	\$1,387,275	\$1,344,308	(\$42,967)	-3.1%	\$1,558,659	\$171,384	12.4%
Expenditures By Source								
General Revenue	\$444,657	\$1,002,537	\$906,410	(\$96,127)	-9.6%	\$1,055,069	\$52,532	5.2%
Federal Funds	254,817	335,167	395,318	60,151	17.9%	458,689	123,522	36.9%
Restricted Receipts	10,701	49,571	42,580	(6,991)	-14.1%	44,901	(4,670)	-9.4%
Grand Total	\$710,175	\$1,387,275	\$1,344,308	(\$42,967)	-3.1%	\$1,558,659	\$171,384	12.4%
Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-

The Governor's Commission on Disabilities advocates for individuals with disabilities, expands economic opportunities for businesses owned by or employing individuals with disabilities and their families, and ensures that individuals 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 FY2020 includes \$1.6 million, of which \$1.0 million is general revenue. This reflects an all funds increase of \$171,384 from the FY2019 Budget as Enacted. The increase reflects an additional \$52,532 in general revenues, an increase of \$123,522 in federal funds, and a decrease of \$4,670 in restricted receipts.



Governor's Commission on Disabilities	General Revenue
FY2019 Enacted	\$1,002,537
<i>Target and Other Adjustments</i>	(6,429)
Contracted Services	45,363
Independent Living Program	13,598
Livable Home Modification Grant Program	Informational
FY2020 Enacted	\$1,055,069

Governor's Commission on Disabilities	Other Fund Changes
Independent Living Program	\$123,522
Handicapped Accessibility Capital Projects	Informational

Contracted Services **\$45,363**

The Budget adds \$45,363 in general revenue for design and engineering contracted services. In 2018, voters authorized the \$250.0 million School Construction bond. The Commission expects an increase in the number of school construction design plans to review for compliance with the Americans with Disabilities Act. The Commission does not have the staff to review these plans so it contracts out for these professional services. As part of the revised and current budget request, the Commission requested funding for this service. The Budget includes \$45,500 for FY2019 and \$45,363 for FY2020.

Independent Living Program **\$13,598**

The Budget increases the general revenue state match for the Independent Living Program by \$13,598, and includes an increase of \$123,522 in federal funds. Independent living programs work to support

community living and independence for people with disabilities. According to information provided by the Commission, independent living programs are supported through funding authorized by the Rehabilitation Act of 1973, as amended (The Act). Title VII, chapter 1 of the Act to promote independent living involving consumer control, peer support, self-help, self-determination, equal access, and individual and system advocacy, in order to maximize the leadership, empowerment, independence, and productivity of individuals with disabilities, and the integration and full inclusion of individuals with disabilities into the mainstream of American society.

Livable Home Modification Grant Program

Informational

The FY2019 Budget as Enacted included \$500,000 in general revenue to support the Livable Home Modification Grant Program. The Governor’s Commission on Disabilities (GCD) has administered the Livable Home Modification grant program since January 2017. The grant program allocates funding for home modification projects to allow people to stay in their homes longer and decrease the length and frequency of nursing home stays. Improvements include bathroom modifications, wheelchair ramps, and stability rails, along with other home modifications.

As of January 2, 2019, the GCD approved 55 applications in FY2019, totaling \$244,967. This does not include personnel, contract service, or operating costs for staff and outreach materials. A total of 32 grant awards have been paid and 4 grant awards are pending. The average turnaround time, from receiving a completed grant application to notifying applicants of approval or denial, is within one week.

Livable Homes Modification		
FY2019 Appropriation		\$500,000
Grant Awards Paid	(90,705)	
Personnel Expenses	(14,642)	
Contract Services	(99)	
Operating Expenses	(23)	
Subtotal	(\$105,469)	\$394,531
Unpaid Grant Commitments		154,262
Balance less commitments		\$240,269

	FY2019	FY2020
Livable Homes Modification	Governor	Governor
Salary and Benefits	\$22,938	\$24,960
Contract Services	3,854	21,872
Operating Costs	14,290	14,496
Grants and Awards	452,381	438,069
Total	\$493,463	\$499,397

The Budget continues support for the Livable Home Modification Grant Program and includes \$493,463 in general revenue in the FY2019 Revised Budget and \$499,397 in the FY2020 Budget for the program. The revised budget and the FY2020 Budget disperses the appropriations amongst the categories where expenditures occur. Approximately 90.0 percent of the appropriations will be used on grant awards.

The Governor’s Commission on Disabilities’ primary communication outreach concerning the Livable Home Modification Grant Program is to organizations that provide services to potential applicants, i.e. senior centers, Community Action Programs, outpatient and rehabilitation centers, and consumer advocacy organizations (MS Dream Center, RIPIN, AARP, and others). For these organizations, the GCD maintains a database of contact information, and periodically sends program updates, general information, copies of the application, and availability for staff presentations to potential applicants.

The GCD also provides exhibits at statewide conferences and expos with grant materials and applications, and communicates directly to municipalities to share program information. In addition, the Commission ran a print media advertisement in 2018, and another print advertisement will commence in the spring of 2019. In addition to referrals from organizations, GCD receives applicant referrals from past program awardees.

Commission on the Deaf and Hard of Hearing

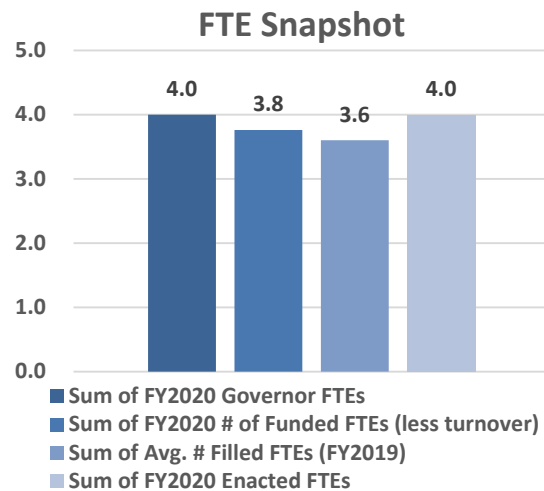
Expenditure by Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Commission on the Deaf and Hard of Hearing	\$500,346	\$603,178	\$566,745	(\$36,433)	-6.0%	\$663,338	\$60,160	10.0%

Expenditure by Source	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
General Revenue	\$428,285	\$523,178	\$455,902	(\$67,276)	-12.9%	\$533,338	\$10,160	1.9%
Restricted Receipts	72,061	80,000	110,843	30,843	38.6%	130,000	50,000	62.5%
Total	\$500,346	\$603,178	\$566,745	(\$36,433)	-6.0%	\$663,338	\$60,160	10.0%

Authorized FTE Levels	4.0	4.0	4.0	-	-	4.0	-	-
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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 provides recommendations for programs and legislation that will enhance cooperation and coordination among agencies and organizations that currently serve, or have the potential to serve, the deaf and hard of hearing community.

The Budget authorizes 4.0 FTE positions in FY2019 and FY2020, consistent with the FY2019 enacted budget.



MAJOR ISSUES AND TRENDS

The Budget includes total funding of \$663,338, including \$563,338 from general revenue. General revenue increases by 1.9 percent from the FY2019 enacted budget. Restricted receipts increase by \$50,000 to reflect an increase in additional funding from the Emergency and Public Communications Access Program (EPCAP). CDDH requested the funds for a translation service at state customer service locations. General revenue changes are due to information technology charges, turnover and other statewide adjustments.

Central Management	General Revenue
FY2019 Enacted	\$523,178
<i>Target and Other Adjustments</i>	24,563
Personnel Adjustments	(23,884)
Information Technology Charges	8,481
Interpreters and CART Services	1,000
FY2020 Enacted	\$533,338

Central Management	Other Fund Changes
Emergency and Public Communications Access Fund	\$50,000

Personnel Adjustments **(\$23,884)**

The Budget decreases general revenue by \$23,884 for personnel savings. The Commission on the Deaf and Hard of Hearing's Executive Director resigned and the agency is currently working to hire a new director. The lapse allows for \$30,000 in turnover savings, which are offset by other state-wide personnel adjustments. Total agency reductions in turnover are equivalent to 0.2 FTE positions agency-wide.

Information Technology Charges**\$8,481**

The Budget includes an increase in information technology charges in the amount of \$8,481 in general revenue to reflect billed amounts for information technology services. 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 FY2019 Budget as Enacted appropriated \$18,830 for this expense, which is increased by \$8,481 to \$27,311 in the FY2020 proposed budget.

Interpreters and CART Services**\$1,000**

The Budget includes an increase of \$1,000 for sign language interpreters and Communication Access Real-time Translation (CART) services, also known as real-time captioning.

Emergency and Public Communications Access Program (restricted receipts)**\$50,000**

The Emergency and Public Communication Access Program (EPCAP) was enacted as part of the FY2014 Budget as Enacted. The EPCAP is funded by an annual transfer in the amount of \$80,000 from the Public Utilities Commission. The funds are raised by wireless providers who collect and then remit a nine cent surcharge per month per access line. The program is intended to provide the deaf and hard of hearing population with access to communication. The FY2020 Budget includes \$130,000, reflecting an increase of \$50,000 from the FY2019 Budget as Enacted, to provide state customer service locations with iPads to provide interpreting services.

Office of the Child Advocate

Expenditures by Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Office of the Child Advocate	\$947,705	\$1,195,963	\$967,647	(\$228,316)	-19.1%	\$1,234,057	\$38,094	3.2%
Expenditures by Source								
General Revenue	\$703,984	\$969,922	\$805,811	(\$164,111)	-16.9%	\$986,701	\$16,779	1.7%
Federal Funds	243,721	226,041	161,836	(64,205)	-28.4%	247,356	21,315	9.4%
Total	\$947,705	\$1,195,963	\$967,647	(\$228,316)	-19.1%	\$1,234,057	\$38,094	3.2%
Authorized FTE Levels	8.0	10.0	10.0	-	-	10.0	-	-

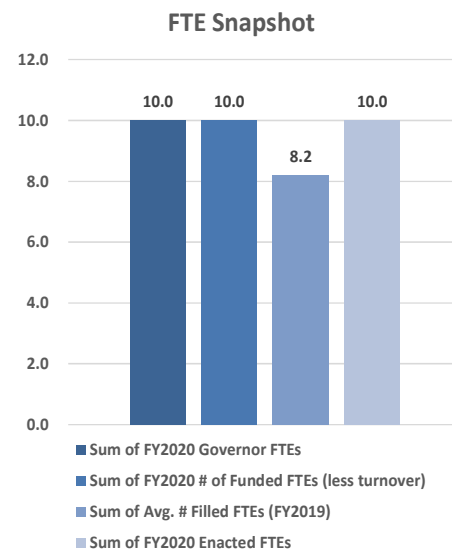
The Office of the Child Advocate (OCA) is mandated by statute to protect the legal, civil, and special rights of all children in the care of the Department of Children, Youth, and Families (DCYF). The Office strives to improve conditions and circumstances through monitoring, compliance, and advocacy. 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 reviewing all residential programs licensed by DCYF as well as the Rhode Island Training School. The Office also provides oversight for compliance by DCYF-contracted providers. The General Assembly amended the Office's statute in 2016, and again in 2019, 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, DCYF;
- The incident involves alleged abuse or neglect and the child's family had prior contact with DCYF; or
- The child's sibling, household member, or daycare provider was 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 DCYF settled 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 deficiencies throughout DCYF, including excessive caseworker assignments and an inappropriate residential service array. Over the last decade, these inadequacies have resulted in numerous incidents of child abuse, neglect, and death in Rhode Island. The 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.

The FY2020 Budget provides \$1.2 million from all funds for the Office. This includes \$986,701 from general revenues, an increase of \$16,779 (1.7 percent) relative to the FY2019 Budget as Enacted. The Budget authorizes 10.0 FTE positions in FY2020, consistent with the FY2019 Enacted level.



Office of the Child Advocate	General Revenue
FY2019 Enacted	\$969,922
<i>Target and Other Adjustments</i>	16,779
FY2020 Enacted	\$986,701

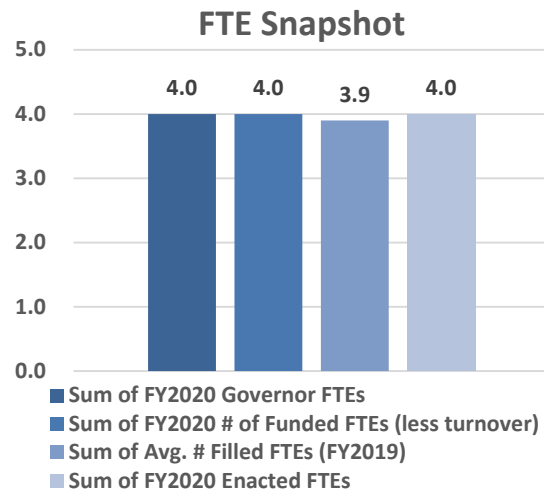
Office of the Mental Health Advocate

Expenditures By Program	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
Office of the Mental Health Advocate	\$629,731	\$653,260	\$567,389	(\$85,871)	-13.1%	\$602,411	(\$50,849)	-7.8%

Expenditures by Source	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
General Revenue	\$629,731	\$653,260	\$567,389	(\$85,871)	-13.1%	\$602,411	(\$50,849)	-7.8%
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 living 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 the 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 FY2020 Budget includes \$602,411 from general revenues, a decrease of 7.8 percent relative to the FY2019 Budget as Enacted. The Office is funded entirely through general revenues.

The Budget authorizes and fully funds 4.0 FTE positions in FY2020, consistent with the FY2019 Budget as Enacted. The 4.0 FTE positions include 1.0 Mental Health Advocate, 2.0 Staff Attorneys, and 1.0 Administrative Assistant.

Central Management	General Revenue
FY2019 Enacted	\$653,260
Target and Other Adjustments	(14,113)
Personnel Expenditures	(36,736)
FY2020 Enacted	\$602,411

Personnel Expenditures (\$36,736)

The Budget decreases personnel expenditures by \$36,736 in FY2020. During FY2019, a staff member left the OMHA and the individual who filled this position was hired at a lower pay grade.

Elementary and Secondary Education

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Administration of the Comprehensive Education Strategy	\$207.7	\$239.1	\$243.6	\$4.5	1.9%	\$239.5	\$0.3	0.1%
Central Falls School District	39.9	40.8	40.8	-	-	41.5	0.7	1.8%
Davies Career and Technical Center	18.3	22.5	22.9	0.4	1.7%	19.3	(3.2)	-14.0%
Rhode Island School for the Deaf	7.4	8.0	7.9	(0.0)	-0.3%	8.2	0.2	2.3%
Metropolitan Career and Technical School	11.1	9.6	9.6	-	-	9.6	-	-
Education Aid	913.1	938.2	942.0	3.9	0.4%	980.7	42.5	4.5%
School Construction Aid	80.0	80.0	80.0	-	-	80.0	-	0.0%
Teacher Retirement	102.2	106.1	106.8	0.6	0.6%	112.3	6.2	5.9%
Total	\$1,379.7	\$1,444.2	\$1,453.6	\$9.3	0.6%	\$1,491.1	\$46.8	3.2%
Expenditures By Source								
General Revenue	\$1,161.3	\$1,188.6	\$1,187.2	(\$1.5)	-0.1%	\$1,239.3	\$50.6	4.3%
Federal Funds	184.3	214.5	219.4	4.9	2.3%	213.3	(1.2)	-0.6%
Restricted Receipts	30.9	35.8	41.8	6.0	16.8%	37.4	1.7	4.7%
Other Funds	3.2	5.4	5.3	(0.1)	-1.3%	1.1	(4.3)	-79.4%
Total	\$1,379.7	\$1,444.2	\$1,453.6	\$9.3	0.6%	\$1,491.1	\$46.8	3.2%
Authorized FTE Levels	325.1	321.1	321.1	-	-	325.1	4.0	0.0

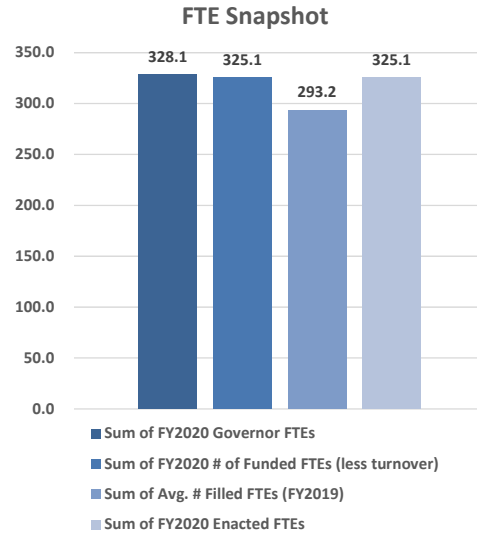
\$ in millions. Totals may vary due to rounding.

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 ninth year of the education funding formula and provides funding for categorical aid accounting for most of the \$50.6 million general revenue increase in FY2020. Generally the aid categories are level funded or reduced relative to the FY2019 Enacted Budget; however, the Early Childhood Education, English Learners, regional transportation, and stabilization funds are increased. Other general revenue increases include \$640,000 for 4.0 new FTE positions, including Dyslexia Training and Support, School Improvement, Leadership, and STEM Curriculum, and \$6.2 million for teacher retirement. The decrease in other funds is due primarily to the completion in FY2019 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.

The Budget provides 325.1 FTE positions across the Elementary and Secondary Education system in FY2020, including 139.1 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. The increase of 4.0 FTE positions, relative to the enacted budget, are all in the Department and include a literacy position, a school leadership position, a school improvement position, and a STEM curriculum position.



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
FY2019 Enacted	\$20,428,256
<i>Target and Other Adjustments</i>	
Literacy/Dyslexia Training (1.0 FTE position)	356,082
School Leadership (1.0 FTE position)	250,000
School Improvement (1.0 FTE position)	150,000
STEM Curriculum (1.0 FTE position)	120,000
Curriculum	120,000
Child Opportunity Zones (COZs)	100,000
FY2020 Enacted	\$21,574,338

Administration of the Comprehensive Education Strategy	Other Fund Changes
Adolescent Health and Achievement (federal funds)	\$1,666,926
School Climate Transformation Project (federal funds)	500,000
Nellie Mae Grant (restricted receipts)	238,500
School Construction Services (restricted receipts)	73,994

Literacy/Dyslexia Training (1.0 FTE position) \$250,000

The Budget provides \$250,000 in general revenue to fund a new literacy position in the Department and to support curriculum for literacy and students with dyslexia. Funds are intended to strengthen literacy screenings to detect dyslexia, coordinate Orton-Gillingham training statewide, and provide additional resources to improve literacy practices.

School Leadership (1.0 FTE position) \$150,000

The Budget provides \$150,000 in general revenue for a position to support school principals, increase the diversity of the state’s school leadership and educator pipeline, and support the principal certification process.

School Improvement (1.0 FTE position) \$120,000

The Budget adds \$120,000 in general revenue for a new school improvement position to support districts in creating school improvement teams, strategic plans, and a district review process.

STEM Curriculum (1.0 FTE position) \$120,000

The Budget provides \$120,000 in general revenue to support a new science, technology, engineering, and mathematics (STEM) curriculum position to assist with the development of science curriculum frameworks and the identification of high-quality instructional materials.

Curriculum \$100,000

The Budget provides \$100,000 to promote the adoption of high-quality curriculum by Local Education Agencies (LEAs). The funding will be used to evaluate existing LEA curriculum resources, assist districts with identifying and selecting high-quality curriculum, professional learning, and addressing the needs of student with disabilities.

Child Opportunity Zones (COZs) \$50,000

The Budget provides an additional \$50,000 for COZs for total general revenue funding of \$395,000. 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 Kingstown, Middletown, Newport, Pawtucket, Providence, Westerly, and Woonsocket.

Adolescent Health and Achievement (federal funds) \$1.7 million

The Budget provides \$1.7 million in federal funds to support adolescent health and academic achievement through a five-year, \$9.0 million grant from the United States Department of Health and Human Services. The grant funds will support stronger mental health and behavioral health services for students through the development and implementation of the grant program Project AWARE on the state and district levels to serve school-aged students with mental health disorders. The Departments of Elementary and Secondary Education and Children, Youth and Families (DCYF) will work with community mental health treatment providers to oversee efforts in Pawtucket, Providence, and Woonsocket to link school prevention and intervention programs and services to existing resources.

School Climate Transformation Project (federal funds) \$500,000

In October 2018, the Department received a \$2.5 million federal School Climate Transformation Grant. The grant will provide approximately \$500,000 annually over five years. The Department will work with the Center for Leadership and Educational Equity (CLEE) and the Northern Rhode Island Collaborative to support students with, or at risk of developing, behavioral health challenges, including substance abuse disorders, and those in the child welfare or juvenile justice systems. After reviewing district proposals, the Department will work with nine LEAs to build school-level capacity to support multi-tiered systems of support for the students in their districts.

Nellie Mae Grant (restricted receipts) \$238,500

The Budget includes \$238,500 in restricted receipts from a Nellie Mae great school partnership grant to support the reinvention of schools. The funds will support professional development for teachers throughout the State.

School Construction Services (restricted receipts) \$73,994

The Budget provides an additional \$73,994 (\$771,165 total) in restricted receipts for personnel costs associated with the School Building Authority (SBA). Article 9 of the FY2019 Budget as Enacted shifted the payment of expenses for the SBA, which is located within the Department of Elementary and Secondary Education, from general revenue to a restricted receipt account. The restricted receipt account is 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. There is no limit on the amount or type of expenses that will be funded; 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. Article 9 of the FY2020 Budget as Enacted clarified that the fee can only be charged on the original principal amount and provides that the expenditure of restricted receipts provided by the RIHEBC to support personnel expenses for the SBA are subject to annual appropriation and approval by the General Assembly.

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 \$41.5 million for the Central Falls School Department in FY2020. This includes the formula distribution as well as \$8.0 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
FY2019 Enacted	\$40,752,939
<i>Target and Other Adjustments</i>	
Funding Formula Adjustment	1,010,242
Central Falls Stabilization	(286,531)
FY2020 Enacted	\$41,476,650

Funding Formula Adjustment

\$1.0 million

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 FY2020, the district will receive an increase of \$1.0 million in funding formula aid.

Central Falls Stabilization

(\$286,531)

The Budget funds this category at \$8.0 million in FY2020, a decrease of \$286,531 from the enacted level. Of the total increase in funding, including the formula and the stabilization funding, \$400,000 is for costs associated with a 2.5 percent cost of living adjustment for teachers in Central Falls in FY2020 as provided in the teacher contract signed in spring 2018. 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.

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 \$36,894 from the FY2019 Budget as Enacted. (See Education Aid in the Special Report section of this publication for further detail.)

Davies Career and Technical School	General Revenue
FY2019 Enacted	\$13,658,087
<i>Target and Other Adjustments</i>	
Davies Stabilization Fund	615,843
Funding Formula Adjustment	(578,950)
FY2020 Enacted	\$13,694,981

Davies Stabilization Fund

\$615,843

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 \$615,843 (\$4.9 million total) in FY2020 to offset decreases in aid through the phase-in of the funding formula and increases for costs such as the statewide COLA, since the teachers at Davies are part of the state system.

Funding Formula Adjustment

(\$578,950)

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 FY2020, the Davies School will receive a reduction of \$578,950 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.

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
FY2019 Enacted	\$6,470,234
<i>Target and Other Adjustments</i>	\$92,579
Operating	69,190
FY2020 Enacted	\$6,701,193

Operating **\$69,190**

The Budget includes as additional \$69,190 (14.1 percent) over the FY2019 Budget as Enacted in general revenue for operating costs. This is driven by an increase of \$70,000 (70.0 percent) for electricity, \$23,000 for building maintenance and repairs, and \$9,000 (25.0 percent) for natural gas, partially offset by various decreases. The building was considered a “green” building when it was completed in 2010; however, the fixtures do not have LED bulbs. The School is working with National Grid and the RISE Engineering to complete energy efficiency studies. Also, the School has a longer school day than most public schools at 7 hours and 10 minutes, and students attend an extended school year.

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 FY2019 Budget as Enacted. This includes \$1.8 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
FY2019 Enacted	\$9,342,007
<i>Target and Other Adjustments</i>	-
Funding Formula Adjustment	(398,101)
Met School Stabilization Fund	398,101
FY2020 Enacted	\$9,342,007

Funding Formula Adjustment **(\$398,101)**

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 FY2020 the Met School will receive a reduction of \$398,101 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 **\$398,101**

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 \$398,101 increase over the enacted budget (\$1.8 million total) provided in

FY2020 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 FY2019.

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
FY2019 Enacted	\$911,869,976
<hr/>	
<i>Target and Other Adjustments</i>	<i>(\$7,777)</i>
Year 9 Funding Formula	31,138,152
Categorical Aid	9,636,711
FY2019 Audit Adjustment	1,831,118
Group Home Aid	(342,593)
FY2020 Enacted	\$954,125,587
<hr/>	
Education Aid	Other Funds
Statewide Transportation (restricted receipts)	\$1,578,372

Year 9 Funding Formula

\$31.1 million

The FY2020 Budget includes an additional \$31.1 million to fund the ninth year of the funding formula, for a total of \$910.1 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 ninth 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 \$31.2 million. The difference is due to an increase to Central Falls (\$1.0 million) partially offset by decrease in funding to Davies (\$578,950) and the Met (\$398,101) in FY2020 relative to the FY2019 enacted level.

Analyst Note: Since the State pays the local share of education funding for Central Falls, the \$1.0 million increase in the funding formula calculation is partially offset by a decrease in supplemental funding; however, in FY2020, the district realizes a net increase of \$723,711 over the enacted and level and \$388,998 relative to the Governor's recommendation.

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 (\$9,871 in FY2020) 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, (\$3,948 in FY2020) 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 **\$9.6 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 was added for School Resource Officer Support. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the relevant sections of this analysis.)

The FY2020 Budget includes funding for all of these categories, except the Regionalization Bonus.

- **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 \$7.7 million in FY2020, an increase of \$250,000 over the enacted budget for regional transportation.

Categorical	FY2020 Education Aid	
	Change from Enacted	Total Funding
Transportation	\$0.3	\$7.7
Early Childhood	8.6	14.9
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
English Learners	2.3	5.0
Public School Choice Density	(0.5)	-
Regionalization Bonus	-	-
School Resource Officer Support	(1.0)	1.0
Total	\$9.6	\$37.6

\$ in millions.

- **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 \$14.9 million in FY2020, an increase of \$8.6 million over the FY2019 Budget as Enacted. Of the increase, \$5.8 million replaces federal funding need to support current seats. The remaining \$2.9 million will expand the program by an additional 270 seats.
- **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 \$69,100 for FY2020). 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 FY2020, level with the enacted level.

- **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 FY2020, 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 \$987, to reflect 10.0 percent of the \$9,871 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 \$5.0 million in FY2020, an increase of \$2.3 million over the previous fiscal year; however, due to a reported 61.4 percent increase in English learner enrollments across the State, another \$3.4 million would be needed to fully fund this category. The Department provides four primary reasons for the increase in EL enrollment:

- An increase in the number of students enrolling in schools who are English Learners (RADM enrollment has decreased by 0.6 percent across the State).
 - The new screener, which has been in use for two years, is better at identifying EL students.
 - Districts may be paying closer attention to the identification of ELs since Providence was the subject of a US Department of Justice investigation and Providence, as well as other districts, are paying particular attention to be sure ELs are not slipping through the cracks.
 - Our state assessment for ELs; the ACCESS assessment, which is required by federal law, was revised two years ago to better align with the Common Core State Standards (CCSS). As a result the test became more rigorous and it has been harder for ELs to exit status. The Department will be examining entry and exit criteria this year, now that there is two years of data, and may be recommending some changes.
- **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 received 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 FY2020, due to the phase-down of the aid category, the Budget does not include density aid to: Central Falls, Charlestown, Cumberland, Lincoln, North Providence, Pawtucket, Providence, and Woonsocket. This represents a decrease of \$478,350 from the FY2019 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 FY2020, the ninth 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 established 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 fewer than 1,200 students, only one resource officer position is eligible for reimbursement. Schools with 1,200 students or more may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The Budget includes \$1.0 million for this category in FY2020, a reduction of \$1.0 million from the enacted level to reflect projected expenditures. The FY2019 Revised Budget reduces this category by \$1.8 million to reflect projected expenditures of \$213,230. In FY2019, four districts applied for aid: East Providence, Narragansett, North Smithfield, and Bristol-Warren.

FY2019 Audit Adjustment

\$1.8 million

The Budget includes \$1.8 million to hold districts harmless for an audit adjustment to correct an error in data used to calculate FY2019 education aid. In July 2018, the Budget Office became aware of a potential miscalculation of education aid for the Town of North Kingstown due to an error in the AEWAV (Adjusted Equalized Weighted Assessed Valuation) Report produced by the Division of Municipal Finance. In response to the error, Municipal Finance conducted an audit of the AEWAV data used for the FY2019 and FY2020 education aid calculations. The audit identified incorrect data entries in both data sets for most districts; however, since the FY2020 aid is still subject to change, only the FY2019 aid distribution needs to be adjusted. Since municipalities had already enacted and implemented school budgets for FY2019, the Administration decided to make the adjustment in the FY2020 distribution. While the statewide impact of this adjustment is minor (\$18,947), the correction to individual districts varies significantly. According to the Administration, new procedures have been implemented to prevent such errors in the future; however, no further details were provided. Article 9 of the Budget provides a procedure to adjust aid should another error occur.

Group Home Aid

(\$342,593)

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 FY2020 Budget includes \$3.2 million to fund group home beds. This is \$342,593 less than the FY2019 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)

\$1.6 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 FY2020 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 FY2020 Budget includes an estimated increase in expenditures for the statewide transportation program of \$1.6 million in restricted receipts (\$25.2 million total), relative to the FY2019 Budget as Enacted.

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 FY2020, 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 provided temporary incentives to encourage districts to improve the condition of public school buildings in Rhode Island, established a permanent incentive for school safety and security projects, and established school maintenance expenditure requirements.

For FY2020, the Budget provides \$80.0 million, level funded with the FY2019 Budget as Enacted. The Budget projects expenditures of \$79.0 million in school housing aid, an increase of \$9.5 million from the FY2019 Budget as Enacted. Pursuant to law, the surplus will be deposited into the School Building Authority Capital Fund.

Analyst Note: The FY2020 housing aid projection provided by the Department totals \$82.9 million in reimbursements. The source of the additional funding is unclear. An inquiry was sent to the Department on February 25, 2019, and has not been received as of July 15, 2019; however, July 15 was the due date for forms indicating which projects have been completed as of June 30 and are thereby qualified for reimbursement in FY2020.

School Construction Aid	General Revenue
FY2019 Enacted	\$80,000,000
<i>Target and Other Adjustments</i>	-
School Building Authority Capital Fund	Informational
FY2020 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 FY2020, the Budget provides \$1.0 million in general revenue from the surplus construction aid to capitalize the Capital Fund. Pursuant to law, the surplus \$1.0 million must be deposited into the School Building Authority Capital Fund, since more funding is being used for the construction aid program, the transfer to the Capital Fund represents a decrease of \$9.5 million from the enacted level. Through Article 9, the FY2019 Budget as Enacted shifted 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 added 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.

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
FY2019 Enacted	\$106,118,409
<i>Target and Other Adjustments</i>	
Defined Benefit Plan	6,110,588
Defined Contribution Plan	108,505
FY2020 Governor	\$112,337,502

Defined Benefit Plan**\$6.1 million**

The Budget provides total funding of \$108.3 million for the State's contribution to the teacher retirement defined benefit plan, reflecting a net increase of \$6.1 million from the FY2019 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

\$108,505

The Budget provides \$4.1 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 \$108,505 from FY2019 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 \$3.7 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2019 and \$650,000 in FY2020, including:

- \$3.1 million in FY2019 to complete the advanced manufacturing program at Davies Career and Technical School.
- \$6,388 in FY2019 and \$200,000 in FY2020 to replace and repair the HVAC system at the Davies Career and Technical School. Through a separate project, the Department requested \$50.0 million in RICAP funding to begin a new building with an estimated total cost of \$100.0 million, and indicated that if the new building were approved the HVAC would be incorporate into the larger project. The Budget does not provide funding for the new building. Davies has delayed repairs to the system until they can implement the recommendations in the recently completed Master Plan.
- \$575,548 in FY2019 and \$450,000 in FY2020 for asset protection to provide funding for the most pressing capital needs on a year-to-year basis. The Budget includes funding for Davies (\$275,548 in FY2019 and \$150,000 in FY2020), the Met School (\$250,000 annually in FY2019 and FY2020), and the School for the Deaf (\$50,000 annually in FY2019 and FY2020).

Public Higher Education

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Office of Postsecondary Commissioner	\$39.9	\$39.3	\$38.4	(\$0.9)	-2.4%	\$42.7	\$3.4	8.7%
University of Rhode Island	779.2	802.8	806.1	3.4	0.4%	837.0	34.3	4.3%
Rhode Island College	194.4	199.9	204.3	4.4	2.2%	201.8	1.9	1.0%
Community College of R.I.	159.8	165.6	163.3	(2.3)	-1.4%	166.4	0.7	0.5%
Total	\$1,173.3	\$1,207.6	\$1,212.1	\$4.5	0.4%	\$1,247.9	\$40.4	3.3%
Expenditures By Source								
General Revenue	\$220.9	\$230.1	\$233.7	\$3.6	1.6%	\$243.7	\$13.6	5.9%
Federal Funds	13.9	7.9	8.3	0.3	4.2%	8.0	0.1	1.0%
Restricted Receipts	2.6	2.7	3.6	1.0	36.2%	3.8	1.1	40.6%
Other Funds	935.9	966.9	966.5	(0.4)	0.0%	992.5	25.6	2.7%
Total	\$1,173.3	\$1,207.6	\$1,212.1	\$4.5	0.4%	\$1,247.9	\$40.4	3.3%
Third Party Funded FTE	739.8	788.8	788.8	-	0.0%	788.8	-	0.0%
Authorized FTE Levels	3,568.0	3,605.5	3,605.5	-	0.0%	3,595.5	(10.0)	-0.3%
Total	4,307.8	4,394.3	4,394.3	-	0.0%	4,384.3	(10.0)	-0.2%

\$ 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.

Article 9 of the FY2020 Budget as Enacted shifts oversight of the University of Rhode Island (URI) from the Board of Education, Council of Postsecondary Education (Council), and the Commissioner of Postsecondary Education to the newly established University of Rhode Island Board of Trustees (Board). The article also transfers all the duties and responsibilities pertaining to employees, debt service, and property from the Council to the newly created Board.

MAJOR ISSUES AND TRENDS

The FY2020 Budget includes total funding of \$1,247.9 million, representing an increase of \$40.4 million (3.3 percent) over the FY2019 Budget as Enacted, including a general revenue increase of \$13.6 million (5.9 percent). The increase includes \$4.5 million to fund a statewide cost of living adjustment (COLA) provided through an agreement between the State and the state employee bargaining units, \$6.9 million

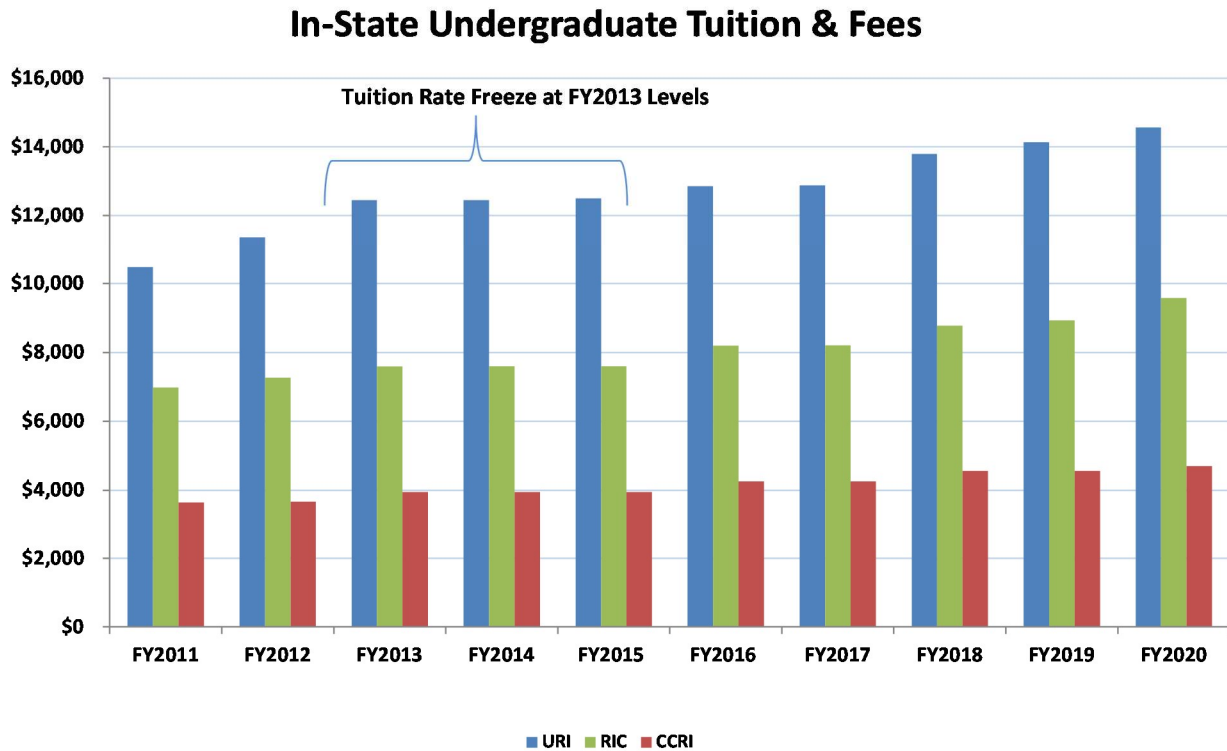
(\$38.6 million total) for general obligation debt services, and \$4.4 million in performance incentive funding to promote alignment between the State’s priorities for higher education and institutional practice and policy. This funding will be split among the three institutions, providing \$1.6 million to URI, \$1.3 million to RIC, and \$1.5 million to CCRI. Each institution has reductions associated with statewide adjustments resulting in lower net general revenue increases. There is also \$1.8 million in general revenue to expand the online degree program at URI and an increase of \$1.5 million in operating support for RIC.

Excluding general obligation bond debt services, the three institutions requested a total increase in state appropriation of \$16.3 million. The Budget provides a total increase of \$6.5 million, as well as tuition and mandatory fee increases at all three institutions.

Article 6 serves as a joint resolution for the issuance of up to \$80.5 million in Rhode Island Health and Educational Building Corporation (RIHEBC) revenue bonds for three projects at URI. The article provides for the issuance of \$51.5 million in revenue bonds for the renovation and expansion of the Memorial Union; \$2.1 million for utility and infrastructure improvements to the Fraternity Circle district of URI; and, \$26.9 million for the design and construction of a new Combined Health & Counseling Center.

Tuition and Fees

Actual tuition and fee rates, by institution, along with a projection for FY2019 and FY2020, are shown in the following graph.



URI	FY2016	FY2017 ¹	FY2018	FY2019	FY2020	Change from FY2019	
In-State Tuition	\$11,128	\$11,128	\$12,002	\$12,248	\$12,590	\$342	2.8%
Out-of-State Tuition	27,118	27,118	28,252	28,972	29,710	738	2.5%
Mandatory Fees	1,734	1,756	1,790	1,890	1,976	86	4.6%
Tuition & Fee Revenue	290,235,215	295,398,367	316,248,105	324,241,511	331,590,008	7,348,497	2.3%
RIC							
In-State Tuition	\$7,118	\$7,118	\$7,637	\$7,790	\$8,218	\$428	5.5%
Out-of-State Tuition	18,779	18,779	20,150	20,553	21,683	1,130	5.5%
Mandatory Fees	1,079	1,088	1,139	1,139	1,360	221	19.4%
Tuition & Fee Revenue	70,074,560	69,106,634	72,656,239	72,463,717	78,487,943	6,024,226	8.3%
CCRI							
In-State Tuition	\$3,950	\$3,950	\$4,148	\$4,148	\$4,284	\$136	3.3%
Out-of-State Tuition	11,180	11,180	11,740	11,740	12,128	388	3.3%
Mandatory Fees	316	316	416	416	416	-	0.0%
Tuition & Fee Revenue	52,071,850	49,709,600	53,493,373	54,013,904	56,237,802	2,223,898	4.1%

¹ The increase for URI includes \$2.8 million for online program revenue.

In FY2020, URI is projecting an increase in tuition and fee revenue of \$7.3 million, or 2.3 percent, based on an increase in in-state tuition of \$342, or 2.8 percent; out-of-state tuition of \$738, or 2.5 percent; and mandatory fees of \$86, or 4.6 percent. RIC is projecting an increase in tuition and fee revenue of \$6.0 million, or 8.3 percent, based on an increase in in-state tuition of \$428, or 5.5 percent; an increase in out-of-state tuition of \$1,130, or 5.5 percent; and, an increase in mandatory fees of \$221, or 19.4 percent. CCRI projects an increase in tuition and fee revenue of \$2.2 million, or 4.1 percent, based on an enrollment increase of 0.9 percent; an increase in in-state tuition of \$136, or 3.3 percent, and an increase in out-of-state tuition of \$388, or 3.3 percent.

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 FY2017, the most recent data available, Connecticut appropriated \$4,177 more per student FTE than Rhode Island and Massachusetts appropriated \$2,637 more. Based on Rhode Island's FY2017 FTE enrollment of 30,246, the difference in per-student FTE between Rhode Island and Massachusetts is \$79.8 million.

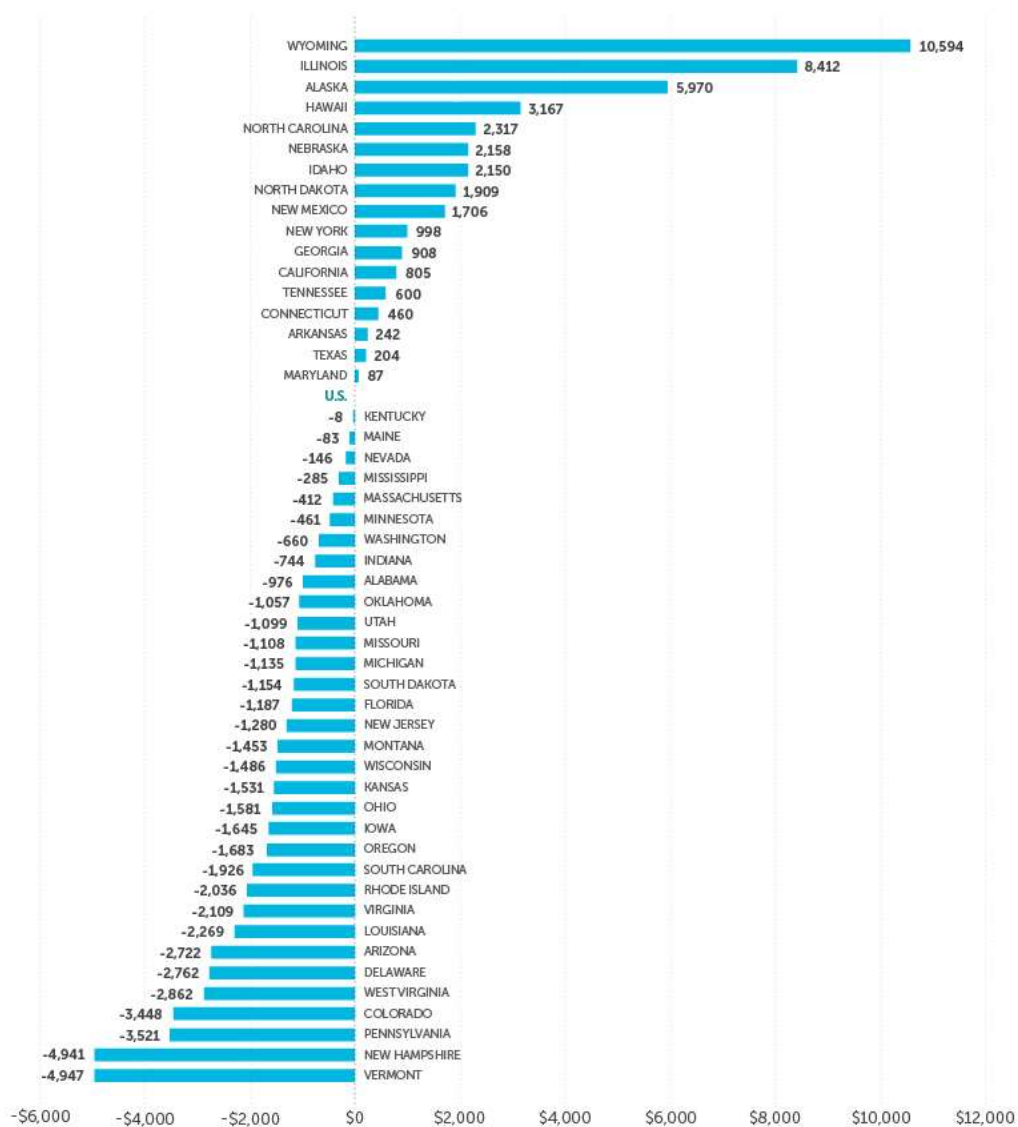
However, on a national perspective in FY2017, the State of Wyoming appropriated \$12,630 more per student FTE than Rhode Island. The chart on the following page is from the State Higher Education Executive Officers Association (SHEEO). The chart illustrates the difference in state appropriations to public higher education based on student FTEs. The State of Rhode Island appropriates \$2,036 less per student than the national average.

FY2017 State Educational Appropriations per FTE

Connecticut	\$10,281
Massachusetts	8,741
Maine	7,733
Rhode Island	6,104
Vermont	3,017
New Hampshire	2,959
Regional Average	\$6,473

Source: State Higher Education Executive Officers (SHEEO)

FIGURE 8
EDUCATIONAL APPROPRIATIONS PER FTE (ADJUSTED):
DIFFERENCE FROM U.S. AVERAGE, FY 2017



- NOTES:**
1. Educational appropriations are a measure of state and local support available for public higher education operating expenses, excluding appropriations for independent institutions, research, hospitals, and medical education.
 2. Adjustment factors to arrive at constant dollar figures include Cost of Living Index (COLI), Enrollment Mix Index (EMI), and Higher Education Cost Adjustment (HECA). The Cost of Living Index (COLI) is not a measure of inflation over time.
 3. For Illinois, a \$1.25 billion back payment in FY 17 to their historically underfunded higher education pension program resulted in past legacy pension funds accounting for 37.8 percent of all educational appropriations. The substantial increase in appropriations per FTE for Illinois between 2016 and 2017 was primarily due to institutions receiving 30 percent of their annual state appropriations (compared to levels in adjacent years).

SOURCE: State Higher Education Executive Officers

In FY2020, the three state institutions requested a \$16.3 million increase in the State general revenue support, excluding general obligation debt service: the Budget provides \$6.5 million.

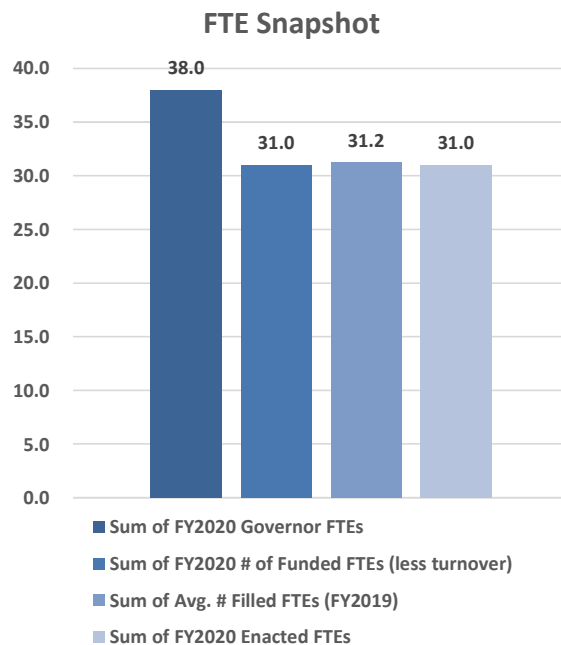
OFFICE OF THE POSTSECONDARY COMMISSIONER

Expenditures By Source	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Revenue	\$13.9	\$16.3	\$16.0	(\$0.3)	-1.7%	\$16.5	\$0.2	1.4%
Federal Funds	13.9	7.9	8.3	0.3	4.2%	8.0	0.1	1.0%
Restricted Receipts	2.0	2.0	3.0	1.0	52.3%	3.1	1.1	57.9%
Other Funds	10.1	13.1	11.1	(2.0)	-15.4%	15.1	2.0	15.0%
Total	\$39.9	\$39.3	\$38.4	(\$0.9)	-2.4%	\$42.7	\$3.4	8.7%

\$ 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 31.0 FTE positions for the OPC in FY2020, including 1.0 FTE that is third-party funded. This represents a net decrease of 5.0 FTE positions from the FY2019 Budget as Enacted. The decrease is due to the elimination of 8.0 FTE positions in the Office of the Postsecondary Commissioner, as recommended by the Governor and the Governor's Efficiency Commission, partially offset by the addition of 3.0 FTE positions for the Westerly Education Center (8.0 total).



Office of Postsecondary Commissioner	General Revenue
FY2019 Enacted	\$16,288,918
<i>Target and Other Adjustments</i>	
	<i>384,587</i>
Co-Locate OPC and RIDE (6.0 FTE position reduction)	(1,000,000)
Rhode Island Promise Scholarship Program	981,425
Personnel Adjustment (2.0 FTE Reduction in OPC)	(378,919)
New England Board of Higher Education Dues	147,000
State Authorization Reciprocity Agreement (SARA)	71,000
Best Buddies	15,000
FY2020 Enacted	\$16,509,011

Office of Post Secondary Commissioner	Other Fund Changes
Dual/Concurrent Enrollment Program (other funds)	500,000
Higher Education and Industry Centers (3.0 FTE positions) (restricted receipts)	298,808

Co-Locate OPC and RIDE (6.0 FTE position reduction) ***(\$1.0 million)***

Based on the Governor’s recommendation from the Efficiency Commission, the Budget realizes \$1.0 million in general revenue savings from the co-location of the Office of the Postsecondary Commission (OPC) with the Department of Elementary and Secondary Education. The savings are based on the elimination of several FTE positions from the OPC due to the sharing of administrative support; consequently, the Budget eliminates 6.0 unspecified FTE positions from the OPC. The co-location is also intended to allow closer collaboration between the agencies.

Rhode Island Promise Scholarship Program ***\$981,425***

The Budget includes an additional \$981,425 in general revenue (\$7.0 million total) to fund the third 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 (CCRI), less federal and all other financial aid available to the recipient. FY2020 represents the third year of the program. While in the first two years the program has seen enrollment growth around 45.0 percent annually, the increase reflects a projected decline in growth across two classes to 24.0 percent and the 3.0 percent tuition increase at CCRI.

In the program report for fall 2018, CCRI cited a 63.0 percent retention rate for the fall 2017 cohort which is consistent with College’s historical rate and the national average of 62.0 percent, and significantly higher than the 58.0 percent report by the Tennessee Program in the first year. In addition, 22.0 percent of the cohort is on track to graduate in two years, relative to 6.0 percent of first-time, full-time students in past years. In addition, through the “free college” message and a focus on increasing access to higher education, the fall 2018 cohort reflects a 63.0 percent growth in students of color relative to 2017.

Personnel Adjustment (2.0 FTE Reduction in OPC) ***(\$378,919)***

The Budget includes a decrease of \$378,919 in salary and benefits cost to reflect the elimination of 2.0 FTE positions within OPC and increased turnover savings to bring the Office in alignment with current staffing and program levels. Specific positions are not identified for elimination; however, as of the June 8, 2019, payroll period, the OPC had 4.0 vacant FTE positions.

New England Board of Higher Education Dues ***\$147,000***

The Budget provides \$147,000 in general revenue to pay the membership dues for the New England Board of Higher Education (NEBHE). Previously NEBHE annual dues were paid out of reserves generated through Division of Higher Educating Assistance (DHEA) guaranty agency activities. In December 2017,

the Council on Postsecondary Education voted to transfer the loan portfolio to the United States Department of Education. Upon transfer, DHEA no longer generated revenues to replenish the fund, which is used to provide financial aid assistance to Rhode Island students. The FY2019 Budget as Enacted limited the amount of reserves that can be used annually to fund administrative expenses to 10.0 percent of the amount appropriated for scholarships and grants. Due to constraints imposed on the expenditure of funds, the Office of the Postsecondary Commissioner has not paid the annual membership dues for NEBHE.

Rhode Island has been an active member of NEBHE for over 60 years and Rhode Island students receive benefits from the membership including the New England Regional Student Program/Tuition Break and the Stat Authorization Reciprocity Agreement. In FY2018, 1,062 residents saved a total of \$7.5 million on tuition bills through the RSP/Tuition Break, with full-time students averaging \$8,613. In addition, public colleges and universities in Rhode Island received \$16.0 million in tuition revenues and \$1.3 million in fee revenue from 1,307 incoming students from the five other member states.

State Authorization Reciprocity Agreement (SARA) ***\$71,000***

The Budget does not create the State Authorization Reciprocity Agreement (SARA) fees restricted receipt account recommended through Article 2 of the Governor’s Budget, and restores \$71,000 in general revenue, in lieu of the restricted receipts, to continue membership. SARA is an agreement among member states, District of Columbia, and U.S. territories that established comparable national standards for interstate offering of postsecondary distance education courses and programs. Participation in this agreement makes it easier for Rhode Island students to take high-quality, online courses offered by institutions based in other states and streamlines administration for Rhode Island institutions offering distance learning opportunities out of state. SARA is overseen by the National Council for State Authorization Reciprocity Agreements (NC-SARA) and administered by four regional education compacts, with the New England Board of Higher Education (NEBHE) being the regional entity for Rhode Island.

Best Buddies ***\$15,000***

The Budget increases general revenue funding for the Best Buddies program by \$15,000 for a total of \$75,000 in FY2020. 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.

Dual/Concurrent Enrollment Program (other funds) ***\$500,000***

The Budget provides an additional \$500,000 (\$2.3 million total) in other funds for the dual/concurrent enrollment program. This program allows high school students to take courses for college and high school credit at the University of Rhode Island (URI), Rhode Island College (RIC), or the Community College of Rhode Island (CCRI) at no cost to the student. The program is primarily funded from CollegeBound tuition savings program revenue; however, for full-time dual enrollment students at CCRI, the sending district is responsible for up to 50.0 percent of the core instructional per pupil amount.

Revenues from the CollegeBound fund are expected to decline due to the raising average age of participants and smaller contributions. The revenues are based on the amount of assets under management. The average age of the participants is currently 16; and, as these participants enter college, they will withdraw assets. Furthermore, the new, younger participants are not joining in the numbers needed to offset withdrawals and generally make smaller contributions to their savings plan. Historically generating about \$6.0 million annually, the General Treasurer projects revenue to decline to \$4.8 million in FY2020 and \$4.6 million for FY2021 through FY2024. These revenues are also used to partially support the need-based grant program.

Higher Education and Industry Centers (3.0 FTE positions) (restricted receipts) \$298,808

The Budget includes \$298,808 in restricted receipt funding for 3.0 new FTE positions at the Westerly Higher Education and Industry Centers, which opened in January 2017. The facility is self-supporting through occupancy fees charged for the use of the facility.

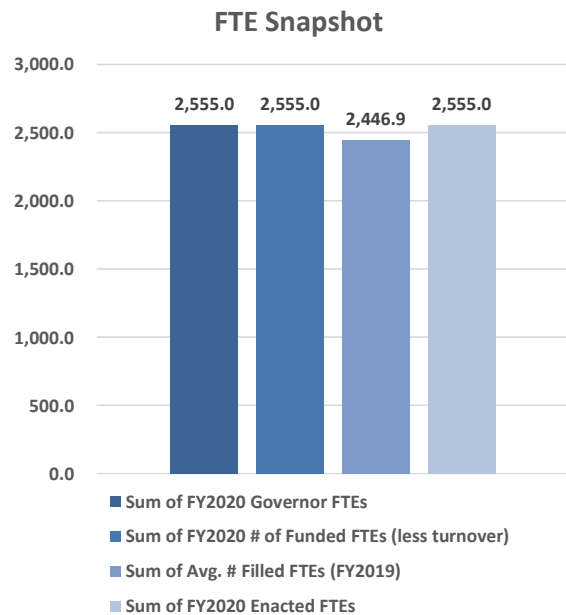
- **Project Manager (1.0 FTE) - \$118,427:** The position will assist the Westerly Center with the development of grant proposals to increase postsecondary attainment, eliminate equity gaps, and make college affordable.
- **Administrator Coordinator (1.0 FTE) - \$96,457:** The position will be responsible for coordinating and executing events held at the Westerly Center, such as booking events, scheduling services, and providing support during the events.
- **Assessment Specialist (1.0 FTE) - \$89,133:** This position at the Westerly Center will coordinate with the institutions of higher education, assess students’ academic and career preparedness, determine needed support services, and connect students to the necessary services. The Administrative/Assessment Professional will also provide administrative support to the Executive Director and provide support when students and clients enter the building.

UNIVERSITY OF RHODE ISLAND

Expenditures By Source	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Revenue	\$101.1	\$105.1	\$110.0	\$4.9	4.6%	\$115.2	\$10.1	9.7%
Other Funds	678.1	697.7	696.2	(1.5)	-0.2%	721.8	24.1	3.5%
Total	\$779.2	\$802.8	\$806.1	\$3.4	0.4%	\$837.0	\$34.3	4.3%

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 turf grass 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 four campuses: the 1,250 acre Kingston Campus; the 153 acre Bay Campus in Narragansett; the Providence Campus, located in the Shepard Building on Washington Street in Providence; and, the W. Alton Jones Campus located on 2,300 acres in West Greenwich. The Budget provides 2,555 FTE positions,



including 622.8 third-party funded, consistent with the FY2019 Budget as Enacted.

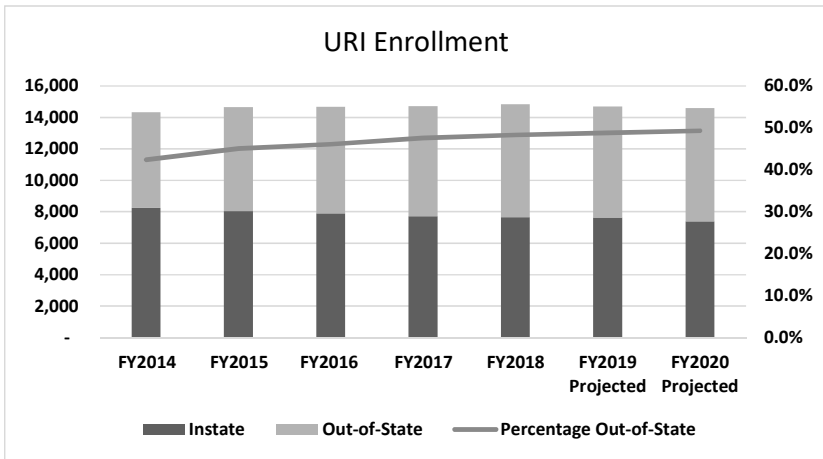
Major Issues and Trends

In addition to the 2.3 percent increase in tuition and fee revenue, URI requested a general revenue, state appropriation increase of \$9.6 million excluding general obligation debt service. Of the requested increase 88.0 percent is for contractual increases for salaries and benefits, and for student aid. Strategic initiatives include graduate teaching assistant expansion, student wellness enhancements, institutional research investments, and purchasing authority enhancements. While approving the tuition and fee increase, the Budget provides a general revenue increase of \$10.1 million, including \$7.1 million for debt service, \$1.8 million for the online program expansion and \$1.6 million in performance incentive funding.

Article 9 of the FY2020 Budget as Enacted shifts oversight of URI from the Board of Education, Council of Postsecondary Education (Council), and the Commissioner of Postsecondary Education to the newly established University of Rhode Island Board of Trustees (Board). The article also transfers all the duties and responsibilities pertaining to employees, debt service, and property from the Council to the newly created Board.

Enrollment

In-state enrollment is projected to be 7,406 full-time equivalent students in FY2020 a decrease of 125 students, or 1.7 percent; while out-of-state students are projected at 7,205 students, an increase of 12 students, or 0.2 percent



University of Rhode Island	General Revenue
FY2019 Enacted	\$105,076,256
<hr/>	
Target and Other Adjustments	(\$368,867)
General Obligation Debt Service	7,107,110
Online Education Program Expansion	1,800,000
Performance Incentive Fund	1,581,938
State Crime Lab	28,669
FY2020 Enacted	\$115,225,106

General Obligation Debt Service \$7.1 million

The Budget includes \$29.0 million in general revenue for general obligation debt service at URI in FY2019 and \$30.5 million in FY2020. This is an increase of \$5.6 million and \$7.1 million respectively from the FY2019 Budget as Enacted. The increase is due primarily to the issuance of bonds for College of Engineering projects at URI.

	Debt Service							
	FY2018 Spent	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
University of Rhode Island	\$22,764,906	\$23,428,285	\$28,989,347	\$5,561,062	23.7%	\$30,535,395	\$7,107,110	30.3%
Rhode Island College	6,192,628	6,421,067	6,421,067	-	-	6,180,718	(240,349)	-3.7%
Community College of Rhode Island	2,082,845	1,904,030	1,904,030	-	-	1,898,030	(6,000)	-0.3%
Total	\$31,040,379	\$31,753,382	\$37,314,444	\$5,561,062	17.5%	\$38,614,143	\$6,860,761	21.6%

Source: Rhode Island Budget Office

Online Education Program Expansion

\$1.8 million

The Budget includes an additional \$1.8 million in general revenue to expand the online degree program at URI. Although not included as a strategic investment in URI's FY2020 Budget request, the funds will be used to increase course offerings, introduce new degree programs, and establish online tutoring and a helpdesk. FY2020 represents the first year of a 3-year request to provide \$1.6 to \$1.8 million annually to establish URI online and accelerate the degree development program. URI anticipates the online program will be fully self-supporting by year four. Hanover Research conducted a market opportunity scan of bachelor's and master's degree programs highlighting potential fields for online program development at URI. The offerings are not intended to replace current, in-person course offerings but to allow the University to reach a new cohort of students unable or unwilling to attend the campus. Each program selected for online development is linked to high employment opportunities in the New England region, stem from areas of strength within the University, and is a program adult learners often seek in an online format.

Performance Incentive Fund

\$1.6 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 \$1.6 million in performance incentive funding for URI in FY2020 (\$2.6 million total).

State Crime Lab

\$28,669

The Budget provides an additional \$28,669 in general revenue (\$1.3 million total) for the State Crime Lab. The University requested an increase of \$198,575, including various salary and benefit adjustments and \$180,000 in general revenue to purchase a bench-top Scanning Electron Microscope (SEM). The Budget does not provide funding for the microscope.

RHODE ISLAND COLLEGE (RIC)

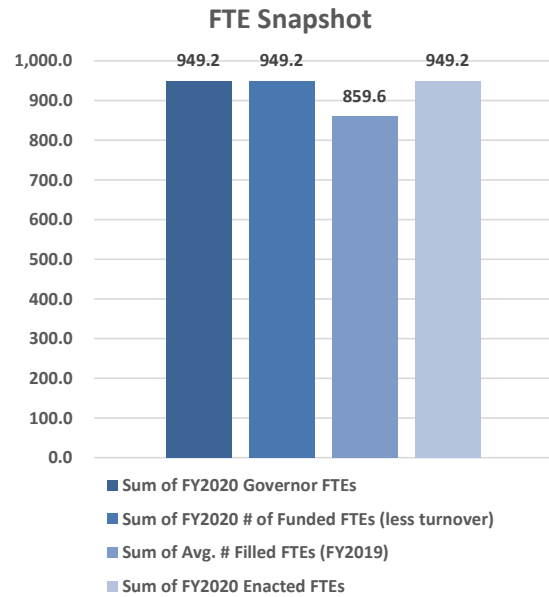
Expenditures By Source	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Revenue	\$54.1	\$55.7	\$55.3	(\$0.5)	-0.9%	\$58.0	\$2.3	4.1%
Other Funds	140.3	144.1	149.0	4.9	3.4%	143.8	(0.3)	-0.2%
Total	\$194.4	\$199.9	\$204.3	\$4.4	2.2%	\$201.8	\$1.9	1.0%

\$ 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 Commission of Higher Education, 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 FY2020, including 76.0 third-party funded, consistent with the FY2019 Budget as Enacted.

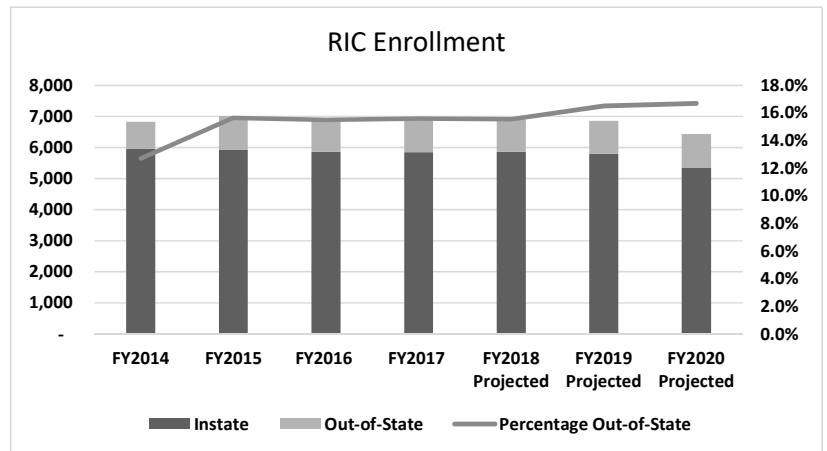


Major Issues and Trends

In addition to a tuition and fee revenue increase of \$6.0 million, or 8.3 percent, RIC requested an increase in the state general revenue appropriation of \$4.3 million, or 8.6 percent, excluding G.O. debt service. Strategic initiatives included faculty salary adjustments, investment in IT infrastructure, and a strategic branding campaign. Excluding G.O. debt service, the Budget provides a \$2.5 million increase in general revenue, including \$1.5 million in operating support and \$1.3 million in performance incentive funding, partially offset by \$278,403 in statewide adjustments.

Enrollment

Total enrollment is projected to be 6,432 full-time equivalent students in FY2020, an increase of 3 students, relative to FY2019. Relative to FY2014, out-of-state enrollment is projected to increase by 23.9 percent.



Rhode Island College	General Revenue
FY2019 Enacted	\$55,749,666
<i>Target and Other Adjustments</i>	(<i>\$278,403</i>)
Operating Support	1,500,000
Performance Incentive Fund	1,289,419
General Obligation Debt Service	(240,349)
FY2020 Enacted	\$58,020,333

Rhode Island College Operating Support**\$1.5 million**

The Budget adds \$1.5 million in general revenue operating support for Rhode Island College (RIC) in FY2020. The Governor's Budget assumed 3.0 percent freshman and sophomore enrollment growth due to the expansion of the RI Promise program to RIC. This growth would equate to about \$1.2 million in new revenue. While the Budget does not provide for the expansion of the RI Promise program, there is additional general revenue support and the Budget restores need-based scholarship funding to RIC.

Performance Incentive Fund**\$1.3 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 \$1.3 million in performance incentive funding for RIC in FY2020, for a total of \$2.3 million.

General Obligation Debt Service**(\$240,349)**

The Budget provides \$6.2 million in FY2020 for general obligation debt service at RIC funded by general revenue, and \$6.4 million in FY2019. This is a decrease of \$240,349 in FY2020 and level funded in FY2019 relative to the FY2019 Budget as Enacted.

	Debt Service							
	FY2018 Spent	FY2019 Enacted	FY2019 Revised	Change from Enacted	FY2020 Enacted	Change from Enacted		
University of Rhode Island	\$22,764,906	\$23,428,285	\$28,989,347	\$5,561,062	23.7%	\$30,535,395	\$7,107,110	30.3%
Rhode Island College	6,192,628	6,421,067	6,421,067	-	-	6,180,718	(240,349)	-3.7%
Community College of Rhode Island	2,082,845	1,904,030	1,904,030	-	-	1,898,030	(6,000)	-0.3%
Total	\$31,040,379	\$31,753,382	\$37,314,444	\$5,561,062	17.5%	\$38,614,143	\$6,860,761	21.6%

Source: Rhode Island Budget Office

COMMUNITY COLLEGE OF RHODE ISLAND (CCRI)

Expenditures By Source	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted	FY2020 Enacted	Change from Enacted		
	General Revenue	\$51.8	\$53.0	\$52.4	(\$0.5)	-1.0%	\$53.9	\$0.9
Restricted Receipts	0.6	0.7	0.6	(0.1)	(0.1)	0.6	(0.1)	-8.8%
Other Funds	107.5	112.0	110.3	(1.7)	-1.5%	111.8	(0.1)	-0.1%
Total	\$159.8	\$165.6	\$163.3	(\$2.3)	-1.4%	\$166.4	\$0.7	0.5%

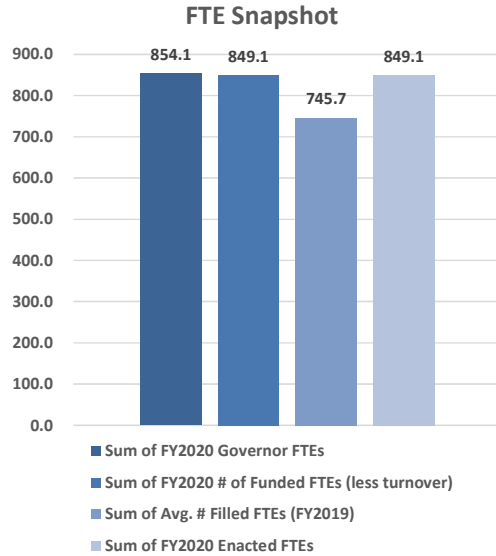
\$ in millions

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 Westerly Higher Education and Industry Center, and at Westerly Middle School.

The Budget includes 849.1 FTE positions in FY2020 and FY2019, including 89.0 third-party funded FTE positions, a reduction of 5.0 FTE positions relative to the enacted level.



Major Issues and Trends

In addition to a revenue and fee increase of 4.1 percent, CCRI requested an increased state appropriation \$2.4 million (\$53.4 million total). The Budget includes an increase of \$1.5 million performance incentive (\$2.5 million total), partially offset by a decrease of \$316,860 in statewide adjustments, \$250,000 in administrative support (5.0 FTE positions), and \$6,000 in general obligation debt service. The major cost increases at CCRI include mandatory and contractual items, such as salaries and benefits; student aid; and technology investments.

Enrollment

The table shows the actual student enrollment, both by headcount and by FTE, from 2011 through 2018, and a projection for 2019 and 2020. In FY2020, enrollment is projected to increase by 84.0 full-time equivalent students, or 0.9 percent, relative to FY2019 Projected. This projection includes the enrollment growth expected due to Rhode Island Promise.

Year	CCRI Student Enrollment		FTE	FTE % Change
	Headcount	% Change		
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	14,624	-6.3%	8,593	-5.9%
FY2018 Pre-Audit	14,155	-3.2%	8,732	1.6%
FY2019 Projected	14,048	-0.8%	9,051	3.7%
FY2020 Projected	14,206	1.1%	9,135	0.9%
10-Year Average	15,850	-2.0%	9,621	-1.6%

Community College of Rhode Island	General Revenue
FY2019 Enacted	\$52,978,860
<i>Target and Other Adjustments</i>	<i>(316,860)</i>
Performance Incentive Fund	1,490,408
Administrative Support (5.0 FTE position reduction)	(250,000)
General Obligation Debt Service	(6,000)
FY2020 Enacted	\$53,896,408

Performance Incentive Fund

\$1.5 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 \$1.5 million in performance incentive funding for CCRI in FY2020, for a total of \$2.5 million

CCRI Administrative Support **(\$250,000)**

The Budget reduces general revenue for administrative support at CCRI by \$250,000 and removes 5.0 unspecified FTE positions.

General Obligation Debt Service **(\$6,000)**

The Budget provides \$1.9 million in FY2020 and FY2019 for general obligation debt service at CCRI funded by general revenue. This is a decrease of \$6,000 and level funded respectively from the FY2019 Budget as Enacted.

	Debt Service							
	FY2018 Spent	FY2019 Enacted	FY2019 Revised	Change from Enacted	FY2020 Enacted	Change from Enacted		
University of Rhode Island	\$22,764,906	\$23,428,285	\$28,989,347	\$5,561,062	23.7%	\$30,535,395	\$7,107,110	30.3%
Rhode Island College	6,192,628	6,421,067	6,421,067	-	-	6,180,718	(240,349)	-3.7%
Community College of Rhode Island	2,082,845	1,904,030	1,904,030	-	-	1,898,030	(6,000)	-0.3%
Total	\$31,040,379	\$31,753,382	\$37,314,444	\$5,561,062	17.5%	\$38,614,143	\$6,860,761	21.6%

Source: Rhode Island Budget Office

CAPITAL PROJECTS

The Budget includes a total of \$35.8 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2020 and \$46.0 million in FY2019, some of the major projects include 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 FY2020, the Budget includes a total of \$14.4 million in asset protection funding for URI (\$8.3 million), RIC (\$3.7 million), and CCRI (\$2.4 million). In FY2019, there is a total of \$15.7 million including \$7.7 million in RICAP asset protection funding for URI, \$4.4 million for RIC, and \$3.6 million for CCRI.

RIC- Academic Buildings I – Craig Lee, Gaige, Adams Library: The Budget provides \$11.7 million in FY2019 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 \$3.5 million in RICAP funding in FY2020 and \$3.7 million in FY2019 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 \$3.0 million in RICAP funding in FY2020 and \$5.4 million in FY2019 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 \$36.1 million through FY2024.

URI Fine Arts Center: The Budget provides \$14.0 million in RICAP funding for the renovation of the Fine Arts Center, including \$7.1 million in FY2020 and \$6.9 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. Subsequently, however, the University proposed to reduce project and debt service costs by reconsidering the scope of the project and using RICAP funds to begin renovations in FY2019. The University estimates using RICAP funds instead of general obligation bond proceeds will save \$4.0 million in escalation due to rising construction costs and \$42.8 million in debt service, assuming a 5.0 percent interest rate over 20 years on a \$70.8 million bond. While the budget provides the requested RICAP funds in FY2019 and FY2020, the funds requested for FY2021 (\$13.2 million), FY2022 (\$19.0 million), and FY2023 (\$20.1 million) are not included in the Governor's out-year capital plan recommendation.

University of Rhode Island - Biological Resources Lab: The Budget provides \$2.9 million in RICAP funding for this project in FY2020 and \$1.8 million in FY2019. 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	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$2,912,159	\$3,132,046	\$3,404,592	\$272,546	8.7%	\$3,438,248	\$306,202	9.8%
Total	\$2,912,159	\$3,132,046	\$3,404,592	\$272,546	8.7%	\$3,438,248	\$306,202	9.8%
Expenditures By Source								
General Revenue	\$1,919,769	\$2,007,993	\$1,977,819	(\$30,174)	-1.5%	\$2,004,748	(\$3,245)	-0.2%
Federal Funds	671,367	719,053	811,773	92,720	12.9%	762,500	43,447	6.0%
Restricted Receipts	7,950	5,000	15,000	10,000	200.0%	45,000	40,000	800.0%
Other Funds	313,073	400,000	600,000	200,000	50.0%	626,000	226,000	56.5%
Total	\$2,912,159	\$3,132,046	\$3,404,592	\$272,546	8.7%	\$3,438,248	\$306,202	9.8%
Authorized FTE Levels	8.6	8.6	8.6	-	-	8.6	-	-

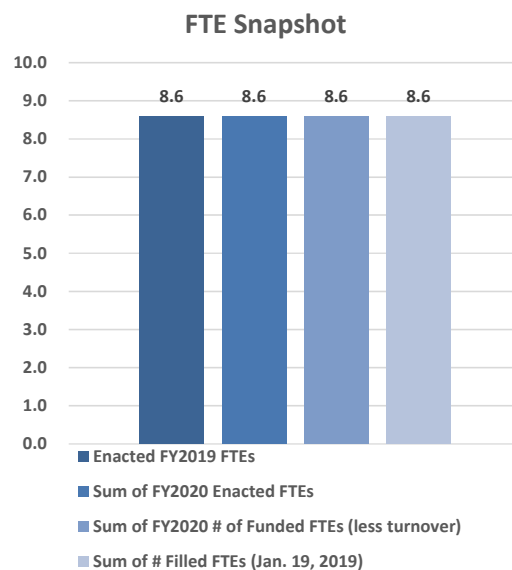
The Rhode Island State Council on the Arts (RISCA) provides grants, technical assistance and support to arts organizations, schools, community centers, social service organizations, and local governments to bring the arts into the lives of Rhode Islanders. RISCA provides these services through grant making, partnerships, education and technical assistance. RISCA also manages the Art for Public Facilities Program providing art for state buildings.

MAJOR ISSUES AND TRENDS

The other funds increase in FY2019 and FY2020 is for the Percent for Arts program. RISCA is working on the installation of art at various facilities, including the new Engineering Building at URI, Craig Lee Hall at RIC, and the Attorney General's new building on the Pastore Campus. Budgeting the expenditures for these projects is difficult since installation is impacted by building construction schedules, as well as artist fabrication and installation. The Council often requests spending authority that may not be fully expended in a given fiscal year but that is within the project funding limits.

The \$40,000 increase in restricted receipts will support the Arts and Health Network, a partnership between RISCA and the Department of Health to further the integration of arts and health into the State's policy, practice, and research agendas. The funding is part of a \$50,000 grant from ArtPlace American, LLC, providing \$10,000 in FY2019 and \$40,000 in FY2020. ArtPlace America is a collaboration of foundations, federal agencies, and financial institutions working to position arts and culture as a core sector of community planning and development.

The Budget authorizes 8.6 FTE positions in FY2019 and FY2020 for the program, consistent with the enacted budget.



RI State Council on the Arts	General Revenue
FY2019 Enacted	\$2,007,993
<i>Target and Other Adjustments</i>	
	(3,245)
Percent for the Arts	Informational
Cultural Arts and the Economy	Informational
FY2020 Enacted	\$2,004,748

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>Completed Projects</i>		
URI - School of Pharmacy	Kingston	\$995,020
URI - Chemistry	Kingston	501,000
Wickford Junction	Wickford	315,000
Intermodal Station	Warwick	300,000
Veterans Home	Bristol	210,000
RIC - Art Center	Providence	170,000
Virks Building	Cranston	120,000
Division of Motor Vehicles	Cranston	88,000
Met School	Providence	78,000
Rhode Island School for the Deaf	Providence	43,000
URI - Harrington Hall	Kingston	35,000
Division of Motor Vehicles- Conservation	Cranston	2,000
<i>Current Projects (Budget)</i>		
URI - College of Engineering	Kingston	714,356
RIC - Graig Lee Hall	Providence	360,000
Garrahy Parking Garage	Providence	300,000
Attorney General	Cranston	265,000
Rhode Island State Police	Lincoln	45,000
Rhode Island Fire Academy	Exeter	30,000
<i>Future Projects (Budget)</i>		
Eleanor Slater Hospital	Cranston	370,000
Total		\$4,941,376

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 have been 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. Awards from this fund will be announced in the January following the application deadline. The following table shows the grants awarded in the first two rounds.

Organization	Town	Award Amount		
		FY2016	FY2017	FY2018
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. No bond funds are budgeted in FY2019 or FY2020.

The FY2018 Budget included \$7.0 million in bond revenues for the program. \$10.2 million was provided in FY2017 and \$10.3 million was spent in FY2016.

Rhode Island Atomic Energy Commission

Expenditures By Program	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
Atomic Energy Commission	\$1,356,380	\$1,496,787	\$1,374,254	(\$122,533)	-8.2%	\$1,495,094	(\$1,693)	-0.1%
Expenditures By Source								
General Revenue	\$982,299	\$1,078,908	\$1,018,455	(\$60,453)	-5.6%	\$1,059,094	(\$19,814)	-1.8%
Federal Funds	28,948	-	7,936	\$7,936	-	-	-	-
Restricted Receipts	-	99,000	27,000	(72,000)	-72.7%	99,000	-	-
Other Funds	345,133	318,879	320,863	\$1,984	0.6%	337,000	18,121	5.7%
Total	\$1,356,380	\$1,496,787	\$1,374,254	(\$122,533)	-8.2%	\$1,495,094	(\$1,693)	-0.1%
Authorized FTE Levels	8.6	8.6	8.6	-	-	8.6	-	-

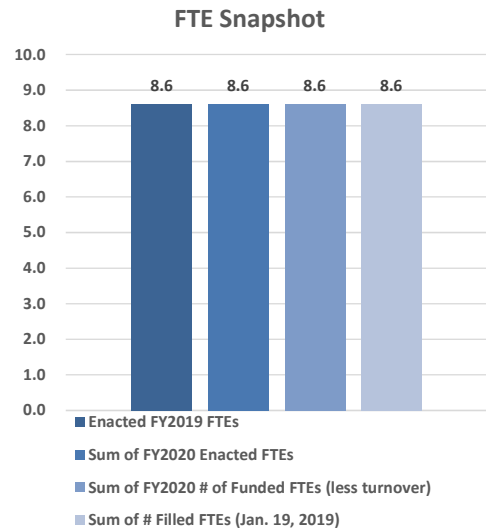
The Rhode Island Atomic Energy Commission (Commission) operates and maintains the Rhode Island Nuclear Science Center (RINSC), which is used for medical, biological, environmental, and materials research, education and commercial activities. The Commission also provides assistance to other state agencies 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 other fund increase in FY2020 is due primarily to salaries and benefits increases associated with the FTE positions funded through URI. Article 2 of the FY2019 Budget as Enacted created a new restricted receipt account, the "Atomic Energy Enterprise Fund", for reactor usage fees collected by the Commission to support the technical operations and maintenance of equipment. The account is not exempt from the ten percent indirect cost recovery provisions of RIGL 35-4-27; consequently, a total of \$11,000 in fees is projected to be deposited into the state general fund in FY2020. 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. Rhode Island General Law 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 FY2020 and FY2019 for the program, 1.8 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
FY2019 Enacted	\$1,078,908
<i>Target and Other Adjustments</i>	
FY2020 Enacted	(19,814)
	\$1,059,094

CAPITAL PROJECTS

The Budget includes \$50,000 in Rhode Island Capital Plan (RICAP) funded asset protection projects for FY2020 and FY2019. In FY2020, the Commission is refurbishing two rooms in the basement for use as an electronic shop and shop supply storage, completing the emergency power system, and some landscaping around the facility grounds. In FY2019, the Commission updated 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	FY2018	FY2019	FY2019	Change from		FY2020	Change from		
	Actual	Enacted	Revised	Enacted		Enacted	Enacted		
Historical Preservation and Heritage Commission	\$2.0	\$2.5	\$2.6	\$0.2	7.4%	\$2.6	\$0.1	5.8%	
Total	\$2.0	\$2.5	\$2.6	\$0.2	7.4%	\$2.6	\$0.1	5.8%	
Expenditures By Source									
General Revenue	\$1.0	\$1.2	\$1.2	\$0.0	1.2%	\$1.5	\$0.3	23.0%	
Federal Funds	0.8	0.7	0.8	0.1	21.5%	0.6	(0.1)	-20.0%	
Restricted Receipts	0.1	0.5	0.4	(0.0)	-5.6%	0.4	(0.0)	-9.5%	
Other Funds	0.1	0.1	0.1	0.0	53.5%	0.1	0.0	57.6%	
Total	\$2.0	\$2.5	\$2.6	\$0.2	7.4%	\$2.6	\$0.1	5.8%	
Authorized FTE Levels	15.6	15.6	15.6	-	0.0%	15.6	-	0.0%	

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

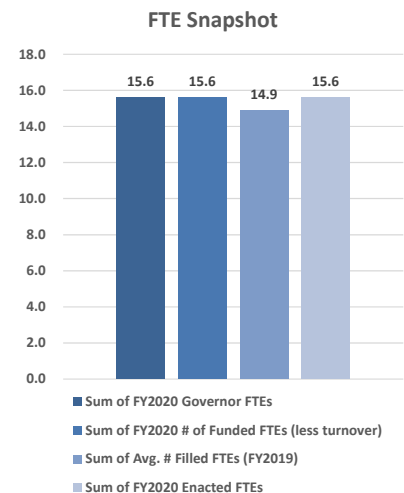
The Rhode Island Historical Preservation and Heritage Commission (Commission) operates a statewide historical preservation program that identifies and protects historic buildings, districts, structures, and archaeological sites. The Commission identifies and protects historic and prehistoric sites, buildings, 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 FY2020 Budget includes \$1.5 million in general revenue (\$2.6 million all funds), representing a general revenue increase of \$278,239 (\$141,304 all funds) relative to the FY2019 Budget as Enacted.

The increase in general revenue is primarily associated with personnel costs, including additional funding for statewide benefit adjustments and cost-of-living adjustments. The Budget also includes additional funds to reflect the actual cost of the decentralization of statewide services previously administered by the Department of Administration.

The Budget authorizes 15.6 FTE positions for FY2020, consistent with the FY2019 Budget as Enacted.



Historical Preservation & Heritage Commission	General Revenue
FY2019 Enacted	\$1,210,054
<i>Targets and Other Adjustments</i>	24,238
Personnel	193,884
Centralized Service Charges	60,117
FY2020 Enacted	\$1,488,293
Historical Preservation & Heritage Commission	Other Funds
National Maritime Heritage Grant (federal funds)	(\$105,000)
RIDOT Project Review (other funds)	\$46,981
State Preservation Grant (G.O. Bond Proceeds)	Informational
Personnel	\$193,884

The Budget increases general revenues by \$193,884 related to personnel expenditures. The increase is mainly related to an additional \$79,216 to support costs that were previously funded by restricted receipts

and federal funds that are no longer available. The Budget also includes an additional \$34,936 related to a higher than anticipated salary for the Commission's new Executive Director, \$47,175 for statewide benefits adjustments including healthcare and retirement benefits, and \$32,557 for cost-of-living adjustments.

The Governor and the Department of Administration signed an 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.

Centralized Service Charges

\$60,117

The Budget increases general revenue expenditures by \$60,117 to reflect the actual cost of 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. The expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

	FY2019	FY2020		
Centralized Service Charges	Enacted	Enacted	Change from Enacted	
Information Technology	\$31,770	\$42,107	\$10,337	32.5%
Capital Asset and Management	62,955	112,735	49,780	79.1%
Human Resources	-	-	-	-
Total	\$94,725	\$154,842	\$60,117	63.5%

National Maritime Heritage Grant (federal funds)

(\$105,000)

In FY2018 the Commission was awarded a new federal National Maritime Heritage Grant from the U.S. Department of Interior, National Park Service (NPS). The FY2019 Revised Budget included an updated allocation of \$150,000 and no funding in FY2020 as all funds were awarded in FY2019. Of the total funding \$50,000 (\$15,835 in FY2018 and \$34,165 in FY2019) was awarded to the Steamship Historical Society of America. The remaining \$100,000, all awarded in FY2019, will be used 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.

RIDOT Project Review (other funds)

\$46,981

The Budget includes an additional \$46,981 in other funds to support project reviews for the RI Department of Transportation (RIDOT). The Commission entered into a Memorandum of Agreement (MOA) with RIDOT in effect from June 1, 2015, through June 30, 2020. Under the MOA, the Commission will conduct and coordinate reviews for applicable RIDOT projects including, but not limited to, identifying and evaluating cultural properties within a project's area of impact, reviewing and commenting on RIDOT consultant reports, and assisting RIDOT in the management of a repository of archeological artifacts. The additional funds ensure that the Commission is able to adequately fund personnel to continue expediting RIDOT project reviews.

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 \$2.6 million in FY2019 and FY2020, to support 30 projects across the State.

State Preservation Grant Awards FY2018, FY2019, and FY2020

Recipient	Town	FY2018/FY2019	FY2019	FY2020
		Amount Disbursed	to be Spent	to be Spent
American French Genealogical Society	Woonsocket	\$150,000	\$0	\$0
Beavertail Lighthouse Museum Association	Jamestown	42,250	-	-
Block Island SE Lighthouse Foundation	New Shoreham	-	101,000	49,000
Borders Farm Preservation, Inc.	Foster	-	10,000	20,000
Bristol Historical and Preservation Society	Bristol	48,506	-	34,921
City of Central Falls	Central Falls	150,000	-	-
City of East Providence	East Providence	-	69,652	-
City of Newport	Newport	-	-	150,000
City of Pawtucket	Pawtucket	-	150,000	-
City of Providence	Providence	135,313	-	-
City of Woonsocket	Woonsocket	30,000	-	-
City of Woonsocket	Woonsocket	-	-	40,752
Cocumcussoc Association	North Kingstown	47,447	-	-
Coggeshall Farm Museum	Bristol	2,800	27,200	-
Congdon Street Baptist Church	Providence	-	-	150,000
Fort Adams Trust	Newport	-	-	150,000
Foster Preservation Society	Foster	29,703	-	-
Friends of Linden Place	Bristol	39,966	17,799	-
Friends of Pomham Rocks	East Providence	150,000	-	-
Friends of the Music Mansion, Inc.	Providence	-	-	150,000
Herreshoff Marine Museum	Bristol	-	75,000	75,000
Historic New England	Johnston	31,240	-	-
Historic New England	South Kingstown	-	-	39,160
International Tennis Hall of Fame	Newport	8,731	5,000	65,774
La Farge Restoration Fund	Newport	150,000	-	-
LaFarge Restoration Foundation	Newport	150,000	-	-
Memorial and Library Association of Westerly	Westerly	15,488	-	-
Newport Art Museum	Newport	95,066	40,131	-
Newport Restoration Foundation	Newport	16,596	-	-
North Smithfield Heritage Association	North Smithfield	-	-	48,220
Old Slater Mill Assoc.	Pawtucket	44,500	-	-
Orlando Smith Trust	Westerly	10,575	-	-
Portsmouth Historical Society	Portsmouth	30,000	-	-
Providence Performing Arts Center	Providence	-	-	150,000
Pres. Soc. of Newport County	Newport	150,000	-	-
Preservation Society of Newport County	Newport	-	-	150,000
Preserve Rhode Island	Providence	150,000	-	-
Providence Athenaeum	Providence	16,843	-	-
Providence Public Library	Providence	150,000	-	-
RI Dept. of Environmental Mgmt.	Newport	-	-	109,091
Smithfield Preservation Society	Smithfield	19,476	-	-
Smithfield Preservation Society	Smithfield	-	8,000	-
South County Art Association	South Kingstown	29,634	-	-
South County Art Association	South Kingstown	28,333	-	-
The Providence Athenaeum	Providence	-	-	121,963
The Company of the Redwood Library and Athenaeum	Newport	-	-	84,590
Town of Bristol	Bristol	-	-	150,000
Town of Coventry	Coventry	26,404	-	-
Town of Cumberland	Cumberland	149,041	-	-
Town of East Greenwich	East Greenwich	-	50,000	100,000
Town of North Kingstown	North Kingstown	-	-	43,175
Town of North Providence	North Providence	-	-	65,525
Town of Smithfield	Smithfield	31,950	-	-
Trinity Episcopal Church	Newport	-	27,846	-
Trinity Restoration Inc	Providence	-	-	150,000
Varnum Continentals, Inc.	East Greenwich	23,609	19,842	-
Westerly Armory Restoration, Inc	Westerly	24,750	-	-
Total		\$2,178,220	\$601,470	\$2,097,172

Department of the Attorney General

Expenditures by Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
General Division	\$3.2	\$3.5	\$3.4	(\$0.1)	-1.9%	\$3.5	\$0.0	0.4%
Criminal Division	37.5	30.1	30.8	0.8	2.6%	21.6	(8.5)	-28.2%
Civil Division	5.4	6.3	5.9	(0.4)	-6.8%	6.4	0.1	1.7%
Bureau of Criminal Identification	1.6	1.7	1.7	(0.0)	-0.9%	1.8	0.0	2.2%
Total	\$47.7	\$41.6	\$41.9	\$0.3	0.6%	\$33.3	(\$8.3)	-20.0%
Expenditures by Source								
General Revenue	\$25.3	\$28.0	\$25.6	(\$2.4)	-8.4%	\$28.7	\$0.7	2.6%
Federal Funds	21.6	12.7	15.0	2.3	17.8%	3.6	(9.2)	-72.0%
Restricted Receipts	0.7	0.8	1.1	0.3	44.3%	0.9	0.1	16.1%
Other Funds	0.2	0.2	0.2	0.0	0.0%	0.2	0.0	0.0%
Total	\$47.7	\$44.1	\$41.9	\$0.3	-5.1%	\$33.3	(\$8.3)	-24.6%
Authorized FTE Levels	235.1	237.1	237.1	-	0.0%	239.1	2.0	0.8%

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

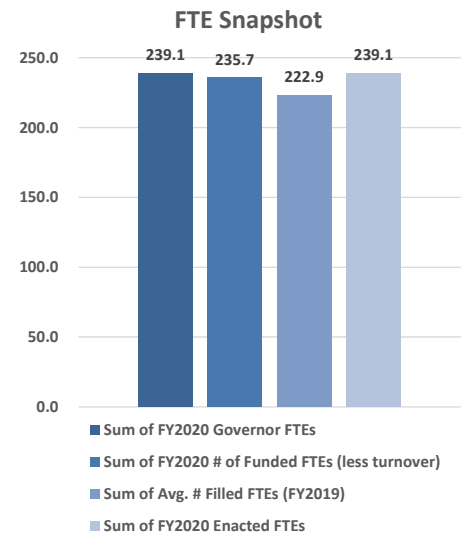
The Department of the Attorney General is the central legal agency of the State. The Department is responsible for the prosecution of all felony criminal cases and misdemeanor, appeals as well as prosecution of misdemeanor cases brought by state law enforcement in the various district courts. Additionally, 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 \$33.3 million in total funding for the Department, a decrease of \$8.3 million from the FY2019 Budget as Enacted. General revenues increased by \$716,001, or 2.6 percent, from the FY2019 Budget as Enacted, to \$28.7 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 Criminal Division.

The Budget includes \$1.7 million in federal Google forfeiture funds in FY2020, a decrease of \$8.7 million from the FY2019 Budget as Enacted. 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, located in the Pastore Complex, was completed in summer 2018.

The Budget includes 239.1 FTE positions in FY2020 including 2.0 new positions within the Criminal Division, 1.0 FTE Intake Clerk, and 1.0 FTE Staff Attorney I.



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
FY2019 Enacted	\$3,327,026
<i>Targets and Other Adjustments</i>	6,244
Transition Costs	(58,076)
Personnel	44,711
Contract Professional Services	20,658
FY2020 Enacted	\$3,340,563

Transition Costs **(\$58,076)**

The Budget removes \$58,076 in funding that was included in FY2019 for the transition of the new Attorney General who took office in January 2019. The decrease is comprised of a \$31,041 reduction for personnel costs, and \$27,035 for office supplies and equipment, rental of an office, copier rental, and a phone/fax line.

Personnel **\$44,711**

The Budget includes an additional \$44,711 in general revenue for personnel costs. The Department requested an additional \$47,815 to reflect current staffing levels. The Budget decreased the Department's request by \$3,104, including a decrease of \$17,713 related to statewide adjustments in health insurance and fringe benefits. This decrease is partially offset by an additional \$14,609 to align the Budget with the Department's intended request.

Analyst Note: The Department's budget request as submitted through the Budget System was incorrect, the request inadvertently excluded some personnel funds. An updated request was later provided through a CD. Due to the incorrect request in the Budget System, the Budget includes additional personnel funds intended to align with the Department's intended request.

Contracted Professional Services **\$20,658**

The Budget includes an additional \$20,658 for contract services. The increase includes \$12,548 for IT system design and support related to annual support for firewalls, and \$8,110 for janitorial services to correctly reflect the number of employees within the Department's main building.

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
FY2019 Enacted	\$17,225,917
<i>Targets and Other Adjustments</i>	3,362
Personnel	806,033
State Match Medicaid Fraud	(250,000)
Operating Expenses	114,894
IT Support	69,060
FY2020 Enacted	\$17,969,266

Criminal Division	Other Fund Changes
Google Forfeiture Funds (federal funds)	(\$8,680,106)
Staff Attorney (1.0 FTE) (federal funds)	\$110,760

Personnel**\$806,033**

The Budget includes an additional \$806,033 for personnel costs. The Department requested an additional \$842,497 to reflect projected staffing levels, the Budget decreases the Department's request by \$36,464. The decrease is mainly associated with a savings of \$129,286 related to statewide adjustments in health insurance and fringe benefits. This decrease is partially offset by an additional \$21,495, required align the Budget with the Department's intended request, and an additional \$71,327 to fund a new 1.0 FTE Intake Clerk position. The Intake Clerk will assist with intake and screening operating to help reduce the number of cases dismissed due to untimely or incomplete package submission and processing.

Analyst Note: The Department's budget request as submitted through the Budget System was incorrect, the request inadvertently excluded some personnel funds. An updated request was later provided through a CD. Due to the incorrect request in the Budget System, the Budget includes additional personnel funds intended to align with the Department's intended request.

State Match Medicaid Fraud**(\$250,000)**

In FY2019, the Department received federal permission to solicit a request for proposals (RFP) to procure data mining services for Medicaid/Medicare fraud prevention. The FY2019 Budget as Enacted included \$250,000 in general revenue for the Department's 25.0 percent State match to \$750,000 in federal funds. The Budget removes this funding as this project has been placed on hold while the new Administration evaluates their priorities.

Operating Expenses**\$114,894**

In FY2019, the Department completed construction of a new facility at the Pastore complex. The new facility houses the Bureau of Criminal Investigation program and the Civil Division. Since these programs are no longer housed within the Department's main building on South Main St., the fixed operating costs for the two programs that are still housed there (the General Division and the Criminal Division) are increased.

IT Support**\$69,060**

The Budget includes an additional \$69,060 for IT system support. The Department is going through a renewal of their filebound system which requires additional IT services.

Google Forfeiture Funds (federal funds)**(\$8.7 million)**

The Budget includes an \$8.7 million decrease in federal Google forfeiture funds. The Department used the funds for the design and construction of a new customer service center in the Pastore Complex. The building was completed in the summer of 2018. FY2020 funding will be used for the ongoing redesign and renovation of the Department's main headquarters at 150 South Main Street.

The following table outlines Google fund expenditures.

Item	Google Forfeiture Funds: Expenditures Summary								
	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actuals	FY2018 Actuals	FY2019 Revised	FY2020 Enacted	Total
Building Maintenance and Repairs	-	\$789,014	\$973,930	\$1,433,150	\$2,102,857	\$17,722,552	\$10,589,294	\$1,131,722	34,742,519
Design, Engineering and Consultant Services	-	170,820	43,740	313,944	511,806	613,112	328,746	-	1,982,168
Vehicles	53,769	-	-	-	-	-	-	-	53,769
Building Acquisitions	-	3,400,000	-	-	-	-	-	-	3,400,000
IT System Design	-	709,155	2,616,168	1,466,074	824,859	587,818	445,176	12,878	6,662,128
General Operating Expenses	4,600	65,187	733,277	(711,171)	303,946	1,000,967	1,468,845	524,180	3,389,831
State Crime Laboratory	-	-	-	-	-	-	-	-	-
Rental of Outside Property	-	-	-	-	92,089	85,776	65,880	67,856	311,601
Total	\$58,369	\$5,134,176	\$4,367,115	\$2,501,997	\$3,835,557	\$20,010,225	\$12,897,941	\$1,736,636	\$50,542,016

Note: FY2017 includes and additional \$501,937 in accruals. These funds were a place holder and were not expended.

Table reflects data as of June 2019.

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).

Staff Attorney (1.0 FTE) (federal funds) \$110,760

The Budget includes an additional \$110,760 in federal funds to support the addition of 1.0 new Staff Attorney FTE position. The additional Staff Attorney will oversee the prosecution of all alcohol-related driving accidents, law enforcement training, and community outreach for motor vehicle safety issues.

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
FY2019 Enacted	\$5,674,888
<i>Targets and Other Adjustments</i>	
Personnel	(9,562)
Operating Expenses	(67,677)
IT System Support	(21,651)
FY2020 Enacted	\$5,595,839

Personnel (\$67,677)

The Budget decreases general revenue funding by \$67,677 related to personnel expenses. The Department included a reduction of \$30,779, as long-term employees have retired they are being replaced by new employees who are hired at a lower salary. The Budget includes an additional decrease of \$36,898 related to statewide adjustments in health insurance and fringe benefits.

Operating Expenses (\$21,651)

In FY2019, the Department completed construction of a new facility at the Pastore complex. The new facility now houses the Bureau of Criminal Investigation program and the Civil Division. As the Civil Division is no longer housed within the Department's main building on South Main St., operating costs have decreased, mainly relative to building maintenance and repairs.

IT System Support \$19,841

The Governor includes an additional \$19,841 for IT system support services. The Department requires additional support for IT firewall upgrades.

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. In FY2019, the BCI moved to the Department's new facility located at the Pastore complex, the new facility was completed in 2018 and was built using Google forfeiture federal funds.

Bureau of Criminal Identification	General Revenue
FY2019 Enacted	\$1,731,361
<i>Targets and Other Adjustments</i>	
Personnel	(2,375)
Rental of Outside Property	49,037
FY2020 Enacted	(\$8,488)
	\$1,769,535

Personnel **\$49,037**

The Budget includes an additional \$49,037 for personnel costs within the BCI. The Department requested an additional \$60,088 due to anticipated increases in staffing at the new facility. The Budget decreases the Department's request by \$11,051 related to statewide adjustments in health insurance and fringe benefits.

Rental of Outside Property **(\$8,488)**

Prior to the completion of the new facility on the Pastore complex, the Department was required to rent external space for the BCI program. As the new facility is completed, the Budget includes a general revenue savings of \$8,488.

CAPITAL PROJECTS

The Budget includes \$300,000 in Rhode Island Capital (RICAP) funding for FY2019 and FY2020, \$150,000 in each year. These funds will be used to continue asset protection 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 \$3.5 million in RICAP funds through FY2021.

Department of Corrections

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Central Management	\$15.0	\$16.2	\$16.4	\$0.3	1.6%	\$16.4	\$0.3	1.6%
Community Corrections	15.8	17.7	16.7	(1.0)	-5.7%	17.4	(0.3)	-1.7%
Custody and Security	140.2	141.7	141.9	0.2	0.2%	147.0	5.2	3.7%
Healthcare Services	23.3	24.2	25.7	1.5	6.1%	25.5	1.3	5.4%
Institutional Based Rehab/Population Management	13.4	14.4	14.7	0.3	2.2%	15.1	0.7	5.0%
Institutional Support	27.8	35.9	31.2	(4.6)	-12.9%	34.6	(1.2)	-3.5%
Parole Board	1.3	1.4	1.5	0.1	3.7%	1.6	0.2	13.3%
Total	\$236.7	\$251.4	\$248.1	(\$3.3)	-1.3%	\$257.6	\$6.2	2.5%
Expenditures By Source								
General Revenue	\$231.5	\$237.1	\$235.7	(\$1.3)	-0.6%	\$242.1	\$5.0	2.1%
Federal Funds	0.8	1.8	2.3	0.5	30.3%	2.0	0.2	11.9%
Restricted Receipts	0.1	0.1	0.1	0.0	8.5%	0.1	0.0	0.0%
Other Funds	4.3	12.5	9.9	(2.6)	-20.5%	13.5	1.0	7.6%
Total	\$236.7	\$251.4	\$248.1	(\$3.3)	-1.3%	\$257.6	\$6.2	2.5%
Authorized FTE Levels	1,435.0	1,416.0	1,416.0	-	0.0%	1,411.0	(5.0)	-0.4%

\$ 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. In FY2019, the Department has averaged 2,665 inmates (66.8 percent of capacity) housed at the ACI for the fiscal year, including 2,521 men, and 145 women. The Department also provides supervision of offenders in the community (home confinement, probation, and parole).

MAJOR ISSUES AND TRENDS

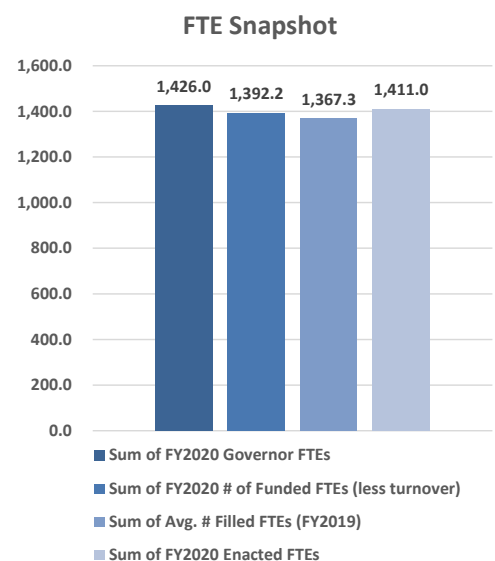
The Budget includes \$257.6 million in total expenditures for FY2020, including \$242.1 million in general revenue, an increase of \$5.0 million over the FY2019 enacted level. The majority of the general revenue increase is associated with increased overtime costs within the Custody and Security program.

The FY2020 Budget for the Department of Corrections is based on an estimated average daily population of 2,671 individuals, a decrease of 178 from the FY2019 Budget as Enacted.

The Budget authorizes 1,411.0 FTE positions for FY2020, a decrease of 5.0 FTE positions from the FY2019 Budget as Enacted. The Governor's Budget included an additional 10.0 Correctional Officer positions that will allow the Department to hire all graduates from the next correctional officer training class. The Budget includes the additional Correctional Officer positions but removes 15.0 unspecified vacant FTE positions for a net decrease of 5.0 FTE positions.

The Budget includes an additional \$1.1 million in general revenue for the training academy to hold the 83rd Correction Officer Training which is scheduled for graduation in September 2019.

The FY2020 Budget includes \$523,409 in savings from initiatives that were identified as part of the Governor's Efficiency Commission



including the proposed sale of the Price Facility in the Pastore Center and the transfer of laboratory services from East Side Clinical Lab to Eleanor Slater Hospital.

CENTRAL MANAGEMENT

The Central Management program houses two sub-programs, the Executive program which consists of the Office of the Director, Legal Services, and Internal Affairs, as well as the Administration Program which includes Human Resources, Management Information, Planning and Research, Policy Development and Auditing, the Training Academy and Staff Development, and Financial Resources.

Central Management	General Revenue
FY2019 Enacted	\$16,146,513
<i>Target and Other Adjustments</i>	
	60,388
Correctional Officer Class	1,088,147
USDOJ Lawsuit	(728,539)
Centralized Service Charges- Information Technology	(173,748)
FY2020 Enacted	\$16,392,761

Correctional Officer Class

\$1.1 million

The Budget includes an additional \$1.1 million for a Correction Officer (CO) training class in FY2020. The Department anticipates the training class will begin in the summer and graduate in the early fall of 2019. This will be the Department's 83rd class and 70.0 Correctional Officers are anticipated to graduate. The Department experiences an attrition rate of about 2-3 Correction Officers per month, hiring new COs is anticipated to reduce the Department's overall vacancies and overtime costs.

USDOJ Lawsuit

(\$728,539)

The Budget decreases general revenue by \$728,539 related to the U.S. Department of Justice (DOJ) lawsuit. The decrease is comprised of a \$450,000 reduction related to cash payouts that are expected to be completed in FY2019, and a \$278,539 decrease related to legal services that are no longer needed as the lawsuit is settled.

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 Hispanic and African American applicants who experienced an adverse impact, and therefore did not pass the Department's correctional officer exams between 2000 and 2013. The settlement also requires as the formulation of a new oral and written test. In order for the U.S. DOJ to evaluate the new written and oral tests 300 individuals must take it. The Department has scheduled the test for the end of July 2019 and anticipates they will have 300 recruits who will take it.

Centralized Service Charges- Information Technology

(\$173,748)

The Budget decreases general revenue expenditures by \$173,748 to reflect the Department's actual cost of decentralized 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.

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
FY2019 Enacted	\$17,579,601
<hr/>	
<i>Target and Other Adjustments</i>	<i>(13,732)</i>
Personnel	(253,744)
Public Courthouse Space	(30,000)
Justice Reinvestment Initiative	Informational
Community Corrections Population	Informational
FY2020 Enacted	\$17,282,125

Personnel **(\$253,744)**

The Budget includes a decrease of \$253,744 in general revenue for personnel costs. The majority of the decrease is associated with anticipated turnover savings of \$598,590, as well as a decrease of \$191,148 for statewide benefit adjustments for retirement and healthcare costs, and a decrease of \$10,746 due to one less anticipated holiday in FY2020. These decreases are partially offset by an additional \$326,586 for cost-of-living adjustments and contract stipend increases, and an additional \$220,154 in overtime costs due to two vacancies in the Home Confinement unit.

The Governor and the Department of Administration signed an 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.

Analyst Note: All of the Department's unions have signed agreements that include the Statewide COLA. The Department has four unions, Council 94, the Howard Union of Teachers (HUT), the Rhode Island Probation and Parole Association (RIPPA), and the Rhode Island Brotherhood of Correctional Officers (RIBCO). The majority of the Department's employees are represented by RIBCO.

Public Courthouse Space **(\$30,000)**

The Budget removes \$30,000 in general revenues due to a decrease in the amount of space the Department of Corrections occupies within public courthouses. 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.

Justice Reinvestment Initiative **Informational**

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

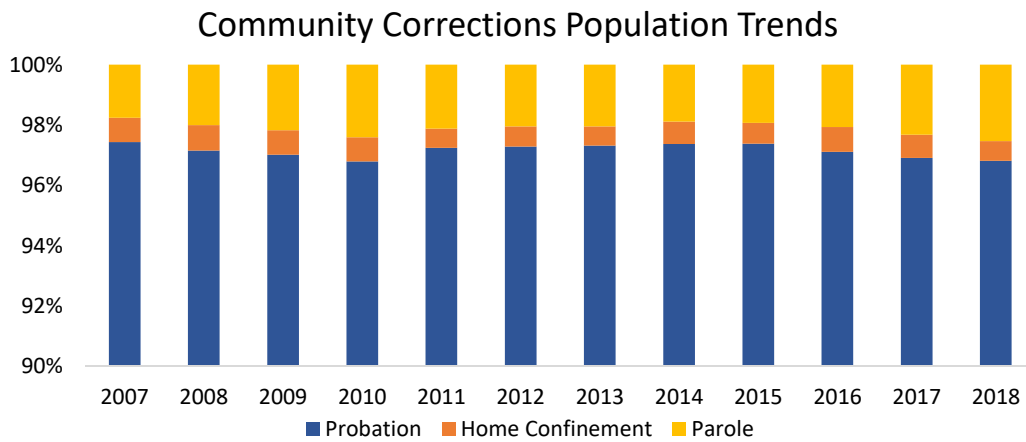
tools. Justice Reinvestment identified these issues as the primary drivers of recidivism costs and developed solutions intended to reduce recidivism.

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 parolees, who have a higher rate of recidivism. The Budget includes level funding of \$600,000 in the FY2020 and FY2019 Revised Budgets for the annual cost of the CBT program.

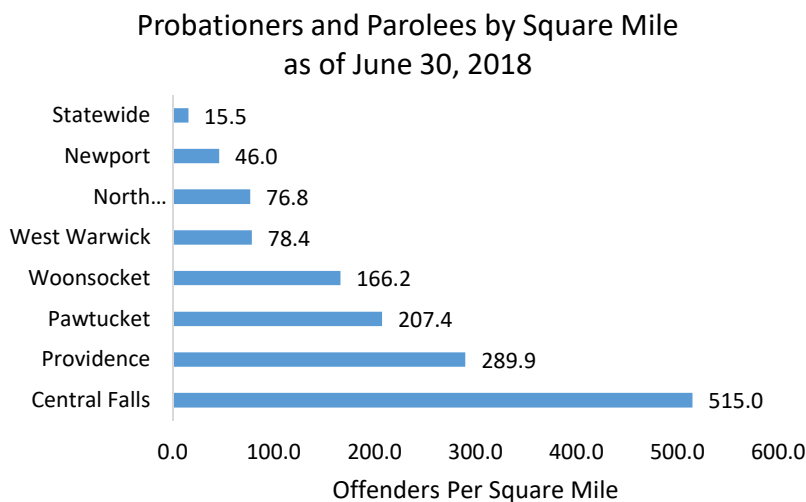
Community Corrections Population

Informational

While representing only 6.9 percent of the Department’s general revenue budget for FY2020, Community Corrections serves the largest number of individuals. In FY2018, the program served 22,611 cases, 470 less cases than FY2017. Based on Department of Corrections’ statistics, 1 out of every 51 adult residents in the State is on probation or parole. This equates to 1 of every 29 men and 1 of every 163 women.



The number of cases in the State’s urban areas is substantially higher than the statewide average. Statewide there are an average of 15.5 probationers and parolees per square mile. This increases to as high as 515 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 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. Some female inmates were previously housed in the Bernadette Guay facility; however, this facility was closed in FY2017. The program is the largest within the Department and is divided into two sub-programs: Custody, which includes all staff, activities, and food service within the facilities under care of their respective Wardens, and the Security sub-program which includes the Central Office Warden, the Correctional Emergency Response Team, Facility Security Audit Teams, Crisis Intervention Teams, Special Investigations Unit, the Canine Unit, and a Department Armorer.

Custody and Security	General Revenue
FY2019 Enacted	\$140,908,178
<i>Target and Other Adjustments</i>	
Personnel	(69,714)
State Criminal Alien Assistance Program	5,330,616
Inmate Population	(124,233)
FY2020 Enacted	Informational
	\$146,044,847

Personnel

\$5.3 million

The Budget includes a general revenue increase of \$5.3 million related to personnel costs within Custody and Security. The majority of this increase, \$5.0 million, is related to overtime costs. The Governor's Budget proposed renovating the Department's existing High Security facility and transferring Correctional Officers from High Security to other facilities during the renovation. The Governor's Budget also included a \$1.8 million savings in overtime costs, relative to the FY2019 Enacted levels, related to the transfer of COs from High Security to other facilities. The Budget does not include renovations to High Security and the \$1.8 million in assumed savings is restored. In addition, the Budget includes an additional \$3.2 million to restore overtime costs to historical levels.

Analyst Note: All of the Department's unions have signed agreements that include the Statewide COLA. The Department has four unions, Council 94, the Howard Union of Teachers (HUT), the Rhode Island Probation and Parole Association (RIPPA), and the Rhode Island Brotherhood of Correctional Officers (RIBCO). The majority of the Department's employees are represented by RIBCO.

State Criminal Alien Assistance Program

(\$124,233)

The Budget increases federal funds by \$124,233 for the State Criminal Alien Assistance Program (SCAAP), offsetting general revenues by the same amount. The increase in federal funds is based on the FY2019 award. The SCAAP program provides federal payments to states that incur correctional officer salary costs for incarcerating undocumented criminal aliens.

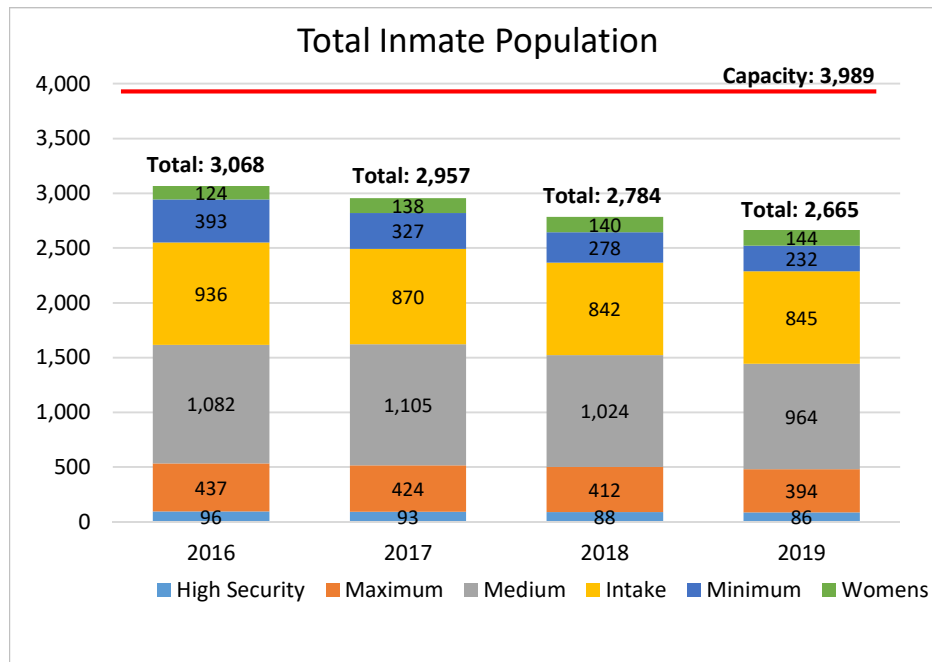
Inmate Population

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 2,730 for the FY2019 Revised Budget, a decrease of 119 inmates from the FY2019 enacted level of 2,849. For

FY2020, the Budget assumes a population of 2,671 individuals, a decrease of 178 inmates from the FY2019 Budget as Enacted.



HEALTHCARE SERVICES

The Healthcare Services program is constitutionally mandated to provide medical, dental, and mental health service provision to all inmates. 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 70.0 – 90.0 percent have histories of substance abuse.

Healthcare Services	General Revenue
FY2019 Enacted	\$24,186,222
<i>Target and Other Adjustments</i>	<i>(22,352)</i>
Pharmaceutical Expenses	906,575
Personnel	198,739
Medical Services Contracts	274,680
Lab Testing	(46,261)
FY2020 Enacted	\$25,497,603

Pharmaceutical Expenses

\$906,575

The Budget includes an additional \$906,575 for pharmaceutical expenses, bringing the Department’s total amount for pharmaceuticals to \$5.0 million. The Budget includes an additional \$2.3 million related to expanded treatment for Hepatitis C. This increase is offset by a \$501,337 reduction based on target healthcare savings expected to be achieved by the Department, \$401,698 in savings related to a per-diem reduction based on a revised inmate population estimate, a \$305,479 decrease to reflect actual costs for pharmaceuticals in FY2018, and a savings of \$204,677 from the prompt payment statewide adjustment.

In July 2018, the Executive Office of Health and Human Services (EOHHS) implemented a change to the State’s Medicaid policy regarding the treatment of patients with Hepatitis C. The policy change is intended to increase access to treatment for all Medicaid patients living with Hepatitis C. Prior to the new

policy, only inmates in the advanced stages of the disease were treated. Under the new policy, inmates with any stage of Hepatitis C will be eligible for treatment. While there is no legislation that mandates the level of care that must be provided to inmates, the Department of Corrections follows the guidelines of the National Commission on Correctional Healthcare, American Correctional Associations, and the Bureau of Prisons. The guidelines recommend providing inmates with the same level of care that is provided within the community. In the past, other jurisdictions have been sued for not providing this level of care to inmates.

In FY2020 the Department anticipates treating an additional 120 inmates for Hepatitis C, at a cost of \$19,331 per treatment.

Personnel

\$198,739

The Budget includes an additional \$198,739 for personnel costs within the Healthcare Services program. The majority of this increase is associated with an additional \$665,943 in salary adjustments, including an additional \$644,452 for the cost-of-living adjustment. The Budget also includes an additional \$31,488 for contracted stipend increases and \$88,359 for statewide benefit adjustments, including healthcare and retirement benefits. These increases are partially offset by \$371,186 in turnover savings and \$215,865 in overtime savings.

The Governor and the Department of Administration signed an 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.

Analyst Note: All of the Department's unions have signed agreements that include the Statewide COLA. The Department has four unions, Council 94, the Howard Union of Teachers (HUT), the Rhode Island Probation and Parole Association (RIPPA), and the Rhode Island Brotherhood of Correctional Officers (RIBCO). The majority of the Department's employees are represented by RIBCO.

Medical Services Contracts

\$274,680

The Budget includes a net increase of \$274,680 above the FY2019 Enacted Budget for medical service contracts. Savings within the Department's medical services include \$233,731 due to a per-diem reduction, and a reduction of \$277,656 related to a new contract for Dental Services. These savings are offset by a \$786,068 increase consisting of \$40,000 for the nursing pool, \$293,328 for additional physicians, and \$452,740 to reflect actual costs for general health services in FY2018. 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.

Lab Testing

(\$46,261)

The Budget includes a general revenue decrease of \$46,261 related to lab services. The Governor's Budget included an additional \$118,739 to support additional testing for sexually transmitted diseases as well as increased costs of lab services provided by East Side Clinical Laboratory. The FY2020 Budget as Enacted includes a savings of \$165,000 related to the transfer of laboratory services from East Side Clinical Laboratory to the Eleanor Slater Hospital within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). East Side Clinical Laboratory has been providing lab services to the Department since FY2016. Prior to FY2016, 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. The original increase caused the Department to look into alternative options.

The transfer of lab services from East Side Clinical Laboratory to BHDDH, and the associated savings, were identified as a part of the Governor's Efficiency Commission.

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
FY2019 Enacted	\$13,571,143
<i>Target and Other Adjustments</i>	
Personnel	(45,544)
Clerical Services	381,664
Cognitive Behavioral Therapy Services	151,643
Substance Abuse Treatment	75,000
Educational/Vocational Classes	62,336
Discharge Planning Contract	40,000
	(33,758)
FY2020 Enacted	\$14,202,484

Personnel **\$381,664**

The Budget includes an increase of \$381,664 related to personnel costs. The majority of this increase is related to an additional \$253,313 for personnel salaries, including \$287,734 for cost-of-living adjustments (COLA). The Budget also includes an additional \$159,869 related to statewide health benefit and retirement adjustments. These increases are partially offset by an anticipated turnover savings of \$28,841.

The Governor and the Department of Administration signed an 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.

Analyst Note: All of the Department's unions have signed agreements that include the Statewide COLA. The Department has four unions, Council 94, the Howard Union of Teachers (HUT), the Rhode Island Probation and Parole Association (RIPPA), and the Rhode Island Brotherhood of Correctional Officers (RIBCO). The majority of the Department's employees are represented by RIBCO.

Clerical Services **\$151,643**

In agreement with the Department's request, the Budget includes an additional \$151,643 in general revenue for contract clerical services bringing the total funding to \$365,643. It often requires more than one temporary clerical worker to fulfill a vacancy caused when one of the Department's employees is out on sick leave. The increase in funding is related to actual expenditures for clerical services in FY2018. The Department uses contract employees when temporary workers are required to fill in for employees that are out on long-term sick leave.

Cognitive Behavioral Therapy Services **\$75,000**

The Budget includes \$566,733 in general revenue for Cognitive Behavioral Therapy (CBT) and Anger Management services, an additional \$75,000 above the FY2019 Enacted level. In FY2017, the Department began offering CBT services in their Medium Security facility for inmates affiliated with

gangs. The program is intended to enhance functional thinking by addressing the thought process behind the offender's criminal behavior. The program has had success at in Medium Security and the additional funds will allow the Department to expand these services to Maximum Security.

Substance Abuse Treatment

\$62,336

The Budget includes \$245,000 in general revenue for substance abuse treatment services, an additional \$62,336 above the FY2019 Enacted level. The Department estimates that about 70 to 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. Inmates who are sentenced to between six months and three years are screened for substance abuse within 48 hours of being sentenced.

Educational/Vocational Classes

\$40,000

The Budget includes an additional \$40,000 (\$176,000 total) in general revenues for educational services provided to the Department by CCRI. The increase aligns funding with FY2018 actual expenditures. Inmates at all facilities have access to post-secondary education and vocational courses.

Discharge Planning Services

(\$33,758)

The Budget includes a general revenue savings of \$33,758 related to a new vendor providing discharge planning services. These funds support a contract with Community Solutions, Inc. (CSI) 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. CSI places these offenders into a residential setting. Safe placement of offenders into the community decreases recidivism.

INSTITUTIONAL SUPPORT

The Institutional Support program is divided into three sub-programs: the Food Services sub-program, which is responsible for the procurement and preparation of nutritionally-balanced foods for all inmates; the Facilities and Maintenance sub-program, responsible for all maintenance and repairs to the Department's buildings on the Pastore Complex; and, the Classification sub-program, which divides inmates into groups based on their needs.

Institutional Support	General Revenue
FY2019 Enacted	\$23,363,846
<i>Target and Other Adjustments</i>	<i>17,348</i>
Centralized Service Charges- Facilities Management	(2,458,694)
Population Related Increase	244,190
FY2020 Enacted	\$21,166,690

Centralized Service Charges- Facilities Management

(\$2.5 million)

The Budget includes \$6.5 million for decentralized service costs related to facilities management, a decrease of \$2.5 million from the FY2019 Enacted Budget. The decrease reflects the actual cost of the decentralized service used by the Department. \$2.1 million of the savings was included in the Governor's Budget, the remaining \$358,409 is related to savings associated with the proposed sale of the Price Facility in the Pastore Center. The building is currently vacant but the Department still incurs operational charges, selling the building will eliminate all associated costs. These savings were identified as a part of the Governor's Efficiency Commission.

The FY2019 Budget decentralized 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.

Population Related Increase**\$244,190**

The Budget increases general revenues by \$244,190 due to population and per-diem related expenses. The FY2019 Enacted Budget included \$4.2 million for per-diem expenses, which fluctuate depending on the number of inmates. The FY2020 Budget restores the funding for per-diem expenses by \$428,368 to reflect actual costs incurred in FY2018. The Budget then reduces the additional funding by \$184,174 to account for a decrease in the inmate population.

The FY2019 Enacted Budget was based on a population of 2,849 inmates. The FY2020 Budget is based on 2,671 inmates, a decrease of 178 inmates.

PAROLE BOARD

The Parole Board is a six-member commission, appointed by the Governor 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 Parole Board has one sub-program, the Sex Offender Community Notification (SOCN) Unit. The SOCN Unit is intended to support the sex offender leveling process, notification of the community, and provides support to the Rhode Island Sex Offender Board of Review, the RI Sex Offender Registry, state and local police, as well as the public.

Parole Board	General Revenue
FY2019 Enacted	\$1,307,720
<i>Target and Other Adjustments</i>	
Personnel	(1,418)
Contracted Services	52,092
FY2020 Enacted	\$1,501,549

Personnel**\$143,155**

The Budget includes an additional \$143,155 for personnel costs within the Parole Board. The majority of this increase is associated with an additional \$89,438 in salary adjustments, including an additional \$55,094 for the cost-of-living adjustment. The Governor and the Department of Administration signed an 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 Budget also includes an additional \$53,631 for statewide benefit adjustments including healthcare and retirement benefits.

Contracted Services**\$52,092**

The Budget includes a general revenue increase of \$52,092 in contracted services, including an increase of \$6,933 for clerical services and an increase of \$45,159 for bio-psychosocial assessments. Bio-psychosocial assessments are required by Statute and provide the Parole Board with information about inmates who are being considered for parole.

CAPITAL PROJECTS

The Budget includes \$9.9 million in RICAP funds in FY2019, a decrease of \$2.6 million from enacted levels, and \$12.5 million in FY2020, an increase of \$953,328 from enacted levels. The Governor's Budget consolidated all RICAP projects and funds for the DOC into one asset protection project in FY2020. The Budget does not concur with this consolidation and instead creates two separate appropriations, asset protection and facilities management, for all RICAP projects in FY2020. Creating the two more broad and separate accounts is intended to provide the Department with more flexibility to spend RICAP funding as needed.

Major items in FY2020 include:

- 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.
- Asset protection projects at Maximum Security including upgraded exterior and interior lighting.
- 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	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Supreme Court	\$40.5	\$43.8	\$43.2	(\$0.6)	-1.4%	\$43.9	\$0.1	0.3%
Superior Court	22.7	24.3	23.7	(0.6)	-2.5%	25.4	1.1	4.6%
Family Court	23.6	24.2	24.6	0.4	1.7%	25.9	1.7	7.1%
District Court	13.1	14.0	13.3	(0.7)	-4.7%	14.0	(0.0)	-0.1%
Traffic Tribunal	8.4	9.8	8.6	(1.2)	-12.1%	9.2	(0.5)	-5.6%
Worker's Compensation Court	7.8	8.3	8.0	(0.3)	-3.5%	8.9	0.6	7.6%
Judicial Tenure & Discipline	0.1	0.2	0.2	(0.0)	-0.4%	0.2	0.0	2.6%
Total	\$116.2	\$124.4	\$121.5	(\$2.9)	-2.3%	\$127.5	\$3.1	2.5%

Expenditures By Source								
General Revenue	\$97.0	\$102.0	\$100.2	(\$1.8)	-1.8%	\$105.2	\$3.2	3.2%
Federal Funds	3.2	2.9	3.1	0.2	5.5%	3.1	0.2	7.9%
Restricted Receipts	11.0	12.1	12.2	0.2	1.3%	13.0	0.9	7.6%
Operating Transfers from Other Funds	4.9	7.4	6.0	(1.4)	-19.2%	6.1	(1.3)	-17.6%
Total	\$116.2	\$124.4	\$121.5	(\$2.9)	-2.3%	\$127.5	\$3.1	2.5%

Authorized FTE Levels 723.3 723.3 723.3 - - 726.3 3.0 0.0

\$ 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

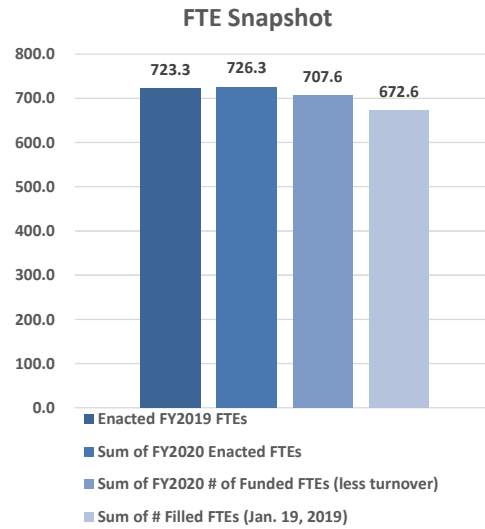
The Budget includes \$105.2 million in general revenue funding. This is \$3.2 million (3.2 percent) more than the FY2019 Enacted Budget. Most of the increase is to fund a statewide cost of living adjustment (COLA) provided through an agreement between the State and the state employee bargaining units (\$2.6 million). The Budget also funds six newly appointed judgeship positions (\$1.4 million). The positions are being filled from vacancies within the Judiciary; hence, no new FTE positions are provided. The additional general revenue also provides increased support for the Defense of Indigents program and additional security services. The other funds decrease of 17.6 percent is due primarily to the completion of the Noel Judicial Complex project.

Newly Funded Positions in FY2020		
Court	Position	Cost
District Court	Associate Judge	\$227,779
	Associate Judge	227,779
Family Court	Associate Justice	234,323
Superior Court	Associate Justice	234,323
Worker's Compensation	Associate Judge	227,779
	Associate Judge	227,779
Total		\$1,379,762

Source: Judiciary

The Budget provides 726.3 FTE positions in FY2020, an increase of 3.0 FTE positions the FY2019 Budget as Enacted and the Judiciary’s request. The new positions include 2.0 FTE case manager positions and 1.0 FTE supervisor position for the Drug Court Diversion program.

The Judiciary has requested that the \$1.9 million unexpended general revenue appropriation from FY2018 be split evenly between the FY2019 Revised and FY2020 Budgets. The requested carry-forward would fund most of the requested increase for security services across the system to address increases in gang violence (\$904,720 total, \$451,420 in FY2019 and \$453,300 in FY2020) and the defense of indigent persons (\$1.0 million total, \$571,557 in FY2019 and \$459,508 in FY2020). The Budget includes the additional support as requested.



The Judiciary’s request did not include any turnover savings, but asked that the Budget Office work with Judiciary’s Finance and Budget Director to identify reasonable and attainable turnover savings. The Budget includes turnover savings of \$2.3 million, a reduction of \$2.5 million from the enacted level.

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
FY2019 Enacted	\$32,874,011
<i>Target and Other Adjustments</i>	
Turnover Restoration	363,352
Court Operating	961,968
Defense of Indigent Persons	(500,000)
Pay-Go Judges Pensions	459,508
Court Offsets	(223,771)
Security Services	88,510
FY2020 Enacted	\$34,041,578

Turnover Restoration **\$961,968**

The Judiciary’s request did not include any turnover savings, but asked that the Budget Office work with Judiciary’s Finance and Budget Director to identify reasonable and attainable turnover savings. The Budget includes system-wide turnover savings of \$2.3 million, a reduction of \$2.5 million from the enacted level. \$961,968 of the turnover restoration is in the Supreme Court, reflecting 84.6 percent of the enacted savings level.

Court Operating **(\$500,000)**

Based on the updated cost projections in the FY2019 third quarter report, the Budget reduces court general revenue operating support by \$500,000 in FY2020. The reduction includes \$300,000 for facilities and operating, and \$200,000 for court technology. With the completion of the case management system, electronic filings are increasing and providing increased revenue that displaces general revenue investment in court technology.

Defense of Indigent Persons **\$459,508**

The Budget includes an increase of \$459,508 (\$4.4 million total general revenue) for the Defense of Indigent Persons. 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.

Pay-Go Judges Pensions **(\$223,771)**

The Budget reduces general revenue funding for pay-go pensions by \$761,795 throughout the system in FY2020 to reflect the cost reduction projected by the Judiciary in the FY2019 third quarter report. The adjustment within the Supreme Court is a reduction of \$223,771. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

Court Offsets **\$88,510**

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 \$88,510 (6.8 percent) over the FY2019 Budget, for a total offset of \$1.4 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	FY2019	FY2020	Change from	
Attorney General	\$165,404	\$176,632	\$11,228	6.8%
Children, Youth & Families	49,884	53,271	3,387	6.8%
Corrections	125,053	133,542	8,489	6.8%
Public Defender	135,910	145,137	9,227	6.8%
Public Safety	827,564	883,743	56,179	6.8%
Total	\$1,303,815	\$1,392,326	\$88,510	6.8%

Security Services **\$18,000**

The Judiciary has been experiencing increased security costs in and around the courthouses due to gang violence; consequently, the Judiciary requested that a portion of the unexpended general revenue appropriation from FY2018 be split evenly between the FY2019 Revised and FY2020 Budgets to provide funding for increased security services from Providence Police. In FY2020, the Budget provides additional funding of \$453,300 for security services across the system, for total general revenue funding of \$834,500. Of the increase \$18,000 (\$117,000 total funding) is for the Supreme Court.

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
FY2019 Enacted	\$23,787,395
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<i>Target and Other Adjustments</i>	<i>261,494</i>
Turnover Restoration	596,797
Pay-Go Judges Pensions	(422,379)
Drug Court Diversion Staffing (3.0 FTE positions)	348,000
Judicial Appointments	234,323
Security Services	140,000
FY2020 Enacted	\$24,945,630

Turnover Restoration **\$596,797**

The Judiciary's request did not include any turnover savings, but asked that the Budget Office work with Judiciary's Finance and Budget Director to identify reasonable and attain turnover savings. The Budget includes system-wide turnover savings of \$2.3 million, a reduction of \$2.5 million from the enacted level. \$596,797 of the turnover restoration is in the Superior Court, reflecting 49.2 percent of the enacted savings level.

Pay-Go Judges Pensions **(\$422,379)**

The Budget reduces general revenue funding for pay-go pensions by \$761,795 throughout the system in FY2020 to reflect the cost reduction projected by the Judiciary in the FY2019 third quarter report. The adjustment within the Superior Court is a reduction of \$422,379. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

Drug Court Diversion Staffing (3.0 FTE positions) **\$348,000**

The Budget adds \$348,000 in general revenue and 3.0 FTE positions to support the Superior Court Diversion program, including 2.0 FTE case manager positions and 1.0 FTE supervisor position. The program is open to people charged with a non-violent alcohol or drug offense who might otherwise be sent to prison. Upon completion of a year of substance-abuse treatment, screenings, court appearances and more, graduates leave probation, and their record is sealed and expunged. The program provides the individual with better prospects for steady employment and stable housing.

Judicial Appointments **\$234,323**

The Budget funds six newly appointed judgeship positions (\$924,204 general revenue, \$1.4 million all funds). The positions can be filled from vacancies within the Judiciary; hence, no new FTE positions are provided. In the Superior Court, \$234,323 in general revenue provides funding for one judicial appointment.

Security Services**\$140,000**

The Judiciary has been experiencing increased security costs in and around the courthouses due to gang violence; consequently, the Judiciary requested that a portion of the unexpended general revenue appropriation from FY2018 be split evenly between the FY2019 Revised and FY2020 Budgets to provide funding for increased security services from Providence Police. In FY2020, the Budget provides additional funding of \$453,300 for security services across the system, for total general revenue funding of \$834,500. Of the increase \$140,000 (\$140,000 total funding) is for the Superior Court.

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
FY2019 Enacted	\$21,510,608
<i>Target and Other Adjustments</i>	<i>405,837</i>
Turnover Restoration	636,996
Judicial Appointments	234,323
Security Services	170,300
FY2020 Enacted	\$22,958,064

Turnover Restoration**\$636,996**

The Judiciary's request did not include any turnover savings, but asked that the Budget Office work with Judiciary's Finance and Budget Director to identify reasonable and attain turnover savings. The Governor's Budget includes system-wide turnover savings of \$2.3 million, a reduction of \$2.5 million from the enacted level. \$636,996 of the turnover restoration is in the Family Court, reflecting 50.0 percent of the enacted savings level.

Judicial Appointments**\$234,323**

The Budget funds six newly appointed judgeship positions (\$924,204 general revenue, \$1.4 million all funds). The positions can be filled from vacancies within the Judiciary; hence, no new FTE positions are provided. In the Family Court, \$234,323 in general revenue provides funding for one judicial appointment.

Security Services**\$170,300**

The Judiciary has been experiencing increased security costs in and around the courthouses due to gang violence; consequently, the Judiciary requested that a portion of the unexpended general revenue appropriation from FY2018 be split evenly between the FY2019 Revised and FY2020 Budgets to provide funding for increased security services from Providence Police. In FY2020, the Budget provides additional

funding of \$453,300 for security services across the system, for total general revenue funding of \$834,500. Of the increase \$170,300 (\$227,500 total funding) is for the Family Court.

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
FY2019 Enacted	\$13,908,601
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<i>Target and Other Adjustments</i>	<i>(759,637)</i>
Judicial Appointments	455,558
Turnover Restoration	216,788
Security Services	125,000
Pay-Go Judges Pensions	(50,713)
FY2020 Enacted	\$13,895,597

Judicial Appointments **\$455,558**

The Budget funds six newly appointed judgeship positions (\$924,204 general revenue, \$1.4 million all funds). The positions can be filled from vacancies within the Judiciary; hence, no new FTE positions are provided. In the District Court, \$455,558 in general revenue provides funding for two judicial appointments.

Turnover Restoration **\$216,788**

The Judiciary's request did not include any turnover savings, but asked that the Budget Office work with Judiciary's Finance and Budget Director to identify reasonable and attain turnover savings. The Budget includes system-wide turnover savings of \$2.3 million, a reduction of \$2.5 million from the enacted level. \$216,788 of the turnover restoration is in the District Court, reflecting 32.7 percent of the enacted savings level.

Security Services **\$125,000**

The Judiciary has been experiencing increased security costs in and around the courthouses due to gang violence; consequently, the Judiciary requested that a portion of the unexpended general revenue appropriation from FY2018 be split evenly between the FY2019 Revised and FY2020 Budgets to provide funding for increased security services from Providence Police. In FY2020, the Budget provides additional funding of \$453,300 for security services across the system, for total general revenue funding of \$834,500. Of the increase \$125,000 (\$125,000 total funding) is for the District Court.

Pay-Go Judges Pensions **(\$50,713)**

The Budget reduces general revenue funding for pay-go pensions by \$761,795 throughout the system in FY2020 to reflect the cost reduction projected by the Judiciary in the FY2019 third quarter report. The

adjustment within the District Court is a reduction of \$50,713. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

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
FY2019 Enacted	\$9,763,589
<i>Target and Other Adjustments</i>	<i>(558,287)</i>
Turnover Restoration	78,105
Pay-Go Judges Pensions	(64,932)
FY2020 Enacted	\$9,218,475

Turnover Restoration

\$78,105

The Judiciary's request did not include any turnover savings, but asked that the Budget Office work with Judiciary's Finance and Budget Director to identify reasonable and attain turnover savings. The Budget includes system-wide turnover savings of \$2.3 million, a reduction of \$2.5 million from the enacted level. \$78,105 of the turnover restoration is in the Traffic Tribunal, reflecting 14.2 percent of the enacted savings.

Pay-Go Judges Pensions

(\$64,932)

The Budget reduces general revenue funding for pay-go pensions by \$761,795 throughout the system in FY2020 to reflect the cost reduction projected by the Judiciary in the FY2019 third quarter report. The adjustment within the Traffic Tribunal is a reduction of \$64,932. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

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
FY2019 Enacted	\$8,309,954
<i>Target and Other Adjustments</i>	<i>177,592</i>
Judicial Appointments	455,558
FY2020 Enacted	\$8,943,104

Judicial Appointments

\$455,558

The Budget funds six newly appointed judgeship positions (\$1.4 million all funds). The positions can be filled from vacancies within the Judiciary; hence, no new FTE positions are provided. In the Worker's Compensation Court, \$455,558 in restricted receipts provides funding for two judicial appointments.

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
FY2019 Enacted	\$150,684
<i>Target and Other Adjustments</i>	<i>3,932</i>
FY2020 Enacted	\$154,616

CAPITAL PROJECTS

The Budget includes \$6.0 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2019 and \$6.1 million in FY2020.

- The Budget includes \$2.3 million in FY2019 and \$2.2 million in FY2020 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 built out the shelled courtroom spaces. The second phase built 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. This project is scheduled for completion in FY2020.
- The Budget includes \$1.2 million in FY2020 to replaces HVAC chillers at the Licht courthouse. Funds provide for architecture and engineering design and installation of two energy-efficient chillers, the component of an HVAC system that cools the air stream, to replace the current chillers which are 30 years old, well beyond the normal life expectancy of 25 years.
- The Budget includes \$1.0 million annually in FY2019 and FY2020 for ongoing projects to replace, clean, and restore HVAC systems in judicial buildings and ongoing asset protection projects.
- The Budget includes \$1.1 million in FY2019 and \$1.0 million in FY2020 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 \$777,644 in FY2019 and \$750,000 in FY2020 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 \$803,729 in FY2019 to complete 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	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
RI National Guard	\$26.8	\$30.3	\$43.3	\$13.0	42.9%	\$41.1	\$10.8	35.5%
Total	\$26.8	\$30.3	\$43.3	\$13.0	42.9%	\$41.1	\$10.8	35.5%
Expenditures By Source								
General Revenue	\$3.0	\$3.1	\$3.1	(\$0.0)	-0.3%	\$3.2	\$0.1	3.2%
Federal Funds	20.7	18.5	31.7	13.2	71.1%	34.3	15.8	85.4%
Restricted Receipts	0.0	0.1	0.1	(0.0)	-45.0%	0.1	(0.0)	-45.0%
Operating Transfers from Other Funds	3.1	8.6	8.5	(0.1)	-1.2%	3.5	(5.1)	-59.3%
Grand Total	\$26.8	\$30.3	\$43.3	\$13.0	42.9%	\$41.1	\$10.8	35.5%
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

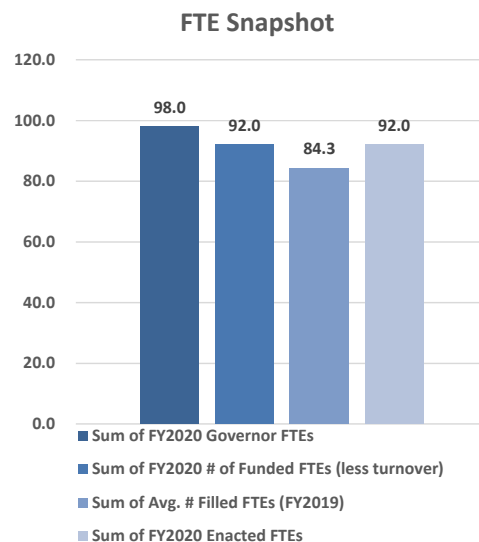
The Budget includes \$43.3 million in FY2019, of which \$3.1 million is general revenue. This reflects an all funds increase of \$13.0 million from the FY2019 Budget as Enacted. This includes increases of \$13.2 million in federal funds, \$16,591 in general revenue, offset by decreases of \$161,414 in other funds and \$45,000 in restricted receipts.

The Budget includes \$41.1 million in FY2020, of which \$3.2 million is general revenue. This reflects an all funds increase of \$10.8 million from the FY2019 Budget as Enacted. This includes an increase of \$15.9 million in federal funds and an increase of \$138,403 in general revenue, offset by decreases of \$5.1 million in other funds and \$45,000 in restricted receipts. The increase in federal funds is largely due to various construction projects, while the decrease in other funds mainly reflects reduced RICAP funding for the new joint force headquarters at Camp Fogarty, as that project is nearing completion.

The Budget provides 92.0 FTE positions in FY2019 and in FY2020, consistent with the enacted level.

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 estimated annual economic impact on the State attributed to National Guard programs exceeds \$238.0 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. The Budget provides 92.0 FTE positions in FY2019 and 92.0 FTE positions in FY2020. Approximately 83.0 percent of the authorized FTE positions are supported by federal funds.

RI National Guard	General Revenue
FY2019 Enacted	\$3,081,090
<i>Target and Other Adjustments</i>	<i>9,684</i>
Personnel Adjustments	73,312
Operating Expenses	35,621
Contract Service Adjustments	19,786
FY2020 Enacted	\$3,219,493

Personnel Adjustments **\$73,312**

The Budget increases general revenue expenditures by \$73,312 that includes implementing the last step of the contracted cost of living adjustment (COLA) to state employees offset by other statewide planning value adjustments set by the Budget Office.

Operating Expenses **\$35,621**

The Budget includes \$1.2 million in general revenue (\$17.8 million in all funds) in FY2020 for operating expenses, reflecting a net increase of \$35,621 from the FY2019 Budget as Enacted. The largest adjustment is the increase of \$47,282 in general revenue for electric utility costs.

Operating Expenses	FY2017 Actual	FY2018 Actual	FY2019 Enacted	FY2020 Enacted	Change
Electricity	\$292,741	\$329,474	\$172,116	\$219,398	\$47,282
Building Maintenance & Repairs	144,817	253,951	128,235	160,697	32,462
Fuel: Natural Gas	100,537	115,601	124,762	136,593	11,831
All Other Adjustments	396,452	468,675	692,371	636,417	(55,954)
Total	\$934,547	\$1,167,701	\$1,117,484	\$1,153,105	\$35,621

Contract Services **\$19,786**

The Budget includes \$123,118 in general revenue (\$2.1 million in all funds) in FY2020 for contracted service expenses, reflecting a net increase of \$19,786 from the FY2019 Budget as Enacted. The largest adjustment is the decrease of \$22,478 in general revenue for janitorial services.

Contracted Services	FY2019 Enacted	FY2020 Enacted	Change
Janitorial Services	\$68,873	\$91,351	\$22,478
Other Building and Grounds	2,596	-	(2,596)
Groundskeeping/Lawns	5,544	6,098	554
Extermination Services	1,965	1,573	(392)
Fire Protection Services	12,838	12,738	(100)
Environmental Services	181	88	(93)
Doctors/Dentists	337	270	(67)
Accounting/Auditing	10,998	11,000	2
Total	\$103,332	\$123,118	\$19,786

Rhode Island Emergency Management Agency

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$14.2	\$20.3	\$24.4	\$4.1	20.2%	\$13.6	(\$6.7)	-33.0%
Expenditures By Source								
General Revenue	\$1.9	\$2.0	\$2.2	\$0.2	10.0%	\$2.3	\$0.3	15.0%
Federal Funds	10.6	16.3	20.2	3.9	23.9%	9.3	(7.0)	-42.9%
Restricted Receipts	0.2	0.5	0.5	-	-	0.5	-	-
Operating Transfers from Other Funds	1.5	1.5	1.5	-	-	1.5	-	-
Total	\$14.2	\$20.3	\$24.4	\$4.1	20.2%	\$13.6	(\$6.7)	-33.0%
Authorized FTE Levels	32.0	32.0	32.0	-	-	32.0	-	-

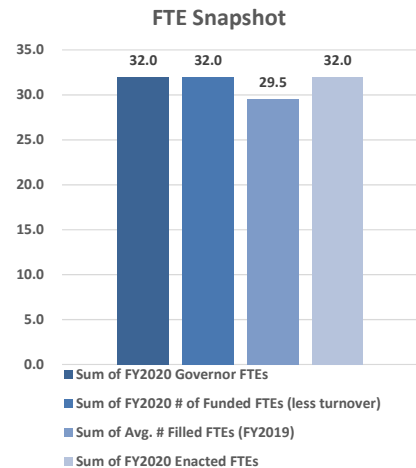
\$ in millions. Totals may vary due to rounding.

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 \$24.4 million in FY2019, of which \$2.2 million is general revenue. General revenue funds are increased by \$164,274. Federal funds comprising 82.8 percent of the Agency's budget in FY2019, increase by \$3.9 million and restricted receipts increase by \$63,854.

The Budget includes \$13.6 million in FY2020, of which \$2.4 million is general revenue. Federal funds comprising 68.4 percent of the Agency's budget in FY2020, decrease by \$7.0 million, reflecting the completion of various federal disaster programs as well as a delay in outfitting a new RIEMA headquarters as that project is presently on hold. The Budget includes 32.0 FTE positions in FY2019 and FY2020, consistent with the enacted level.



Central Management	General Revenue
FY2019 Enacted	\$2,043,945
Target and Other Adjustments	(23,641)
Personnel	344,343
FY2020 Enacted	\$2,364,647

Central Management	Other Fund Changes
Disaster and Emergency Preparedness Grants	(\$2,794,681)
Personnel, Contract Services, and Operating	(2,197,733)
Capital Purchases and Equipment	(2,047,960)

Personnel**\$344,343**

The Budget includes \$882,344 in general revenue reflecting an increase of \$344,343 from the FY2019 Budget as Enacted. The increased funding includes implementing the last step of the contracted cost of living adjustment (COLA) to state employees offset by other statewide planning value adjustments set by the Budget Office. The increase also reflects a shift of funding source from federal to general revenue to correct an improper allocation of federal funding for personnel. A federal grant required a 50/50 state match for personnel but the costs were instead allocated at 100.0 percent federal funds in the FY2019 Budget as Enacted.

Disaster and Emergency Preparedness Grants (federal funds)**(\$2.8 million)**

The Budget includes \$4.1 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$2.8 million less than the appropriation in the FY2019 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. 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 FY2020.

RIEMA Federal Grants	FY2019 Enacted	FY2020 Enacted	Change
Homeland Security Grant Program 2017	\$2,252,000	\$400,000	(\$1,852,000)
Homeland Security Grant Program 2018	355,000	1,451,305	1,096,305
FEMA Flood Reimbursement - Federal Match	575,000	-	(575,000)
All Other Grants	3,679,436	2,215,450	(1,463,986)
Total	\$6,861,436	\$4,066,755	(\$2,794,681)

Personnel, Contract Services, and Operating Changes (federal funds)**(\$2.2 million)**

The Budget includes \$4.8 million in federal funds for personnel, contract services, and operating costs, reflecting a decrease of \$2.2 million in federal funds from the FY2019 Budget as Enacted. The Budget reduces resources for operations, of which the largest component of \$934,876 is pass-through payments to other agencies.

Capital Purchases and Equipment (federal funds)**(\$2.0 million)**

The Budget includes \$447,040 in federal funds for capital purchases and equipment reflecting a decrease of \$2.0 million from the FY2019 Budget as Enacted. The Budget removes \$1.0 million that was previously appropriated to purchase furniture and equipment for the proposed new headquarters facility at Colorado Avenue in the City of Warwick. The need for these items is moot, as that proposal is on hold as the State reconsiders whether to go forward with the move of the RIEMA into that facility, move another state entity into that facility, or sell the property. The Budget also eliminates \$425,000 from a Port Security Grant 2017 that was a placeholder to purchase computer equipment and eliminates \$550,000 in Homeland Security Grant funds to purchase computer equipment and furniture.

Department of Public Safety

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$8.8	\$7.7	\$12.0	\$4.3	55.0%	\$15.5	\$7.8	100.7%
E-911	5.2	7.0	6.4	(0.6)	-8.9%	7.0	0.0	0.7%
Fire Marshal	3.9	-	-	-	-	-	-	-
Municipal Police Training Academy	0.6	0.6	0.7	0.1	13.0%	0.7	0.1	14.4%
Security Services	23.8	25.2	24.9	(0.3)	-1.1%	26.8	1.6	6.3%
State Police	74.6	84.0	89.1	5.1	6.1%	88.2	4.2	5.0%
Grand Total	\$116.8	\$124.5	\$133.1	\$8.5	6.9%	\$138.2	\$13.7	11.0%

Expenditures By Source								
General Revenue	\$100.9	\$103.3	\$104.0	\$0.7	0.7%	\$105.9	\$2.6	2.5%
Federal Funds	10.7	15.6	23.7	8.0	51.5%	20.0	4.4	28.0%
Restricted Receipts	1.3	0.6	1.1	0.6	103.3%	6.1	5.6	1014.0%
Other Funds	3.9	5.0	4.2	(0.8)	-15.2%	6.2	1.2	23.3%
Total	\$116.8	\$124.5	\$133.1	\$8.5	6.9%	\$138.2	\$13.7	11.0%

Authorized FTE Levels 610.6 564.6 563.6 (1.0) -0.2% 593.6 29.0 5.1%

\$ 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 five program areas: Central Management, E-911, the Municipal Police Training Academy, Security Services, and the State Police. The Department was created in the FY2009 Budget and is directed by the Superintendent of the State Police.

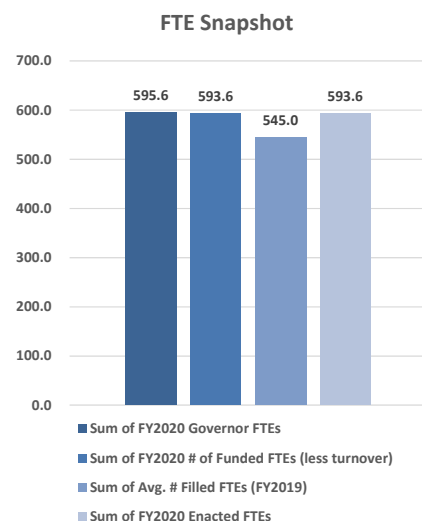
MAJOR ISSUES AND TRENDS

The Budget provides \$138.2 million to fund public safety initiatives and the operations of Department of Public Safety in FY2020. Almost 80.0 percent of this, or \$105.9 million, comes from general revenue, a net increase of \$2.6 million (2.5 percent) over the FY2019 Enacted level. It should be noted that this increase does not include \$5.1 million in E-911 expenditures previously covered by general revenue that have been shifted to a new restricted receipt (general revenue funding would have increased by 7.4 percent over the enacted level if these funds had not shifted).

The remaining \$248,573 in Google Forfeiture Funds will be spent in FY2020, exhausting the original State Police allotment of \$45.0 million. The bulk of these funds have been invested in improving State Police buildings and supporting the Department's pension fund.

The Budget includes 563.6 FTE positions in FY2019 and 593.6 in FY2020. The increase in FTE positions is primarily related to the 30.0 new Troopers that graduated from the State Police Training Academy in June 2019.

Although the Department of Public Safety's FY2020 general revenue budget grows modestly over enacted levels (2.5 percent), federal funds and restricted receipts increase significantly (28.0 percent and 1,010.4 percent, respectively). This is primarily related to two new major initiatives:



- **Opioid Response Programs:** In October 2018, Rhode Island began a new statewide initiative aimed at combating the opioid epidemic. The program, called the heroin-opioid prevention effort (HOPE), employs law enforcement personnel in a proactive outreach strategy in the community. According to the Department, the HOPE initiative brings together substance abuse professionals and police to reach out to those who are at risk of overdosing and encourage them to seek treatment. DPS' budget includes federal funding of \$1.1 million in FY2019 and \$523,896 in FY2020 to combat opioid addiction and prevent overdose deaths.
- **New E-911 Restricted Receipt Account:** Article 2 of the Budget creates a new restricted receipt account to provide dedicated support to the E-911 system. The Budget shifts \$5.1 million in E-911 related expenditures from general revenue to this new fund. Article 2 also reconfigures the surcharges on telecommunication services and adjusts how these revenues are to be deposited and used.

The Department's \$3.4 million capital budget in FY2020 includes \$2.0 million to pay for a new roof at the nine-year-old State Police Headquarters in Scituate. The poorly constructed roof and gutter system has resulted in severe water damage to the building. Construction of a new roof is expected to begin in July 2019.

CENTRAL MANAGEMENT

The Central Management program 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
FY2019 Enacted	\$1,013,929
<i>Target and Other Adjustments</i>	<i>(5,537)</i>
Personnel	(79,652)
FY2020 Enacted	\$928,740
Personnel	(\$79,652)

The Budget provides \$928,740 in general revenue to fund the Central Management program within the Department of Public Safety, \$79,652 less than the FY2019 Enacted level. This net reduction is primarily associated with \$250,000 in budgeted turnover in FY2020. This savings is offset by \$170,348 in new funding to support the personnel costs associated with the Department of Public Safety's 1.0 Public Information Officer (PIO) FTE position.

The Governor had requested funding for the PIO in both of the last two budget cycles; however, the position and funding were not authorized by the General Assembly. Nonetheless, the Department has employed a person to perform the PIO duties since January 2017, using portions of vacancies and turnover to cover the costs of the position. The Budget provides dedicated general revenue funding for the position in FY2020.

E-911

The objective of the E-911 Uniform Emergency Telephone System 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
FY2019 Enacted	\$6,968,614
<i>Target and Other Adjustments</i>	<i>107,222</i>
New E-911 Fund	(5,094,198)
Technology Enhancements and Maintenance	(283,024)
Next Generation 911	Informational
Surcharge Revenues	Informational
FY2020 Enacted	\$1,698,614

E-911	Other Funds
Emergency Training for Telecommunicators	\$222,000

New E-911 Fund ***(\$5.1 million)***

The Budget reconfigures the telecommunication surcharges that support emergency services and first response programs, including the E-911 program. Previously, State law authorized a \$1.00 emergency services and first response surcharge on wireline, wireless, and prepaid telecommunication services and an additional \$0.26 technology surcharge only on wireless services. 90.0 percent of the revenue from the \$1.00 surcharge was deposited as general revenue with the balance placed into the State's Information Technology Investment Fund. The \$0.26 surcharge was deposited into a restricted receipt account to support State geographic information system (GIS) and other technology improvements.

Article 2 of the Budget eliminates both of these surcharges and establishes two new ones. A new \$0.50 E-911 surcharge is established to support the E-911 program. Revenue from the surcharge will be deposited into a new, dedicated restricted receipt account within the Department of Public Safety (DPS) explicitly reserved for the purposes of supporting the E-911 system. A new first response surcharge is also established to support first responder services across the State. The surcharge amount varies by telecommunication type and ranges from \$0.50 to \$0.75. The revenue from this surcharge is deposited as general revenue.

The impact of these changes is a shift in funding from general revenue to restricted receipts. The Budget reduces general revenue funding for E-911 by \$5.1 million and increases restricted receipt funding for the program by the same amount.

The new E-911 surcharge established under Article 2 is set at \$0.50 per line, per month. The separate First Response surcharge also established under Article 2 varies based on the type of telecom service used. Revenues from these surcharges are deposited into various accounts for various purposes. The surcharge and account changes are summarized in the following tables.

Through FY2019			Article 2	
Surcharge - Wireline	Amount	Deposited	Amount	Deposited
Emergency Services and First Response Surcharge	\$1.00	General Fund (90%) / ITIF* (10%)	Repealed	Repealed
E-911 Surcharge	N/A	N/A	\$0.50	E-911 Fund (RR)
First Response Surcharge	N/A	N/A	0.50	General Fund (90%) / ITIF* (10%)
Total	\$1.00		\$1.00	

Through FY2019			Article 2	
Surcharge - Wireless	Amount	Deposited	Amount	Deposited
Emergency Services and First Response Surcharge	\$1.00	General Fund (90%) / ITIF* (10%)	Repealed	Repealed
E-911 Surcharge	N/A	N/A	\$0.50	E-911 Fund (RR)
First Response Surcharge	N/A	N/A	0.75	General Fund (90%) / ITIF* (10%)
GIS/Technology Surcharge	0.26	GIS/Tech Fund (RR)	Repealed	Repealed
Total	\$1.26		\$1.25	

Through FY2019			Article 2	
Surcharge - Prepaid	Amount	Deposited	Amount	Deposited
Emergency Services and First Response Surcharge	2.5% of retail transaction	General Fund	N/A	N/A
E-911 Surcharge	N/A	N/A	2.5% of retail transaction	E-911 Fund (RR)
First Response Surcharge	N/A	N/A	N/A	N/A
GIS/Technology Surcharge	N/A	N/A	N/A	N/A
Total				

*Information Technology Investment Fund

The following table shows the collection history and estimated revenue by surcharge:

Fiscal Year	E-911 Surcharge and First Response Surcharge Revenues vs. Expenditures				
	E-911 Surcharge†	First Response Surcharge	E-911 Expenditures	Deposit to ITIF	Net to General Fund
2010	\$17,898,223		\$4,635,901	-	\$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	-	9,798,629
2015	17,640,703		5,320,615	-	12,320,088
2016	16,649,747		5,499,050	1,571,992	9,578,704
2017	16,845,536		5,699,440	1,632,500	8,993,060
2018	17,072,415		5,894,522	1,665,150	9,512,743
2019*	16,786,838		5,899,730	1,678,684	9,208,424
2020^	6,048,138	10,465,100	7,014,261	1,046,510	9,418,590

* FY 2019 revenue estimates are provided by the Budget Office.

^ FY 2020 revenue estimates are provided by ORA. ORA used the Budget Office Estimates for each E911 account under current law, recalculated the revenues based on the proposals, and used the 5-year cash averages through September to estimate the impact of the October 1 implementation date.

†From FY2000 through FY2019, this surcharge was deposited as general revenue. Article 2 directs its to a new retracted receipt account.

Technology Enhancements and Maintenance (\$283,024)

The Budget provides \$1.8 million for technology upgrades and maintenance of the State’s E-911 system, a net \$283,024 reduction from the FY2019 Budget as Enacted. This reduction is comprised, in part, of a \$425,000 reduction in computer equipment expenditures. In 2018, the General Assembly provided \$700,000 more in computer equipment funds than proposed by the Governor. This was appropriated in response to repeated delays in the implementation of Next Generation 911 (NG911), an initiative involving the transition of the E-911 system from analog to digital. The investment was made to help expedite the build-out of the necessary hardware infrastructure to support the program and facilitate the ability to text 911 and locate emergencies more accurately. The infrastructure was mostly completed by the end of 2018; therefore, funding is reduced going forward.

The reduction in computer equipment expenditures is offset by a net \$141,976 increase in other operating expenses related to several multi-year projects. These include upgrading the quality and capacity of the Geographic Information System (GIS) and its imagery; improving the ability to locate wireless callers, called Rapid SOS; and funding cyber security software and other software licenses.

Next Generation 911

Informational

Over the past several years, the State's E-911 system has been transitioning from analog-based technology to a digital platform. The two E-911 call center hubs, known as public safety answering points (PSAPs), completed installation and testing of new Next Generation 911 (NG911) digital routers in 2018 and staff have been trained on how to use the technology. NG911 enables these telecommunicators to utilize data-rich information such as geographic information systems and pictometry data to more accurately identify an individual's location and direct first responders more quickly.

According to the Department, the success and reliability of E-911 has greatly improved with the implementation of NG911 and will enhance emergency services going forward by creating a faster, more resilient system that will facilitate the integration of more advanced methods of emergency communication in the future. For example, NG911 enabled the launch of Text-to-911 in February 2019. This service provides the public with the ability to text 911 in the event a voice call is not possible or safe. NG911 will also support Rapid SOS, a new technology that provides more accurate location information from wireless callers, and enable Rhode Island to more effectively meet federal cybersecurity standards. NG911 is enabling a five-year project to update its entire GIS data map, using pictometry imagery that provides a 45 degree angle overhead image in addition to straight overhead images. DPS is currently in the first year of the project.

Emergency Training for Telecommunicators (restricted receipts)

\$222,000

The Budget includes \$222,000 in E-911 funds for training in FY2020. The restricted receipt funding will be used to increase the skills of E-911 Telecommunicators related to emergency medical dispatch training.

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 Academy	General Revenue
FY2019 Enacted	\$253,024
<i>Target and Other Adjustments</i>	<i>9,698</i>
Rent	33,532
FY2020 Enacted	\$296,254
Municipal Police Training Academy	Other Funds Changes
New Training Gear (federal funds)	\$109,565
Rent	\$33,532

The Budget includes \$33,532 more from general revenues for rental expenses in FY2020. The Municipal Police Training Academy does not have its own training facility. Historically, the Academy has

conducted its classes at CCRI's Flanagan Campus in Lincoln. In FY2019, the Governor proposed that the Academy relocate to the Rhode Island National Guard's Camp Fogarty in East Greenwich to save on rental costs. The National Guard has indicated that it will charge the Department rent to use Camp Fogarty and DPS is working on an agreement with them. In the interim, the Academy has extended its lease with CCRI while preparing for its transition to Camp Fogarty. The Budget assumes \$21,062 in rental expenses for the continued use of the CCRI facilities as well as \$12,470 in rent to the National Guard for Camp Fogarty in FY2020.

New Training Gear (federal funds)

\$109,565

The Budget includes \$109,565 in additional federal funds for training gear in FY2020. The Department is utilizing \$41,000 from the Law Enforcement Highway Safety grant and \$68,565 from the federal Office of Highway Safety Speed grant to purchase riot gear shields and body armor to be used in training at the Academy.

SECURITY SERVICES

The Security Services program consists of the Capitol Police and 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 in several counties. The Division is responsible for courtroom security, judicial security, and cellblock security, transportation of individuals charged with crimes, interstate prisoner extraditions, and service of process.

Security Services	General Revenue
FY2019 Enacted	\$25,197,459
<i>Target and Other Adjustments</i>	
Personnel	111,380
Radios	1,065,004
State Fleet Overhead	166,700
Tasers	148,176
Courthouse Rent	54,900
FY2020 Enacted	\$26,773,619

Personnel

\$1.1 million

The Budget includes an additional \$1.1 million from general revenues for personnel costs in FY2020. This increase consists of \$224,709 more in salaries and benefits for the Capitol Police and \$840,295 for the Sheriffs Division.

The Capitol Police have a total of 51.0 total authorized FTE positions, with 38.0 funded from general revenue and 13.0 charged to other State agencies through internal service funding. As of November 2018, the Capitol Police had 41.0 filled positions. The Department of Public Safety started a recruitment class of 11.0 new capitol police cadets in January 2019. The class graduated from the RI Capitol Police Training Academy in July, 2019. The increased personnel costs in FY2020 is attributable to the new Capitol Police Officers beginning work in July 2019.

The \$840,295 increase in personnel costs within the Sheriffs Division consists of \$508,623 in restored turnover and \$331,672 in other salary and benefit increases. As of June 30, 2019, the Sheriffs have 181.0 FTE positions, of which 171.0 are filled and 29.0 are receiving injured on duty benefits, which means they are part of the 181.0 FTE total and are being paid salaries and benefits, but are not available to work.

Radios **\$166,700**

The Budget includes \$166,700 in new general revenue in FY2020 to begin the multi-year replacement of radios for the Sheriffs and Capitol Police. Motorola is the current service provider for the portable radios and the company announced that it would no longer support the equipment starting in December 2018. According to the DPS, most of the radios are over ten years old, with the most recent purchases made in 2012.

State Fleet Overhead **\$148,176**

The Budget includes \$148,176 in additional general revenue for vehicle overhead costs for DPS' security services. According to DPS, these costs reflect the centralized service charges for fuel, insurance, maintenance, and repair costs associated with the Security Services vehicles.

Tasers **\$54,900**

The Budget includes \$54,900 in new general revenue in FY2020 to fund the first phase of a three-year plan to provide the Capitol Police and Sheriffs Divisions with Taser equipment and training. The plan calls for a total of 111 Tasers over the three-year period, with 34 Tasers for the Sheriffs and 11 for the Capitol Police in FY2020. The cost for one Taser, holster, battery, and two cartridges is \$1,220. Tasers provide the option for a less lethal use of force than firearms.

Courthouse Rent **\$30,000**

The Budget includes an additional \$30,000 from general revenue to pay for the Division of Sheriffs' proportionate share of the rent paid to the Judiciary for use of space in the courthouses.

STATE POLICE

The Rhode Island State Police are a uniformed and investigative law enforcement agency with statewide jurisdiction. The agency is organized into three bureaus: the Administrative Bureau, Uniform Bureau, and Detective Bureau. The Administrative Bureau consists of both sworn command staff and civilian personnel and provides overall management and support. The Uniform Bureau is responsible for preventing crime and investigating 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 which helps the Attorney General's Office and other agencies in investigating organized and white collar crime and provides support to police agencies throughout the State.

State Police	General Revenue
FY2019 Enacted	\$69,903,992
<i>Target and Other Adjustments</i>	
New Troopers	3,800,000
Gambling Enforcement Unit	1,873,969
Overtime	467,562
Radios	457,812
IT Network	290,000
State Fleet Overhead	225,000
Recruitment	90,000
Pension Trust Fund	Informational
Google Forfeiture Funds	Informational
State Police Vehicles	Informational
FY2020 Enacted	\$76,222,276

State Police	Other Funds
Opioid Response Programs (federal funds)	\$523,896

New Troopers **\$3.8 million**

The Budget includes \$3.8 million in general revenue to support the personnel costs associated with the hiring of 30.0 new State Troopers that graduated from the 57th State Police Training Academy in July 2019.

Gaming Enforcement Unit **\$1.9 million**

The Budget shifts \$1.9 million in lottery funding (other funds) to general revenue to pay for the staffing costs of approximately 10.0 FTE positions in the Gaming Enforcement Unit (GEU) within the Detective Bureau. Funding for the GEU has historically been part of the Lottery's operating costs, which are deducted from the total amount of lottery revenue transferred to the State. Because of this, the cost of manning and operating the GEU has appeared as a reduction in revenue rather than an expenditure.

The November 2018 Revenue Estimating Conference revised the way in which the GEU is budgeted. The principals agreed to reflect the costs as a budgeted expenditure within the State Police.

In FY2019, the GEU costs were \$1.5 million, approximately \$400,000 less than the budgeted amount for FY2020. According to the State Police, this increase is attributable to the addition of 2.0 Troopers to the unit to support the increased demands resulting from the opening of the Tiverton casino and the launch of on-site sports betting.

Overtime **\$467,562**

The Budget provides \$1.8 million for overtime for the Detective Bureau in FY2020, or \$467,562 more than Enacted. According to the Department, the work schedule of detectives is significantly influenced by events beyond its control and the increase is included to better reflect prior year expenditures. The following table shows the Bureau's overtime costs over the last several years.

FY2017 Actual	FY2018 Actual	FY2019 Enacted	FY2019 Final	FY2020 Enacted
\$1,311,921	\$1,740,710	\$1,354,886	\$1,963,806	\$1,822,448

Radios **\$457,812**

The Budget includes \$457,812 in new general revenue in FY2020 to begin the multi-year replacement of radios for the State Police. Motorola is the current service provider for the portable radios and the company announced that it would no longer support the equipment starting in December 2018.

According to the DPS most of the radios are over ten years old, with the most recent purchases made in 2012.

IT Network **\$290,000**

The Budget includes \$290,000 in FY2020 to address information technology system maintenance and repairs. These expenditures include:

- **IT Network Maintenance:** The five-year warranty for the State Police IT network expired at the end of FY2019. Going forward, the system will require new yearly maintenance contracts. The contract value is \$125,000 in FY2020.
- **Switches and Routers:** The Budget includes \$85,000 for new network switches and routers for the State Police headquarters. Due to the age of the equipment, the manufacturer will no longer be supporting its maintenance and updates.
- **Security Software:** State Police computers require specialized software and upgraded security features, given the nature of the information and work they support. The Budget provides \$50,000 to upgrade software for 200 computers and 125 mobile laptops in FY2020.
- **Two-Factor Authentication:** The Budget includes \$30,000 to install two-factor authentication (password and one other piece of information) on mobile and remote systems accessing both the Rhode Island and the National Law Enforcement Telecommunications Systems (RILETS and NLETS, respectively). These systems enable the State Police to communicate and exchange information across police departments and other law enforcement agencies in the State and across the country. A recent FBI audit of the State Police system calls for the upgrade.

State Fleet Overhead **\$225,000**

The Budget includes \$225,000 in additional general revenue for vehicle overhead costs for the State Police. According to DPS, these costs reflect the centralized service charges for fuel, insurance, maintenance, and repair costs associated with the State Police vehicles.

Recruitment **\$90,000**

The Budget includes \$90,000 in general revenue for the State Police to begin recruiting in FY2020 for the next State Police Training Academy. The next class would not begin until FY2021. There are 57 individuals eligible for retirement within the State Police, with 37 new Troopers that graduated June 28, 2019.

Pension Trust Fund **Informational**

The FY2016 Budget as Enacted created a pension trust fund for State Police troopers hired prior to 1987 who receive benefits through a pay-as-you-go (pay-go) system. Members' benefits remain unchanged, but the proposal transitioned the 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 for the pension trust fund required approval by the U.S. Department of Justice (DOJ) Asset Forfeiture Program which was granted in FY2016. The FY2017 Budget as Enacted included \$15.0 million for this purpose. Based on the current actuarial reports, the Budget includes \$16.4 million for pension payments in FY2020, commensurate with the FY2019 Budget as Enacted.

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 illegal, 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. The Budget includes \$6.0 million in FY2019 and \$248,573 in FY2020. These expenditures represent the exhaustion of the remainder of the Google funds. Slightly more than one third of the award, or \$15.0 million, was used to help seed a trust fund for the State Police pay-go pension. Vehicle replacement utilized 21.1 percent of funding. The following table breaks down how the funds were utilized.

Expenditures By Program	Budget	Pre-FY2019	FY2019	FY2020	Amount		Balance
					Expended	Percent	
Fleet	\$5,385,187	\$5,368,085	\$4,095,699	-	\$9,463,784	21.1%	(\$4,078,597)
Training Academy	1,130,005	35,829	-	-	35,829	0.1%	1,094,176
New Buildings/Renovations	9,038,652	4,859,489	-	-	4,859,489	10.8%	4,179,163
Overtime	4,657,825	4,657,825	-	-	4,657,825	10.4%	(0.3)
Personnel	1,000,000	249,226	-	-	249,226	0.6%	750,774
Investigations	4,716	2,467	-	-	2,467	0.0%	2,249
Recruitment	876,273	533,405	-	-	533,405	1.2%	342,868
Technology	4,461,446	4,851,446	-	-	4,851,446	10.8%	(390,000)
Pension Trust	15,000,000	15,000,000	-	-	15,000,000	33.4%	-
Training	153,715	153,715	-	-	153,715	0.3%	-
Equipment	2,705,138	2,519,759	1,906,740	248,573	4,675,072	10.4%	(1,969,934)
Accreditation	100,000	56,000	-	-	56,000	0.1%	44,000
Local Sharing	150,000	150,000	-	-	150,000	0.3%	-
Assessment Project	225,000	246,803	-	-	246,803	0.5%	(21,803)
Aid to Westerly	64,916	15,563	-	-	15,563	0.0%	49,353
Community Outreach	684	684	-	-	\$684	0.0%	-
Total	\$44,953,557		\$6,002,439	248,573	\$44,951,308	100.0%	-

Source: Department of Public Safety

State Police Vehicles

Informational

The Department currently has 346 vehicles in the State Police vehicle fleet (332 patrol and detective vehicles, 7 motorcycles, and 7 specialty vehicles). There are 123 patrol/detective vehicles, or 37.0 percent, with over 100,000 miles. The average useful life of these vehicles is 6.5 years. Since FY2013, the Department has spent \$9.5 million in Google funds to improve its fleet. The Budget includes \$4.0 million in restricted receipt funds (Google Forfeiture Funds) in the FY2019 Revised, an increase of \$1.3 million relative to the FY2019 Budget as Enacted. The increase is related to vehicles that were originally planned to be purchased in FY2018, but were not available until FY2019.

The Budget also level funds road construction reimbursements from the Department of Transportation for road details performed by the State Police. These reimbursements help to pay for vehicle maintenance costs. The all funds total for the program in FY2020 is \$2.2 million, consistent with past expenditure levels.

Opioid Response Programs (federal funds)

\$523,896

The Budget includes an increase in federal funds of \$1.1 million in FY2019 and \$523,896 in FY2020 to help address the opioid crisis in Rhode Island.

In October 2018, the Governor announced a new statewide initiative aimed at combating the opioid epidemic. The program, called the heroin-opioid prevention effort (HOPE), employs law enforcement personnel in a proactive outreach strategy in the community. According to the Department, the HOPE initiative brings together substance abuse professionals and police to reach out to those who are at risk of overdosing and encourage them to seek treatment.

The U.S. Department of Health and Human Services (HHS) has awarded the State \$12.6 million in substance abuse grants targeted at opioid addiction. The grants are administered by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH); the Department of Public Safety is a sub-recipient under the program. The following table list the HOPE grants directed to the the State Police and their amounts:

Grant	FY2019	FY2019	FY2020
	Enacted	Final	Enacted
Hope Initiative - Comprehensive Addiction/Recovery	-	\$175,076	\$175,612
Hope Initiative - Medication Assisted Treatment PDOA	-	30,177	41,477
Hope Initiative - Opioid Response Prevention	-	157,419	52,684
Hope Initiative - Prescription Drug Monitoring Program	-	200,461	143,756
Hope Initiative - Opioid Response Grant	-	552,458	110,367
Total	-	\$1,115,591	\$523,896

DPS program costs in FY2020 include \$230,010 to support two existing FTE positions, \$140,739 in contracted professional services to bring medical experts to help train DPS staff, \$126,047 in operating support, and \$27,100 in assistance and grants.

CAPITAL PROJECTS

The Budget includes a total of \$13.1 million in capital projects from FY2019 through FY2024. The Budget includes \$3.4 million in disbursements from the RI Capital Plan Fund in FY2020 as follows:

FY2020 Capital Budget	
HQ Roof Replacement	\$2,000,000
Asset Protection	600,000
Training Academy Upgrades	425,000
Public Safety Master Plan	350,000
Total	\$3,375,000

HQ Roof Replacement: The FY2020 Capital Budget includes a \$2.0 million increase to repair the roof at the State Police Headquarters in Scituate. The nine-year-old headquarters opened in October 2010. According to the Department, the building has had trouble with the roof, gutter systems, and water pooling since it opened and interim fixes have appeared in the capital budget under asset protections over the last several years. In FY2020, the replacement of the roof is a standalone project.

In 2017, the Division of Capital Asset Management and Maintenance (DCAMM) and the State Police issued an RFP for architectural and engineering services for full roof and gutter system replacement. The contract was awarded in 2018 and the planning work was completed in May 2019. Construction is expected to begin in July 2019.

Analyst Note: According to the Department, the warranty on the original roof construction was voided as a result of an attempt to mitigate roof-related problems by a contractor other than the original builder. This occurred shortly after the headquarters opened. The original builder has refused to honor the warranty and subsequent contractors have been reluctant to take on the full repair.

Asset Protection: The Budget includes \$600,000 in FY2020 to finance the maintenance of the various facilities across the Department.

Training Academy Upgrades: The Budget provides \$425,000 in FY2020 for improvements at the State Police Training Academy in Foster. The \$1.7 million project began in 2018, with \$830,000 spent to date. Heating and air-conditioning is being replaced in the main Academy building and fitness center. New lighting and rubberized flooring has been installed. In FY2020, the DPS will be repairing parking lots, upgrading the firing range, and rebuilding the Academy's obstacle course.

Public Safety Master Plan: The Budget includes \$350,000 to complete a facilities master plan to determine the building needs of the agency and its personnel.

Office of the Public Defender

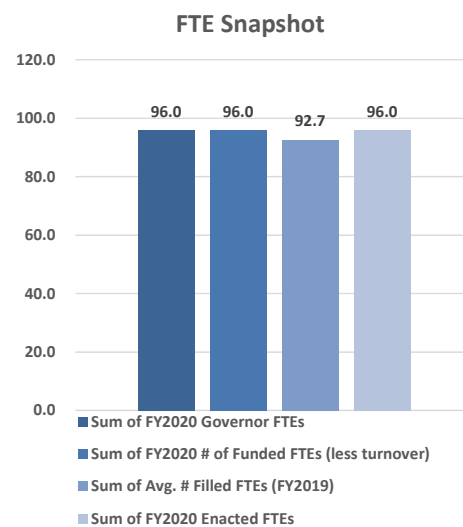
Expenditures By Program	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
Public Defender	\$11.6	\$12.7	\$12.1	(\$0.6)	-4.9%	\$12.9	\$0.2	1.4%
Expenditures By Source								
General Revenue	\$11.5	\$12.6	\$12.0	(\$0.6)	-4.8%	\$12.8	\$0.2	9.0%
Federal Funds	0.1	0.1	0.1	(0.0)	(0.25)	0.1	(0.03)	(0.25)
Grand Total	\$11.6	\$12.7	\$12.1	(\$0.6)	-4.9%	\$12.9	\$0.2	1.4%
Authorized FTE Levels	93.0	95.0	95.0	-	-	96.0	1.0	1.1%

\$ 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 located 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 advice and consent of the Senate.

MAJOR ISSUES AND TRENDS

The agency's budget is funded almost entirely by general revenues (99.4 percent). The Budget reflects salary and benefit requirements of the existing staff, plus the addition of 1.0 Social Worker. The Budget includes 95.0 FTE positions in FY2019, consistent with the enacted level, and 96.0 FTE positions in FY2020, an increase of 1.0 position.



Central Management

	General Revenue
FY2019 Enacted	\$12,575,531
<i>Target and Other Adjustments</i>	<i>4,159</i>
Personnel	207,128
Social Worker Position	85,728
Contracted Services	(47,675)
FY2020 Enacted	\$12,824,871

Personnel

\$207,128

The Budget increases general revenue expenditures to reflecting implementing the last step of the contracted cost of living (COLA) to state employees and other statewide planning value adjustments set by the Budget Office, including \$100,000 in turnover savings.

Social Worker Position

\$85,728

The Budget converts a contracted social services case worker to a full-time state position to provide continuity of educational and social services to juvenile clients to alleviate long term detentions. This

reflects shifting \$47,675 from contracted services and adding \$38,053 in general revenue to cover the benefit costs for the new position.

Contracted Services

(\$47,675)

The Budget decreases general revenue expenditures, reflecting the conversion of a contracted social services case worker to a full-time state position to provide continuity of educational and social services to juvenile clients to alleviate long term detentions.

Department of Environmental Management

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Office of Director	\$9.7	\$11.0	\$10.9	(\$0.2)	-1.6%	\$11.0	(\$0.1)	-0.6%
Bureau of Natural Resources	45.1	65.1	53.7	(11.5)	-17.6%	59.5	(5.6)	-8.6%
Bureau of Environmental Protection	25.5	32.5	30.8	(1.7)	-5.1%	31.6	(0.9)	-2.7%
Total	\$80.4	\$108.7	\$95.4	(\$13.3)	-12.2%	\$102.1	(\$6.6)	-6.0%
Expenditures By Source								
General Revenue	\$40.3	\$41.8	\$41.5	(\$0.4)	-0.9%	\$43.6	\$1.8	4.3%
Federal Funds	20.5	31.8	31.7	(0.0)	-0.1%	32.3	0.5	1.7%
Restricted Receipts	14.0	17.6	15.7	(1.9)	-10.7%	16.1	(1.5)	-8.6%
Other Funds	5.5	17.5	6.5	(11.0)	-62.9%	10.1	(7.4)	-42.2%
Total	\$80.4	\$108.7	\$95.4	(\$13.3)	-12.2%	\$102.1	(\$6.6)	-6.0%
Authorized FTE Levels	400.0	395.0	395.0	-	-	394.0	(1.0)	-0.3%

\$ 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 FY2020 Budget includes an all funds decrease of \$6.6 million, or 6.0 percent from the FY2019 Budget as Enacted. The Budget includes a \$1.8 million (4.3 percent) increase in general revenue expenditures compared to the FY2019 Budget as Enacted, primarily due to the Transforming State Parks initiative (\$948,004) and increased personnel costs needed to maintain current service levels (\$651,536). The 42.2 percent decrease in other funds is driven by changes in the Rhode Island Capital Plan (RICAP) fund to reflect shifting funding to general obligation bond proceeds and changes in construction calendars and priorities.

The 8.6 percent decrease in restricted receipts is due to reductions to align budgeted amounts to projected expenditures in Underground Storage Tank reimbursements (\$805,438), Environmental Response Fund II expenditures (\$443,181), Hunting license receipts (\$222,211), and the Oil Spill Prevention, Administration and Response (OSPAR) fund (\$222,116), partially offset by an increase in Shellfish and Marine License Receipts (\$169,993), and the Volkswagen Settlement (\$102,672). 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. The settlement established an Environmental Mitigation Trust (EMT), which will be administered by the Department of Environmental Management (DEM). Of the total settlement, about \$10.7 million will be used to replace diesel RIPTA buses with zero emission vehicles (ZEV); \$1.5 million for charging infrastructure; and, \$2.1 million for administrative expenses at DEM, RIPTA, and OER.

As part of a Transforming State Parks Initiative the Budget increase various user fees across the parks system. The revenue generated from these increases is then invested based on recommendations from the 2018 report, *Rhode Island State Parks Organization Management and Operations Study*, created in consult with CHM Governmental Services and PROS Consulting. This report identifies investments needed to develop a sustainable approach to maintain state parks and beaches. The fee increases are intended to have

those who use these resources support the new investments, especially users from out of state. Camping fees would increase by \$4 to \$15 for residents, based on the desirability of the campground, and by \$16 to \$40 for non-residents. The proposal would also increase pavilion, golf, and other fees at Goddard and Newport. The fee increases are projected to raise an additional \$570,518 in general revenue in FY2020.

State Revenues from Proposed Park Fee

	Increases	
	FY2020	FY2021
Camping Fees	\$367,226	\$1,025,216
Pavilion, Golf, Etc.	203,292	203,292
Total Revenue	\$570,518	\$1,228,508

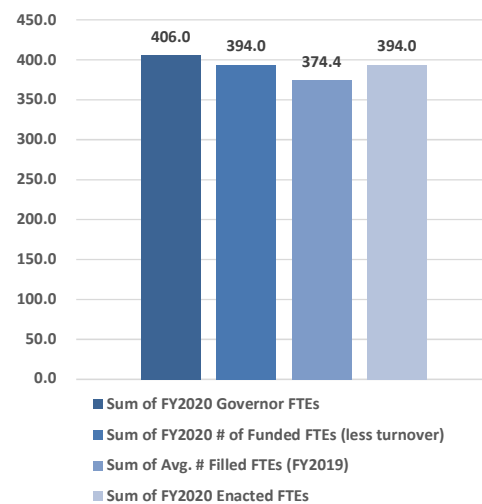
The new investments proposed in the Budget total \$948,004 in FY2020. The general revenue investments are designed to improve the park goers experience through cleaner, more modern facilities; reduced litter; and, expanded rental and concession opportunities. Each of the new investments is discussed in detail in following analysis.

New Investments in State Parks

Parks Operating	\$424,643
Maintenance Staff (3.0 FTE positions)	308,989
Trash Removal Pilot Program	122,000
Business Development Office (1.0 FTE position)	92,372
Total Investment	\$948,004

The Budget authorizes 394.0 FTE positions in FY2020, a decrease of 1.0 FTE positions from the FY2019 Budget as Enacted, and 395.0 FTE positions in FY2019.

FTE Snapshot



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 the Director	General Revenue
FY2019 Enacted	\$6,989,682
<i>Target and Other Adjustments</i>	<i>(101,426)</i>
Personnel Costs	186,749
Centralized Service Charges - Information Technology	(147,425)
FY2020 Enacted	\$6,927,580

Personnel Costs \$186,749

The Budget provides an increase of \$186,749 in general revenue funded personnel costs to maintain the current staffing and program levels. Included in this increase is \$44,202 in general revenue to provide 42.0 percent of the funding for the Deputy Director position: the remaining 58.0 percent is funded from indirect cost recovery funds. This increase represents a shift from federal indirect cost recovery funds to general revenue. The indirect recovery is funded by an assessment on federal grants and is used for administrative support; however, the funding in this account is insufficient in FY2020 to support all of the staffing costs allocated to this account in previous years. One reason there is not sufficient funding is the lack of a target adjustment for non-general revenue accounts, which is causing the recent COLA to strain existing resources. The remaining \$142,547 reduces turnover savings to historic levels and provides for contracted step increases. The savings from the Voluntary Retirement Incentive programmed into the FY2019 Budget

as Enacted did not account for the filling of the vacancies left by senior staff with candidates with significant state experience.

Centralized Service Charges – Information Technology **(\$147,425)**

Based on actual billings in FY2019, the FY2020 Budget decreases centralized service charge funding by \$147,425 relative to the enacted budget for information technology. The FY2019 Budget as Enacted increased 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, and thereafter, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

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
FY2019 Enacted	\$22,108,783
<i>Target and Other Adjustments</i>	<i>449,101</i>
Parks Operating	546,643
Maintenance Workers and Civil Engineer (3.0 FTE positions)	308,989
Executive Business Development Office - Assistant Administrator (1.0 FTE position)	92,372
FY2020 Enacted	\$23,505,888

Bureau of Natural Resources	Other Fund Changes
Food Safety Modernization Act - Agricultural Marketing Specialist (federal funds)	\$183,413

Parks Operating **\$546,643**

The Budget increases support for operating expenses in State parks by \$546,643 relative to the FY2019 Budget as Enacted. The increase includes an additional \$424,643 toward the structural deficit in the operating budget. The Department had requested an additional \$745,600 to fund the Division of Parks and Recreation at the FY2018 actual expenditure level. The remaining \$122,000 is for a trash pilot program at Misquamicut Beach that includes a Big Belly waste and recycling system, and a water bottle refilling station. The goal is to reduce waste while encouraging the proper disposal of trash.

Maintenance Workers and Civil Engineer (3.0 FTE positions) **\$308,989**

The Budget provides \$308,989 in additional general revenue and \$135,000 in projected contract services savings (\$443,989 total) for 3.0 new FTE positions. The Governor's recommendation included 1.0 FTE civil engineer to oversee renovation and construction and to facilitate the capital parks projects, and 4.0 FTE maintenance workers, including a plumber, to improve the condition of services at State parks. The Budget as Enacted is not specific as to which of the positions will be filled; however, the Budget assumes an October 1, 2019, hiring date for all three positions.

Executive Business Development Office - Assistant Administrator (1.0 FTE position) **\$92,372**

The Budget provides \$92,372 in general revenue for 1.0 FTE Assistant Administrator/Financial Management position within a newly established Business Development Office. The creation of the Office

was recommended in a 2018 report, *Rhode Island State Parks Organization Management and Operations Study*, created in consult with CHM Governmental Services and PROS Consulting. The Office will concentrate on revenue generating strategies such as cost accounting, sponsorship and donor development, grant opportunities, fees, concessions, leases, and fiscal entrepreneurship.

The Budget provides \$92,372 for 1.0 FTE Assistant Administrator/Financial Management position, assuming an October 1, 2019, hiring date. Based on the budgeted amount, the annualized salary for this position would be \$73,216. The FY2020 Budget does not include any projected savings; however, the Office of Management and Budget anticipates \$250,000 in savings from the Executive Business Development Office initiative in FY2021.

Food Safety Modernization Act - Agricultural Marketing Specialist (federal funds) \$183,413

The Budget increases federal funding for the Food Safety Modernization Act by \$183,413 (\$383,869 total) relative to the FY2019 Budget as Enacted. The increase reflects an additional \$128,863 in salaries and benefits, including \$71,348 for a new Agricultural Marketing Specialist. This position will be created using an existing FTE position and will be the third position assigned to this program. Despite the title, the marketing function of this position is minor, instead the position will work with the two existing program positions 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 are 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
FY2019 Enacted	\$12,742,750
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<i>Target and Other Adjustments</i>	386,599
Personnel Costs	177,197
Centralized Service Charges - Information Technology	(116,039)
FY2020 Governor	\$13,190,507

Personnel Costs \$177,197

The Budget provides an increase of \$177,197 in general revenue funded personnel costs to maintain the current staffing and program levels, while achieving turnover savings more in line with historic levels. The FY2019 Budget as Enacted included higher turnover levels due in part to the Voluntary Retirement Incentive (VRI); however, the VRI savings programmed into the enacted budget did not account for the filing of the vacancies left by senior staff with candidates with significant state experience. While providing for contracted step increases, this increase does not include any new positions.

Centralized Service Charges – Information Technology (\$116,039)

Based on actual billings in FY2019, the FY2020 Budget decreases funding by \$116,039 relative to the enacted budget for information technology. The FY2019 Budget as Enacted increased 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, and thereafter, these expenditures are reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency.

CAPITAL PROJECTS

The Budget includes a total of \$4.6 million in capital expenditures from Rhode Island Capital Plan (RICAP) funds in FY2019 and \$8.3 million in FY2020, a decrease of \$8.3 million and \$4.7 million, respectively, compared to the enacted budget. Major RICAP funded projects include:

- \$2.1 million in FY2019 and \$2.6 million in FY2020 for infrastructure and facility improvements at State parks and management areas. The projects include renovations to Colt Stone Barn, Fort Adams State Park and Goddard State Park Beach Pavilion and parking lot.
- \$175,000 in FY2019 for the Natural Resources Offices and Visitors' Center project, a decrease of \$4.8 million from the enacted in FY2019. 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. The Budget pushes this project out until FY2023 and FY2024.
- \$240,000 in FY2019 for repairs to "high-hazard" State-owned dams, a decrease from the enacted budget of \$1.7 million in FY2019 and \$1.7 million in FY2020. Beginning in FY2020, the funding is shift to the new general obligation Green Economy Bonds proceeds. 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.
- \$210,000 in FY2019 and \$2.8 million in FY2020 for repairs to the Galilee Piers. The Budget reduces RICAP funding by \$1.5 million in FY2019, and increases funding by \$2.8 million in 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.
- \$385,740 in FY2019 and \$800,000 in FY2020 for the Blackstone Valley bike path. 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.

Coastal Resources Management Council

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted	%	Enacted	Enacted	%
Coastal Resources Management Council	\$5.3	\$6.5	\$8.0	\$1.6	24.4%	\$5.2	(\$1.2)	-19.3%

Expenditures By Source

	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted	%	Enacted	Enacted	%
General Revenue	\$2.5	\$2.8	\$2.7	(\$0.1)	-3.4%	\$2.9	\$0.1	4.5%
Federal Funds	2.7	2.7	4.3	1.6	58.3%	1.6	(1.2)	-43.0%
Restricted Receipts	0.1	0.3	0.3	-	-	0.3	-	-
Other Funds	0.0	0.7	0.8	0.1	10.9%	0.5	(0.2)	-26.9%
Total	\$5.3	\$6.5	\$8.0	\$1.6	24.4%	\$5.2	(\$1.2)	-19.3%

Authorized FTE Levels 29.0 30.0 30.0 - - 30.0 - -

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

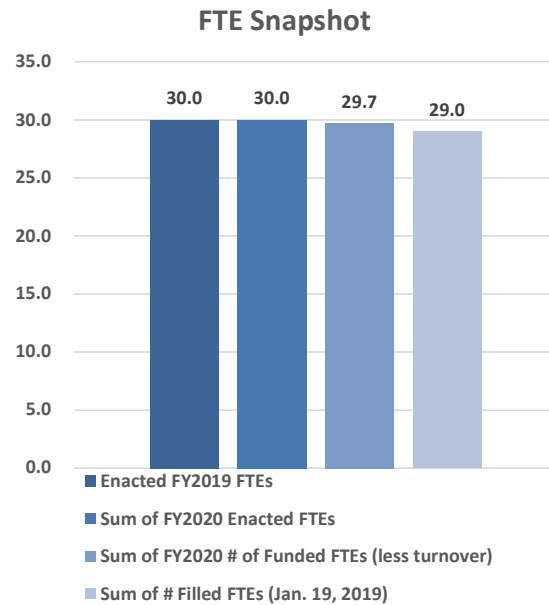
The Coastal Resources Management Council (CRMC) is mandated to preserve, protect, develop and, where possible, restore the coastal resources of the State. The CRMC oversees the Coastal Habitat Restoration Program and is charged with developing an Ocean Special Area Management Plan (SAMP) and a Marine Resources Development Plan.

MAJOR ISSUES AND TRENDS

The FY2020 Budget includes an all funds decrease of \$1.2 million (19.3 percent) from the FY2019 Budget as Enacted, including a general revenue increase of \$123,038, a federal funds decrease of \$1.2 million, and an other funds decrease of \$195,000.

The decrease in federal funds is primarily due to the substantial completion of the Quonochontaug (Quonnie) Pond project, and the scheduled completion of the stormtools design elevation (SDE) maps and the Beach SAMP Coastal Resilience project in FY2019.

The Budget authorizes 30.0 FTE positions in FY2019 and FY2020, consistent with the FY2019 Budget as Enacted.



Central Management	General Revenue
FY2019 Enacted	\$2,760,157
<i>Target and Other Adjustments</i>	<i>72,813</i>
Statewide COLA	80,225
Personnel Costs Correction	(30,000)
FY2020 Enacted	\$2,883,195

Central Management	Other Fund Changes
Quonochontaug Pond (federal funds)	(\$902,103)
Stormtools (federal funds)	(156,957)
Beach SAMP Coastal Resilience (federal funds)	(94,995)

Statewide COLA **\$80,225**

The most recent agreement between the State and the state employee bargaining units is a 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 \$80,225 within the CRMC.

Personnel Costs Correction **(\$30,000)**

The Budget reduces salaries and benefits by \$30,000 in general revenue and \$40,000 in federal funds to more accurately reflect projected personnel costs.

Federal Fund Changes **(\$1.2 million)**

The Budget includes a decrease of \$1.2 million in federal fund grant awards, including the following:

- **Quonochontaug Pond:** The Budget includes \$944,103 in FY2019 and \$40,000 in FY2020, an increase of \$2,000 and decrease of \$902,103 respectively from the enacted budget, 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. Projected completion is scheduled for October 31, 2019.
- **Stormtools:** The Budget provides \$178,109 in federal grant funding in FY2019, an increase of \$21,151 from the enacted level, toward the development of stormtools design elevation (SDE) maps. No funding is provided in FY2020 as project completion is scheduled for June 30, 2019, reflecting a decrease of \$156,957 from the enacted. 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 \$180,796 in FY2019 in federal funding, an increase of \$85,801 from the enacted level, 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. Since the project is scheduled for completion by June 31, 2019, no funding is provided in FY2020, reflecting a decrease of \$94,995 from the enacted level.

CAPITAL PROJECTS

The Budget provides Rhode Island Capital Plan (RICAP) funding totaling \$803,875 in FY2019 and \$530,000 in FY2020 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 and \$500,000 in FY2020 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 \$250,000 in RICAP funds in FY2019, an increase of \$50,000 relative to the enacted level, 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. Since this project is scheduled for completion in FY2019, no funding is provided in FY2020.
- **Green Pond Study:** The Budget provides \$30,000 in RICAP funds in FY2020 to develop potential shoreline adaptation and resiliency solutions for Green Hill Beach to reduce erosion and over wash. The scope of work includes review of existing data, site inspection and field data collection, a coastal process analysis, and the development of alternatives.

Department of Transportation

Expenditures By Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from	
	Actual	Enacted	Revised	Enacted		Enacted	Enacted	
Central Management	\$9.2	\$11.2	\$13.6	\$2.4	20.9%	\$13.6	\$2.4	20.9%
Infrastructure- Engineering	352.5	454.0	461.4	7.4	1.6%	460.9	6.9	1.5%
Infrastructure- Maintenance	90.6	119.9	148.3	28.3	23.6%	172.0	52.0	43.4%
Management and Budget	1.1	5.8	2.4	(3.4)	-58.9%	2.4	(3.5)	-59.6%
Total	\$453.5	\$591.0	\$625.7	\$34.7	5.9%	\$648.8	\$57.8	9.8%

Expenditures By Source

Federal Funds	241.8	299.5	324.5	25.0	8.3%	325.1	25.5	8.5%
Restricted Receipts	1.6	3.0	3.0	(0.0)	-0.9%	3.0	(0.0)	-0.9%
Other Funds	210.1	288.4	298.2	9.7	3.4%	320.7	32.2	11.2%
Total	\$453.5	\$591.0	\$625.7	\$34.7	5.9%	\$648.8	\$57.8	9.8%

Authorized FTE Levels	775.0	755.0	755.0	-	-	755.0	-	-
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\$ 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.

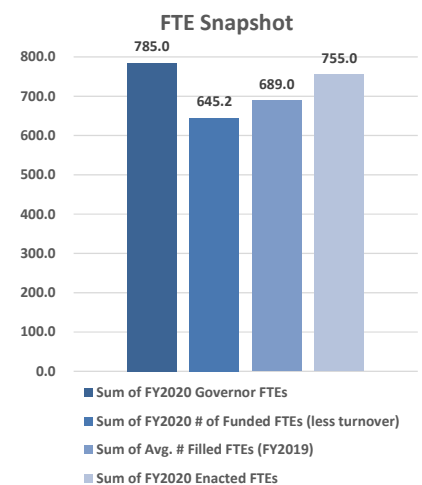
Established in FY1994, the Intermodal Surface Transportation Fund (ISTF) accounts for the collection of the gasoline tax, federal grants, and bond proceeds that are used for the maintenance, upgrading, and construction of the State’s highway system. It also is funded from proceeds of the Grant Anticipation 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 \$648.8 million to RIDOT, an increase of \$57.8 million in total funds from the FY2019 Budget as Enacted (9.8 percent). The increase in federal funds is mainly related to additional federal grants received by the Department including a new Transportation Investment Generating Economic Recovery (TIGER) grant and a new Better Utilizing Investments to Leverage Development (BUILD) grant. The increase in other funds is related to an additional \$51.1 million in gas tax and Highway Maintenance Account funds, these increases are partially offset by a \$19.0 million decrease in toll revenues and RICAP funding.

The Management and Budget program has a decrease of \$3.5 million (59.6%). This decrease is made up entirely of gas tax funds and is related to an increase in the Department’s indirect cost recovery rate. The Department is able to recoup funds from the Federal Highway Administration (FHWA)



for allowable expenses. The recouped costs completely offset gas tax expenditures resulting in no net impact to the overall budget. The FHWA authorizes updated indirect cost recovery rates each year. The Department has not updated the rate used to determine cost recovery funds in a few years. The Department was previously using a rate of 90.0 percent, the most recent update increases the Department’s rate to 112.0 percent.

The Budget includes an FTE authorization of 755.0, consistent with the FY2019 Budget as Enacted. As of June 8th the Department had 708.0 FTE positions filled, leaving 47.0 vacant.

Motor Fuel Tax Increase

A portion of the Department’s funding is provided by the motor fuel tax (gas tax). The FY2020 Budget as Enacted includes a gas tax of 34.5 cents per gallon with a penny yield of \$4.7 million.

The gas tax revenue is determined by applying the gas tax (cents per gallon) to the motor fuel tax yield (per penny yield). Both of these factors can change independently of one another.

In FY2014, RIDOT received 21.75 cents of this tax, with the Rhode Island Public Transit Authority (RIPTA) and the Department of Human Services (DHS) receiving 10.75 cents. RIPTA uses gas tax revenues to fund multiple expenses including maintenance, operations, and their underground storage tank fee, while DHS uses gas tax revenues to partially fund their transit programs. Beginning in FY2015, 3.5 cents of the gasoline tax is transferred to the Rhode Island Turnpike and Bridge Authority (RITBA) 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 is adjusted every other year based on the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U), rounded to the nearest 1.0 cent increment. 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.

The most recent estimate from ORA assumes inflation will change significantly enough in FY2020 to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 to 34.5 cents per gallon. The ORA also expects the motor fuel tax to generate a per penny yield of \$4.7 million in FY2020, an increase of \$195,282 per penny over the FY2019 enacted level.

Pursuant to RIGL 31-36-20, the additional penny of the gas tax will be directed to the Department of Transportation (RIDOT).

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
FY2022	0.2125	0.0350	0.0975	0.0100	0.3550

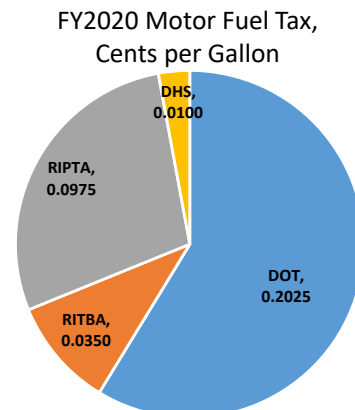
Note: DOT includes 0.020 for GARVEE Debt Service

Note: RIPTA includes 0.005 for Underground Storage Tank Fee

Source: Budget Office

Motor Fuel Tax Yield	
Year	(per penny)
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	4,493,241
2019*	4,648,459
2020*	4,669,737

* Dept. of Revenue Estimate



The changes result in an additional \$11.2 million in gas tax funding, of this \$4.6 million is generated by the additional penny and \$6.6 million is generated from the \$195,282 per penny increase in the per penny yield. The following table shows the use of motor fuel tax revenue in FY2020:

Motor Fuel Tax Revenue	FY2018 Actuals	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	Change from Enacted	
DOT	\$85.0	\$86.1	\$94.3	\$94.6	\$8.4	9.8%
RITBA	15.5	15.7	17.1	16.3	0.7	4.4%
RIPTA	43.0	43.6	47.6	45.5	1.9	4.3%
DHS	4.4	4.5	4.9	4.7	0.2	4.4%
Total	\$147.9	\$149.9	\$163.9	\$161.0	\$11.2	7.5%

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

Estimate developed by Senate Fiscal Office.

FY2019 includes infrequently occurring large payment received in October 2018.

Overweight and Oversize Vehicle Permits

Article 8 of the FY2020 Budget as Enacted makes changes to the issuance and fee amounts for overweight and oversized vehicle permits. Under previous law, the DOT was only able to approve the issuance of special permits for the operation of vehicles exceeding 80,000 lbs. Article 8 expands the DOT's ability to approve permits for vehicles exceeding 130,000 lbs.

The article also increases the per-trip fee for overweight and oversize vehicle permits (OOVP). The fee for non-divisible loads exceeding 80,000 lbs. increases from \$20.00 to \$40.00, and the per-trip fee for non-divisible loads exceeding 130,000 lbs. increases from \$20.00 to \$300.00. In addition, the article increases the annual fee for non-divisible loads of less than 130,000 lbs. from \$300.00 to \$400.00. The operator of the overweight/oversize vehicle may pay the annual fee in lieu of individual per-trip fees.

The DOT issues OOVPs, but the Division of Motor Vehicles (DMV) collects the associated fees. The fee changes are estimated to generate an additional \$501,840 which will be payable to the DMV and deposited as general revenue.

Overweight, Oversize Vehicle Permit Fees	Trips	Original Fee	Fee Increase	Proposed Fee Total	Additional Revenue
Single Trip (80,000 - 130,000 lbs.)	8,181	\$20.00	\$20.00	\$40.00	\$163,620
Single Trip (over 130,000 lbs.)	1,164	20.00	280.00	300.00	325,920
Annual Trip Fee (under 130,000 lbs.)	123	300.00	100.00	400.00	12,300
Total					\$501,840

Source: RI Dept. of Transportation

Analyst Note: The Budget does not include any additional FTE positions or funds for this expansion. The Department estimates that it would need 5.0 FTEs to work on the additional permits, along with additional funding to update infrastructure including acquiring the appropriate software.

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 \$25.0 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.

- Article 6 of the FY2020 Budget as Enacted provides for the issuance of \$200.0 million in GARVEE bonds issued through the Rhode Island Commerce Corporation to fund the bridge replacement, reconstruction, and maintenance of the RhodeWorks program. Total debt service is not expected to exceed \$275.0 million over 15 years. Debt service will be financed through future Federal Highway Administration appropriations.

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.

The Department originally anticipated building 14 gantries however, the number of gantries has since been decreased to 13. Currently two toll gantries in Richmond and Hopkinton are operational and collecting tolls. The third toll at the Woonasquatucket River Bridge is expected to be operational in August 2019. The Department anticipates the ten additional tolls will all be operational by June 2020.

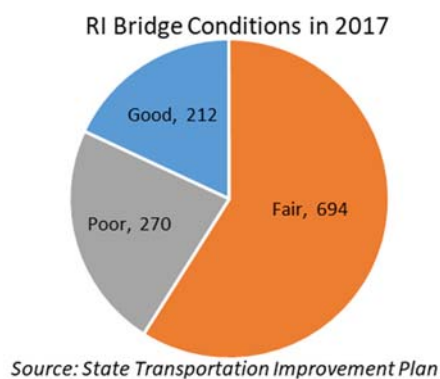
The Department initially planned to construct two gantries one mile apart from each other on Route 6, the toll rate was anticipated to be \$2.00 for one gantry and \$3.00 for the other. The Department has since decided to only build one gantry on Route 6 with a toll rate of \$5.00.

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.

Analyst Note: The Department is working on releasing major STIP amendment #19 that includes updated funding and schedules for projects. As of August 2019, the major amendment is undergoing public hearings and has not yet approved by the Transportation Advisory Committee.

Bridge Capital Program: The largest project included in the STIP for FY2020 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 were 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 \$1.7 billion from FY2018 through FY2027. The STIP includes \$174.4 million in FY2020.



Analyst Note: Major Amendment #19 includes \$2.4 billion in funding for the Bridge Capital program from FY2018 through FY2027, including \$324.8 million in FY2020.

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 \$99.2 million in FY2020.

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 \$390.0 million from FY2018 through FY2024. In FY2020, the STIP includes \$92.2 million for this project, \$26.2 million in GARVEE bonds, \$14.4 million in RICAP funds, \$20.9 million in Highway Maintenance Account funds, and \$31.0 million in toll revenues.

Analyst Note: Major Amendment #19 consolidates this project into the Bridget Capital Program while still maintaining funding.

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 \$863.8 million from FY2018 through FY2027. The STIP includes \$67.7 million in FY2020.

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

Analyst Note: Major Amendment #19 includes \$876.7 million in funding for the Bridget Capital program from FY2018 through FY2027, including \$52.4 million in FY2020.

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.

Article 8 of the FY2020 Budget as Enacted alters the percentage of fees going into the HMA such that 5.0 percent of the total fees collected each year are retained by the Division of Motor Vehicles (DMV) and the remaining 95.0 percent are deposited into the Account. The funds retained by the DMV are intended to help partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining 95.0 percent of fees deposited into the HMA are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount.

Rhode Island Highway Maintenance Account

	FY2017	FY2018	FY2019	FY2020
	Actual	Final	Revised	Enacted
<i>New Fees and Surcharges</i>				
Good Driving Surcharge	\$0.5	\$0.5	\$0.5	\$0.5
Inspection Sticker Increase	\$5.8	\$5.8	\$5.8	\$5.8
License and Registration Surcharge	\$19.4	\$19.4	\$19.4	\$19.4
Total New Fees	\$25.7	\$25.6	\$25.7	\$25.7
<i>Existing General Revenue being Transferred to the Highway Maintenance Account</i>				
Inspection Sticker Increase	\$5.8	\$5.8	\$5.8	\$5.8
Motor Vehicle Title Fee	10.3	10.5	10.7	10.7
Rental Car Surcharge	4.0	3.2	3.3	3.3
License and Registration Transfer	25.7	30.5	51.5	51.5
Duplicate and Update License Fee	0.3	0.4	-	-
Total Revenue Transferred from General Fund	\$46.1	\$50.4	\$71.4	\$71.4
5.0 Percent retained by DMV				(\$4.9)
Total Revenue to Highway Maintenance Account	\$71.8	\$76.0	\$97.0	\$92.2

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

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 2019 (FY2020) 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 Safety Section, the Office on Highway Safety, the Office of Civil Rights, and the Director's Office. The Legal Counsel 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, and payroll and fringe benefit programs. The Real Estate section deals with acquisition, appraisal, negotiation, and relocation for property purchases (including easements and larger parcels) and property sales. The External Affairs office handles all media inquiries, speaking engagements, legislative correspondence and special events for the Departments, as well as managing the Department's website. The Safety Section is responsible for promoting public safety. 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 Civil Rights office supports contractors, consultants, and sub-recipients to ensure full compliance with federal and state civil rights laws and equal employment requirements. The Director's Office provides leadership and policy development for the Department to ensure the State's public transportation services are safe, effective and environmentally prudent.

Central Management	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted	
Federal Funds	\$4.6	\$6.5	\$6.3	(\$0.2)	-2.9%	\$6.0	(\$0.5)	-8.4%
Other Funds	4.6	4.7	7.3	2.5	53.6%	7.6	2.9	61.2%
Total	\$9.2	\$11.2	\$13.6	\$2.4	20.9%	\$13.6	\$2.4	20.9%

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

The Budget includes 67.0 FTE positions, consistent with the FY2019 Budget as Enacted.

Central Management	All Funds
FY2019 Enacted	\$11,244,350
<i>Target and Other Adjustments</i>	-
Gas Tax (other funds)	2,902,779
NHTSA Initiatives (federal funds)	(547,957)
FY2020 Enacted	\$13,599,172

Gas Tax (other funds)

\$2.9 million

The Budget includes a total of \$7.6 million in gas tax funds, a net increase of \$2.9 million above the FY2019 Budget as Enacted. The Budget includes a \$3.9 million increase in gas tax funding that is mainly related to changes from the most recent gas tax estimate from the Office of Revenue Analysis (ORA). The Budget also includes an additional \$989,000 for legal services related to anticipated challenges regarding the tolling program and other initiatives.

ORA assumes inflation will change significantly enough in FY2020 to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 to 34.5 cents per gallon. The ORA also expects the motor fuel tax to generate a per penny yield of \$4.5 million in FY2020, an increase of \$195,282 per penny over the FY2019 enacted level. Pursuant to RIGL 31-36-20, the additional penny of the gas tax will be directed to the Department of Transportation (RIDOT).

The additional funds are partially offset by a \$1.0 million decrease related to an increase in the Department's indirect cost recovery rate. The Department is able to recoup federal funds from the Federal Highway Administration (FHWA) for certain allowable expenses. The recouped costs completely offset gas tax expenditures resulting in no net impact to the overall budget. The FHWA authorizes updated indirect cost recovery rates each year. The Department has not updated the rate used to determine cost recovery funds in a few years. The following table illustrates how the costs are allocated to each program. The cost recovery rate has increased from 90.0 percent to 112.0 percent.

	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	Change from Enacted
FHWA Cost Recovery	\$10,231,330	\$15,130,507	\$15,170,677	\$4,939,347
Gas Tax Credit - Infra Eng	(5,118,392)	(6,151,337)	(6,167,620)	(1,049,228)
Gas Tax Credit - Cntrl Mngmt	(2,999,923)	(3,996,538)	(4,007,194)	(1,007,271)
Gas Tax Credit - Mngmt and Budget	(2,113,014)	(4,982,632)	(4,995,863)	(2,882,849)
	\$1	\$0	\$0	-\$1

NHTSA Initiatives (federal funds)

(\$547,957)

The Budget includes \$6.0 million in federal funds, a decrease of \$547,957 from the FY2019 Budget as Enacted. This decrease is related to a number of initiatives funded by the National Highway Transportation Safety Administration (NHTSA) ending. Some of the ending initiatives include Minimum Penalties for Repeat Offenders, the Fatality Analysis Reporting System, Primary Seat Belt Law, and the Child Safety and Booster Seat Incentive.

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 Project Management 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 Stormwater Management is responsible for the scope, plan, design, and maintenance of storm water systems. The Occupational Safety, Health, and Work Zone Safety section administers the Department's safety and health programs. The Planning Division 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.

	FY2018	FY2019	FY2019	Change from	FY2020	Change from		
Infrastructure- Engineering	Actual	Enacted	Revised	Enacted	Enacted	Enacted	Enacted	Enacted
Federal Funds	\$237.1	\$293.0	\$318.2	\$25.2	8.6%	\$319.1	\$26.1	8.9%
Restricted Receipts	1.6	3.0	3.0	(0.0)	-0.9%	3.0	(0.0)	-0.9%
Other Funds	113.8	157.9	140.2	(17.7)	-11.2%	138.7	(19.2)	-12.2%
Total	\$352.5	\$454.0	\$461.4	\$7.4	1.6%	\$460.9	\$6.9	1.5%

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

The Budget includes 371.0 FTE positions, consistent with the FY2019 Budget as Enacted.

Infrastructure- Engineering	All Funds
FY2019 Enacted	\$454,004,691
<i>Target and Other Adjustments</i>	<i>(435,335)</i>
TIGER and BUILD Grants (federal funds)	21,500,000
Toll Revenue (other funds)	(16,000,000)
FHWA Cost Recovery (federal funds)	4,939,347
RICAP (other funds)	(4,287,447)
Gas Tax (other funds)	1,148,339
FY2020 Enacted	\$460,869,595

TIGER and BUILD Grants (federal funds)**\$21.5 million**

The Budget includes an additional \$21.5 million in federal Transportation Investment Generating Economic Recovery (TIGER) and Better Utilizing Investments to Leverage Development (BUILD) grants. In 2018, the Department was awarded a \$20.0 million BUILD grant for the Pell Bridge ramps. The project will include improvements to the ramps and supporting roadways of the Pell Bridge. The Department was also awarded a \$20.0 million TIGER grant in 2018, to support improvements to Route 37 as well as the construction of the new Pawtucket/Central Falls commuter rail station and bus hub. While there is currently a bus hub in the Pawtucket/Central Falls region there is no MBTA commuter rail service. The Department anticipates the new station will allow for expanded bus service as well as new commuter rail service from Pawtucket/Central Falls to Boston and Southern Rhode Island.

Toll Revenue (other funds)**(\$16.0 million)**

The Budget includes \$25.0 million in toll revenues, a decrease of \$16.0 million from the FY2019 Enacted levels. The Budget anticipates an additional toll gantry being completed in September 2019 and one additional gantry being build each month after that.

The gantries 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. Tolls 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. Currently, two toll gantries, located in Richmond and Hopkinton, are operational and charge trucks a one-way toll of \$3.25 and \$3.50 respectively. The third toll at the Woonasquatucket River Bridge is expected to be operational in August 2019. The Department anticipates the ten additional tolls will all be operational by June 2020. Revenue generated from the truck tolls will be used for bridge maintenance and improvements throughout the State.

Analyst Note: From June 2018 through May 2019, the gantries have processed 2.2 million transactions (65,770 more than anticipated) and collected a total of \$7.3 million in toll revenues (\$71,430 more than anticipated).

The legislation limits the assessment of tolls for trucks with an RFID (E-ZPass) to once per day in each direction. While more trucks are being counted than anticipated, some transactions have no charge as they are from the 2nd time that truck passes under a toll gantry.

FHWA Cost Recovery (federal funds)

\$4.9 million

The Budget includes \$15.2 million in federal funds to reflect an increase in the indirect cost recovery rate the Department receives from the Federal Highway Administration (FHWA). This is an additional \$4.9 million above the FY2019 enacted levels. The Department is able to recoup funds from the FHWA for certain allowable expenses. The recouped costs completely offset gas tax expenditures resulting in no net impact to the overall budget. The FHWA authorizes updated indirect cost recovery rates each year. The Department has not updated the rate used to determine cost recovery funds in a few years. The Department was previously using a rate of 90.0 percent, the most recent update increases the Department's rate to 112.0 percent. The following table illustrates how the costs are allocated to each program.

	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	Change from Enacted
FHWA Cost Recovery	\$10,231,330	\$15,130,507	\$15,170,677	\$4,939,347
Gas Tax Credit - Infra Eng	(5,118,392)	(6,151,337)	(6,167,620)	(1,049,228)
Gas Tax Credit - Cntrl Mngmt	(2,999,923)	(3,996,538)	(4,007,194)	(1,007,271)
Gas Tax Credit - Mngmt and Budget	(2,113,014)	(4,982,632)	(4,995,863)	(2,882,849)
	\$1	\$0	\$0	-\$1

RICAP (other funds)

(\$4.3 million)

The Budget includes a decrease of \$4.3 million in Rhode Island Capital (RICAP) funds. The Budget includes RICAP funds for the Department's projects and projects the Department works on with RIPTA. The majority of the Department's decrease is related to \$3.4 million less in funding for the Highway Improvement Program (HIP). This decrease is in-line with the Department's capital improvement plan. The Budget also includes a decrease of \$1.3 million related to the anticipated completion of the Providence Transit Connector, this was a project the Department and RIPTA worked on together. RIPTA anticipates service along the Connector will be running in January 2020. These decreases are partially offset by an increase of \$400,000 for bike path maintenance throughout the State.

Gas Tax (other funds)

\$1.1 million

The Budget includes a total of \$77.0 million in gas tax funds, a net increase of \$1.1 million above the FY2019 Budget as Enacted. The Budget includes a \$2.2 million increase in gas tax funding related to changes from the most recent gas tax estimate from the Office of Revenue Analysis (ORA). Of the additional \$2.2 million in gas tax funding, \$1.8 million will be transferred to RIPTA and \$683,487 will be transferred to the Rhode Island Turnpike and

Infrastructure- Engineering Gas Tax Funding	
FY2019 Enacted	\$75,836,779
Gas Tax Transfer to RIPTA	1,832,648
Gas Tax Transfer to RITBA	683,487
Gas Tax to DOT	(318,568)
FHWA Gas Tax Credit	(1,049,228)
FY2020 Enacted	\$76,985,118

Bridge Authority (RITBA), leaving the Department with a decrease in gas tax funding of \$318,568.

ORA assumes inflation will change significantly enough in FY2020 to warrant a one cent increase, raising the gas tax rate from 33.5 to 34.5 cents per gallon. The ORA also expects the motor fuel tax to generate a per penny yield of \$4.5 million in FY2020, an increase of \$195,282 per penny over the FY2019 enacted level. Pursuant to RIGL 31-36-20, the additional penny of the gas tax will be directed to the Department of Transportation (RIDOT).

The Department's gas tax funding is further reduced by \$1.0 million related to an increase in the Department's indirect cost recovery rate. The Department is able to recoup funds from the FHWA for certain allowable expenses. The recouped costs completely offset gas tax expenditures resulting in no net impact to the overall budget. The FHWA authorizes updated indirect cost recovery rates each year. The Department has not updated the rate used to determine cost recovery funds in a few years. The Department was previously using a rate of 90.0 percent, the most recent update increases the Department's rate to 112.0 percent. The following table illustrates how the costs are allocated to each program.

	FY2019 Enacted	FY2019 Governor	FY2020 Governor	Change from Enacted
FHWA Cost Recovery	\$10,231,330	\$15,130,507	\$15,170,677	\$4,939,347
Gas Tax Credit - Infra Eng	(5,118,392)	(6,151,337)	(6,167,620)	(1,049,228)
Gas Tax Credit - Cntrl Mngmt	(2,999,923)	(3,996,538)	(4,007,194)	(1,007,271)
Gas Tax Credit - Mngmt and Budget	(2,113,014)	(4,982,632)	(4,995,863)	(2,882,849)
	\$1	\$0	\$0	-\$1

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 section, 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.

	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted		FY2020 Enacted	Change from Enacted
Infrastructure- Maintenance							
Other Funds	\$90.6	\$120.0	\$148.3	\$28.3	23.6%	\$172.0	\$52.0 43.4%

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

The Budget includes 281.0 FTE positions in the Infrastructure Engineering program, consistent with FY2019 enacted levels.

Infrastructure- Maintenance	All Funds
FY2019 Enacted	\$119,949,888
<i>Target and Other Adjustments</i>	<i>1,445,360</i>
Highway Maintenance Account (other funds)	27,169,277
Gas Tax (other funds)	23,386,956
FY2020 Enacted	\$171,951,481

Highway Maintenance Account (other funds) \$27.2 million

The Budget includes \$124.2 million in Highway Maintenance Account funds, an increase of \$27.2 million over the FY2019 Budget as Enacted. The additional funds are due to an anticipated carryover of unspent

funds from FY2019. Highway Maintenance Account funds within the Infrastructure Maintenance program are generated from motor vehicle fees collected by the DMV, including fees on good driver dismissals, license and registration transfers, vehicle titles, inspection stickers, and rental car surcharges. The transfer of these fees from the general fund to the HMA were phased in beginning in FY2016 and completed in FY2019, with 100.0 percent of the fees going to the HMA.

Article 8 of the FY2020 Budget as Enacted alters the percentage of fees going into the HMA such that 5.0 percent of the total fees collected each year are retained by the Division of Motor Vehicles (DMV) and the remaining 95.0 percent are deposited into the Account. The funds retained by the DMV are intended to help partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining 95.0 percent of fees deposited into the HMA are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount.

Transfers to RIPTA: The Budget includes \$9.6 million to be transferred from the HMA to RIPTA. RIPTA receives 5.0 percent of the funds deposited into the HMA. In FY2018, the Budget included the transfer of additional funds to support RIPTA's debt service and the operating costs of the Free-Fare program, which provides transportation to the senior and disabled population. In FY2018 and FY2019, RIPTA received \$5.0 million from the HMA for these costs. Article 8 of the FY2020 Budget as Enacted extends this transfer indefinitely.

	FY2018	FY2019	FY2020
RIPTA Transfers from HMA	Actual	Revised	Enacted
5.0% of HMA	\$3,697,726	\$4,850,362	\$4,607,862
Transfer for Free-Fare Program	5,000,000	5,000,000	5,000,000
Total	\$8,697,726	\$9,850,362	\$9,607,862

Gas Tax (other funds)

\$23.4 million

The Budget includes a total of \$42.3 million in gas tax funds, an increase of \$23.4 million above the FY2019 Budget as Enacted. The additional funds are reallocated from anticipated savings and available funding. Of the total increase, \$15.8 million will be used to support capital projects. An additional \$5.4 million in gas tax funds will be allocated to DOT based on an upward revision in the gas tax projections from the Office of Revenue Analysis (ORA) these funds will be used to support maintenance personnel costs. The Budget also includes an additional \$2.2 million for maintenance including winter maintenance costs such as plowing and sanding roads.

ORA assumes inflation will change significantly enough in FY2020 to warrant a one cent increase, raising the gas tax rate from 33.5 to 34.5 cents per gallon. The ORA also expects the motor fuel tax to generate a per penny yield of \$4.5 million in FY2020, an increase of \$195,282 per penny over the FY2019 enacted level. Pursuant to RIGL 31-36-20, the additional penny of the gas tax will be directed to the Department of Transportation (RIDOT).

MANAGEMENT AND BUDGET

Management and Budget houses the Department's Financial Management Division responsible for the oversight and management of the Department's operations and capital budget expenditures. Management and Budget also oversees the Education Advancement section, the Office of Contracts and Specifications, and the Information Technology section. The Education Advancement section is responsible for internal education and advancement initiatives and facilitates administrative and programming coordination. The Office of Contracts and Specifications establishes business arrangements between the Department and the supplies of good and services in the private sector. The Information Technology section maintains and operates all computer software and hardware as well as purchasing and upgrading all information technology platforms for the Department.

Management and Budget	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from Enacted	FY2020 Enacted	Change from Enacted
Other Funds	\$1.1	\$5.8	\$2.4	(\$3.4) -58.8%	\$2.4	(\$3.5) -59.6%

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

The Budget includes 36.0 FTE positions, consistent with the FY2019 Budget as Enacted.

Management and Budget	All Funds
FY2019 Enacted	\$5,822,202
<i>Target and Other Adjustments</i>	-
Gas Tax (other funds)	(3,468,934)
FY2020 Enacted	\$2,353,268

Gas Tax (other funds)

(\$3.5 million)

The Budget includes \$2.4 million in gas tax funds, a decrease of \$3.5 million from the FY2019 Budget as Enacted. The decrease in funds is related to an increase in the Department's indirect cost recovery rate. The Department is able to recoup funds from the FHWA for certain allowable expenses. The recouped costs completely offset gas tax expenditures resulting in no net impact to the overall budget. The FHWA authorizes updated indirect cost recovery rates each year. The Department has not updated the rate used to determine cost recovery funds in a few years. The Department was previously using a rate of 90.0 percent, the most recent update increases the Department's rate to 112.0 percent. The following table illustrates how the costs are allocated to each program.

	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	Change from Enacted
FHWA Cost Recovery	\$10,231,330	\$15,130,507	\$15,170,677	\$4,939,347
Gas Tax Credit - Infra Eng	(5,118,392)	(6,151,337)	(6,167,620)	(1,049,228)
Gas Tax Credit - Cntrl Mngmt	(2,999,923)	(3,996,538)	(4,007,194)	(1,007,271)
Gas Tax Credit - Mngmt and Budget	(2,113,014)	(4,982,632)	(4,995,863)	(2,882,849)
	\$1	\$0	\$0	-\$1

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 \$32.5 million in FY2020 in Rhode Island Capital Plan (RICAP) funding for the Highway Improvement Program (HIP). This is a \$3.4 million decrease from FY2019 enacted levels. 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.

Salt Storage Facilities: The Budget includes \$1.9 million of RICAP funding in FY2020 and \$6.1 million through FY2024 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 FY2020, \$7.5 million through FY2024, 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.

Train Station Maintenance: The Budget includes \$350,000 in RICAP funding in FY2020 for train station maintenance. The Department is responsible for maintaining four train stations throughout the state including the Woonsocket Depot, Kingston Station, Wickford Junction, and the Westerly Station. Maintenance projects for FY2020 include the replacement of windows at the Westerly Station, the installation of ADA push buttons on entrance doors at the Kingston Station, and HVAC repairs at the Woonsocket Station.

Analyst Note: On August 19, 2019, the Department issued a statement regarding newly awarded funding for repairs to the Providence Train Station. The \$25.0 million repair project will be funded by a \$12.5 million grant from the Federal Rail Administration, \$7.25 million from Amtrak, and \$5.25 million from the Department.

The Department anticipates construction beginning in late 2020, however; prior to construction the Department must submit a State Transportation Improvement Plan (STIP) amendment. All transportation projects that utilize federal funding must be included in the STIP with the first four years of funding fiscally constrained.

Bike Path Maintenance: The Budget includes \$400,000 in RICAP funding in FY2020 for bike path maintenance. The Department is responsible for maintenance and rehabilitation of state-owned bike paths. Some sections of the state-owned bike path have deteriorated and become unpassable, efforts to repair these sections are beyond day-to-day maintenance. The Department will conduct the repairs needed to keep the bike paths in usable condition.

INFORMATIONAL

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, 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.
- Article 6 of the FY2020 Budget as Enacted provides for the issuance of \$200.0 million in GARVEE bonds issued through the Rhode Island Commerce Corporation to fund the bridge replacement, reconstruction, and maintenance of the RhodeWorks program. Total debt service is not expected to exceed \$275.0 million over 15 years. Debt service will be financed through future Federal Highway Administration appropriations.

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.

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

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.
- Article 8 of the FY2020 Budget as Enacted alters the percentage of fees going into the HMA such that 95.0 percent of fees are deposited and the remaining 5.0 percent are retained by the Division of Motor Vehicles to partially offset personnel costs associated with collecting the fees associated with the HMA. The remaining HMA funds are shared between DOT and RIPTA, with RIPTA receiving 5.0 percent of the funds deposited and DOT receiving the remaining amount.

Rhode Island Public Transit Authority

Revenues by Source	FY2018 Actual	FY2019 Revised	FY2019 Actuals	Change from FY2019 Revised		FY2020 Board	Change from FY2019 Revised	
Motor Fuel Tax*	\$43.7	\$43.6	\$47.2	\$3.6	8.3%	\$43.4	(\$0.2)	-0.6%
Passenger Revenue	25.8	24.9	24.9	(0.0)	0.0%	26.4	1.5	6.1%
Special Revenue	0.7	0.7	0.8	0.0	1.8%	0.7	0.0	0.2%
Other Revenue	10.3	11.5	10.5	(0.9)	-8.1%	11.0	(0.5)	-4.0%
Federal Funds	27.5	31.5	24.1	(7.5)	-23.6%	32.9	1.3	4.2%
Department of Human Services	0.8	1.0	0.8	(0)	-21.4%	1.0	(0.0)	-1.9%
State Highway Fund Revenues	5.3	6.3	6.5	0.2	3.4%	6.5	0.2	4.0%
Special Projects- Local	-	2.2	0.0	(2.2)	-99.6%	1.6	(0.6)	-26.0%
Special Projects- Federal	-	7.3	-	(7.3)	-100.0%	5.5	(1.8)	-24.4%
Total	\$114.2	\$129.1	\$114.8	(\$14.3)	-11.0%	\$129.1	\$0.0	0.0%

Expenditures By Category

Salaries, Wages and Benefits	\$86.5	\$83.8	\$83.7	(\$0.1)	-0.1%	\$87.0	\$3.2	3.8%
Contract Services	9.0	9.8	7.9	(2.0)	-20.1%	9.1	(0.8)	-8.0%
Operating Costs	14.8	16.3	12.6	(3.7)	-22.7%	16.9	0.6	3.9%
Utilities	1.8	1.9	1.7	(0.3)	-14.7%	2.0	0.1	2.8%
Insurance and Settlements	5.8	4.7	5.1	0.4	7.9%	4.4	(0.3)	-6.4%
Capital Match	-	0.4	0.7	0.3	61.4%	0.1	(0.3)	-66.2%
Revolving Loan Fund	-	0.4	0.5	0.0	6.6%	0.5	0.1	14.3%
Debt Service	0.5	1.4	1.4	(0.0)	0.0%	1.6	0.2	10.7%
Self-Insurance Reserve	-	0.3	0.3	-	-	0.3	-	-
Other	0.0	0.0	-	-	-	0.0	0.0	2.0%
Special Projects- Local	-	2.2	-	(2.2)	-100.0%	1.6	(0.6)	-26.0%
Special Projects- Federal	-	7.3	0.0	(7.3)	-99.6%	5.5	(1.8)	-24.4%
Total	\$118.4	\$128.7	\$113.7	(\$15.0)	-11.6%	\$129.1	\$0.4	0.3%
Surplus/(Deficit)	(\$4.23)	\$0.40	\$1.13			\$0.02		
Authorized FTE Levels	813.0	825.0	810.0	(15.0)	-1.8%	842.0	17.0	2.1%

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

* Note: Motor Fuel Tax Revenues are understated in FY2020 by about \$1.1 million. The most recent estimates were not available when RIPTA's Board approved the FY2020 Budget. With the additional Motor Fuel Tax revenues RIPTA would have an operating surplus of \$1.1 million in FY2020.

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 enhancing air quality

RIPTA operates and maintains two facilities in Providence and one in Newport.

MAJOR ISSUES AND TRENDS

The FY2020 Board-Approved Budget includes \$129.1 million in revenues for FY2020, an increase of \$21,696 from the FY2019 Board-Approved Revised Budget, and \$129.1 million in expenditures, an increase of \$401,114 from the FY2019 Board-Approved Revised Budget, leading to a \$25,000 surplus.

Salary and benefits increase by \$3.2 million relative to the FY2019 Board-Approved Revised Budget. About \$2.0 million of this increase is related to the addition of 17.0 new FTE positions within the Department, including 11.0 new bus driver positions. The remainder of the increase is due to contractual obligations for the local Teamsters 618 Union and the local LiUNA 808 Union.

RIPTA's FY2020 Budget includes an additional \$1.1 million for diesel fuel costs due to the implementation of a new contract. RIPTA's previous contract, which expired in January 2019, provided 3.4 million gallons of diesel at a cost of \$1.74 per gallon. As of January 2019, RIPTA has a new 18 month contract with an increased price of \$2.27 per gallon. Although the price per gallon has increased in RIPTA's most recent contract, it is still below the average national price for diesel of \$2.97 per gallon.

Article 4 of the FY2018 Enacted Budget provided 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 required 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 was due to present its funding recommendations to the Governor and General Assembly by November 1, 2018; however, RIPTA did not present their findings until December 31, 2018. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax to RIPTA for this program. Article 8 of the FY2020 Budget as Enacted extends the \$5.0 million in HMA funding to RIPTA indefinitely to fund the Free-Fare Program.

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 \$9.9 million in FY2019, for FY2020 RIPTA's share of this account decreases by \$242,500 to \$9.6 million. RIPTA uses \$3.4 million of this funding to support the senior and disabled bus pass program, \$1.6 million for debt service, and \$4.6 million for other operating expenses.

Motor Vehicle Fuel Tax

The FY2020 Budget includes an increase in the current gas tax allocations. Pursuant to RIGL 31-36-7, beginning in FY2016, and each year after, the motor fuel tax (gas tax) is adjusted by the percentage increase in the Consumer Price Index for Urban Consumers (CPI-U).

The most recent estimate from the Office of Revenue Analysis (ORA) assumes inflation will change significantly enough in FY2020 to warrant a 1.0 cent increase, raising the gas tax rate from 33.5 to 34.5 cents per gallon. The ORA also expects the motor fuel tax to generate a per penny yield of \$4.7 million in FY2020, an increase of \$195,282 per penny over the FY2019 enacted level.

The changes result in an additional \$11.2 million in gas tax funding, of this \$4.6 million is generated by the additional 1.0 penny and \$6.6 is generated from the \$195,282 per penny increase in the per penny yield. The following table shows the use of motor fuel tax revenue in FY2020:

	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
FY2022	0.2125	0.0350	0.0975	0.0100	0.3550

Note: DOT includes 0.020 for GARVEE Debt Service

Note: RIPTA includes 0.005 for Underground Storage Tank Fee

Source: Budget Office

Motor Fuel Tax Revenue	FY2018 Actuals	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	Change from Enacted	
DOT	\$85.0	\$86.1	\$94.3	\$94.6	\$8.4	9.8%
RITBA	15.5	15.7	17.1	16.3	0.7	4.4%
RIPTA	43.0	43.6	47.6	45.5	1.9	4.3%
DHS	4.4	4.5	4.9	4.7	0.2	4.4%
Total	\$147.9	\$149.9	\$163.9	\$161.0	\$11.2	7.5%

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

Estimate developed by Senate Fiscal Office.

FY2019 includes infrequently occurring large payment received in October 2018.

Analyst Note: Due to the increase in the gas tax, the Budget allocates an additional \$1.9 million in gas tax revenues to RIPTA. The revenue assumption RIPTA included in their FY2020 Board-Approved Budget for the increase in gas tax is \$1.1 million less than the actual amount they will receive. The additional funding will be included in their FY2020 Revised Budget.

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 to replace diesel RIPTA buses with 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 began 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. RIPTA's FY2019 Revised and FY2020 Budgets include \$818,760 for the lease of the three electric buses. As of August 2019, RIPTA had procured the three ZEV buses and was implementing the necessary technology. RIPTA anticipates beginning to utilizing the buses for fixed route service by the end of 2019.

Fare Changes

No fare changes are proposed for FY2020. 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 never executed. Since FY2017, the General Assembly has included additional funds 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 \$33,820 for a family of 2, as of 2019. 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. Article 8 of the FY2020 Budget extends the \$5.0 million in HMA funding to RIPTA indefinitely.

Transportation Coordinating Council: Pursuant to Article 4 of the FY2018 Enacted Budget, RIPTA established a coordinating council 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 Council was due to report their recommendations to the Governor, Speaker of the House and Senate President by November 1, 2018; however, RIPTA did not present their findings until December 31, 2018.

The Council consisted 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. Although the legislation was passed in June 2017 the Council did

not begin meeting until January 2018. The entire Council met a total of six times from January through December of 2018.

RIPTA estimates that the total funding gap within the Free-Fare Program will be about \$4.4 million in FY2020. Within the submitted report the main recommendation for sustainable funding was to divert an additional penny of the gas tax, or an equal amount of funding from another source, to RIPTA.

The No-Fare Bus Pass Coalition, an advocacy group that was also a member of the Council, made the following recommendations:

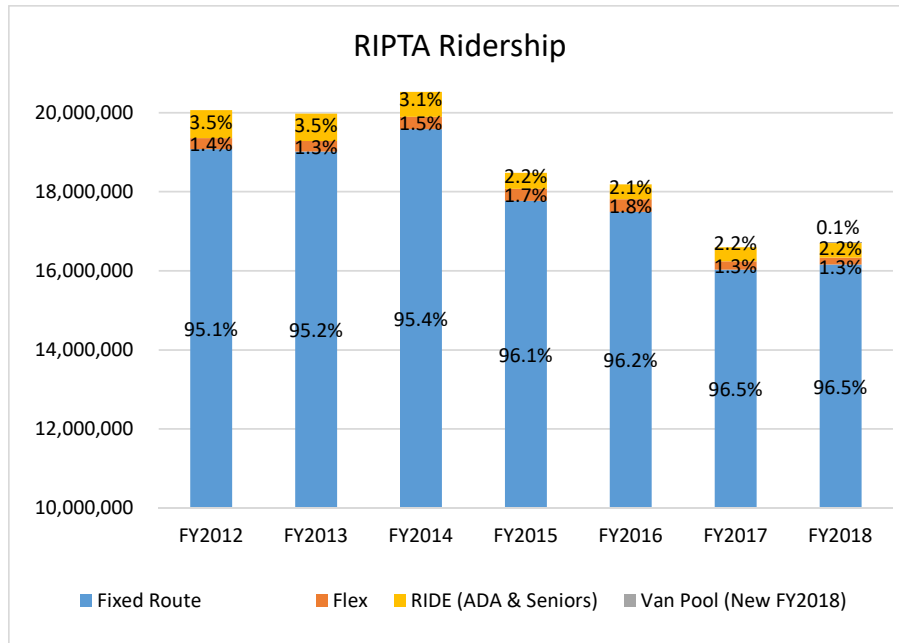
- A dedicated stream of state lottery or gambling revenues, such as a scratch ticket to promote public transit or earmarking a percentage of anticipated gaming revenues for RIPTA.
- Establishing a tax on ride-sharing companies, such as Uber and Lyft, with funds collected allocated to RIPTA.
- Establishing a tax on parking lots, or increasing the cost of parking, and allocating additional funds collected to RIPTA.

Although the Council was aware of these recommendations, there was no follow-up with relative Departments such as the Lottery or the Department of Revenue. The Free-Fare Program will continue to be funded through the \$5.0 million appropriation to RIPTA from the HMA.

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 FY2020 Budget includes \$34.4 million in capital expenditures, of which \$25.1 million is funding by the Federal Transit Administration (FTA) the remaining \$9.2 million is funded by other sources including Rhode Island Capital Plan (RICAP) funds.

Bus Purchases: The Budget includes \$13.3 million in FY2020 for the purchase of 29 fixed-route buses. RIPTA maintains a fixed-route fleet of about 245 vehicles. Federal Transit Administration (FTA) guidelines recommend that fixed route vehicles are replaced at the end of their 12-year useful life. RIPTA often uses buses past their 12-year recommended lifespan due to funding constraints.

Paratransit Vehicles: RIPTA maintains a fleet of about 94 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 \$2.4 million in FY2020 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 \$6.6 million in FY2020 for this project. Federal funding comes 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).

Fare Technology Upgrades: The Budget includes \$2.8 million in FY2020 to expand fare technology upgrades. The FTA funds 80.0 percent of this project and RIPTA pays the remaining 20.0 percent match from its revolving loan fund. 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.

College Hill Bus Tunnel: The East Side/College Hill bus tunnel is in need of structural and drainage repairs, and safety improvements. The tunnel was originally constructed in 1914, and the last major maintenance to the tunnel was in 1992. The tunnel is designated for RIPTA buses only and carries two-way traffic, the tunnel supports about 300 trips daily. Construction on the tunnel is expected to begin in FY2020 and finish in FY2022.

The Budget includes \$4.2 million in FY2020 for the College Hill tunnel. The FTA supports 80.0 percent of the cost and RIPTA pays a 20.0 percent match from RICAP funds and RIPTA operating funds.



SPECIAL REPORTS

Personnel

The FY2020 Budget as Enacted includes a total of \$2,183.3 million for personnel expenditures, an increase of \$140.7 million compared to the FY2019 Budget as Enacted, and \$67.8 million more than the FY2019 Revised Budget. Salaries and benefits total \$1,788.0 million and comprise 81.9 percent of FY2020 personnel expenditures (43.4 percent of the salaries and benefits costs are supported by general revenue).

The FY2019 Revised Budget includes \$2,115.5 million for personnel expenditures, an increase of \$72.9 million compared to the FY2019 Budget as Enacted. Salaries and benefits total \$1,701.7 million and comprise 80.4 percent of FY2019 personnel expenditures (53.8 percent of the salaries and benefits costs are supported by general revenue).

PERSONNEL EXPENDITURE TRENDS

Expenditures for salaries in FY2020 total \$1,207.1 million, comprising 55.3 percent of total personnel costs, an increase of \$67.5 million (5.9 percent) from the FY2019 Budget as Enacted, reflecting an increase in overtime and salary inflation. Total benefit costs, excluding assessed fringed benefits and other costs, amount to \$580.9 million and comprise 26.6 percent of total personnel costs. Benefits, excluding assessed fringe benefits and other costs, increase \$4.7 million (0.8 percent) from the FY2019 Budget as Enacted, primarily due to increased FICA, retirement, and retiree health costs. Purchased services costs are \$347.9 million (15.9 percent) of the total personnel costs. Purchased services increase \$67.6 million (24.1 percent) from the FY2019 Budget as Enacted.

Expenses by Description	FY2018 Actual	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	% of Total	Change to Enacted	
Salaries	\$1,100.3	\$1,139.6	\$1,155.3	\$1,207.1	55.3%	\$67.5	5.9%
Benefits	515.3	576.2	546.4	580.9	26.6%	4.7	0.8%
Purchased Services	319.4	280.3	365.2	347.9	15.9%	67.6	24.1%
Assessed Fringe Benefits	40.3	42.2	41.6	40.4	1.9%	(1.8)	-4.3%
Other	5.1	4.3	7.0	7.0	0.3%	2.7	62.8%
Total	\$1,980.4	\$2,042.6	\$2,115.5	\$2,183.3	100.0%	\$140.7	6.9%

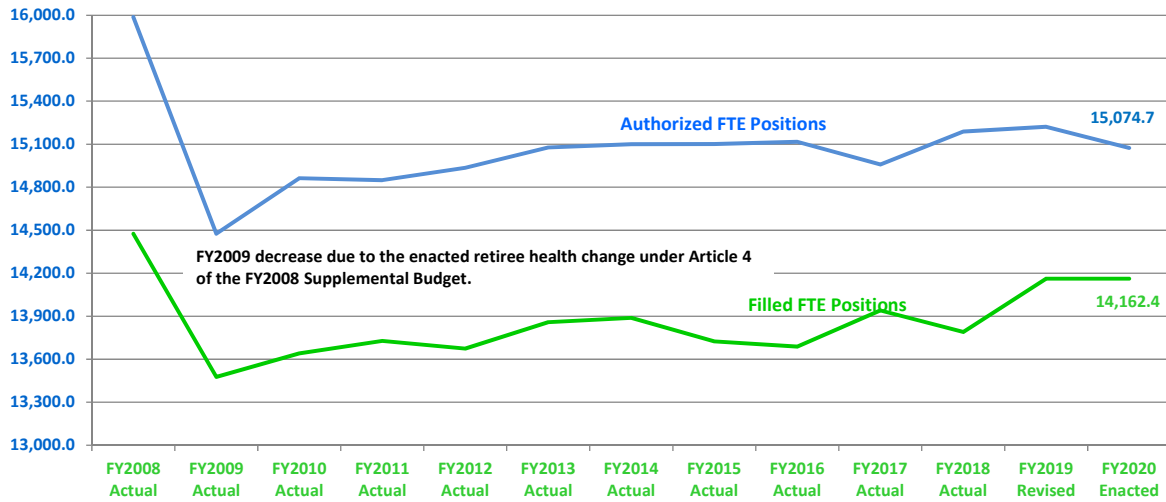
\$ in millions. Totals may vary due to rounding.

Expenses by Function	FY2018 Actual	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	% of Pers. Budget	FY2020 General Revenue	FY2020 General Revenue %
General Government	\$234.3	\$256.7	\$252.3	\$259.4	11.9%	\$149.2	57.5%
Human Services	499.0	495.4	562.1	567.9	26.0%	207.0	36.5%
Education	635.5	644.2	663.6	684.9	31.4%	179.9	26.3%
Natural Resource	56.5	62.7	61.5	64.5	3.0%	36.3	56.3%
Public Safety	432.9	454.4	449.4	472.8	20.6%	432.6	91.5%
Transportation	122.2	129.2	126.5	133.8	6.1%	-	-
Total	\$1,980.4	\$2,042.6	\$2,115.4	\$2,183.3	100.0%	\$1,005.0	46.0%

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

FTE POSITIONS

The FY2020 Budget as Enacted authorized 15,074.7 FTE positions. At the end of FY2019, 14,162.4 FTE positions (93.1 percent of the enacted authorized amount) were filled, leaving 1,047.3 FTE positions vacant.



The following table illustrates the number of FTE positions by government function.

Government Function	FY2019 Enacted	FY2019 Revised	Change to Enacted	FY2020 Enacted	% of Total	Change to Enacted
General Government	2,438.9	2,438.9	-	2,406.9	16.0%	(32.0)
Human Services	3,682.6	3,695.6	13.0	3,556.6	23.6%	(126.0)
Education	3,959.4	3,959.4	-	3,953.4	26.2%	(6.0)
Public Safety	3,160.0	3,159.0	(1.0)	3,190.0	21.2%	30.0
Natural Resources	425.0	425.0	-	424.0	2.8%	(1.0)
Transportation	755.0	755.0	-	755.0	5.0%	-
Subtotal	14,420.9	14,432.9	12.0	14,285.9	94.8%	(135.0)
Sponsored Research	788.8	788.8	-	788.8	5.2%	-
Total FTE Positions	15,209.7	15,221.7	12.0	15,074.7	100.0%	(135.0)

FY2019: The FY2019 Revised Budget authorizes 15,221.7 FTE positions, a net increase of 12.0 FTE positions from the FY2019 Budget as Enacted. Major FTE changes include:

- **An increase of 10.0 FTE positions in the Department of Human Services:** The Revised Budget includes a net increase of 10.0 FTE positions within the Department of Human Services. An increase of 12.0 FTE positions for the Veterans’ Home is slightly offset by a transfer of 2.0 Program Planner positions from the Department of Human Services to the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals.
- **An increase of 3.0 FTE positions in the Department of Health:** There is an increase of 3.0 FTE positions within the Department of Health. These additional positions are to increase the number of inspections to state-licensed health facilities.
- **An increase of 2.0 FTE positions in the Department of Behavioral Health, Developmental Disabilities, and Hospitals:** The Budget transfers 2.0 FTE program planner positions from the Department of Human Services to BHDDH. The employees have already been working within the Department, but the positions were never formally transferred.

- **A decrease of 2.0 FTE positions in the Department of Children, Youth, and Families:** The Budget transfers 2.0 Senior Legal Counsel positions to the Executive Office of Health and Human Services, as this is where the positions are funded.
- **A decrease of 1.0 FTE position in the Department of Public Safety:** The Budget eliminates a 1.0 Fiscal Clerk position that the Department hired using indirect cost recovery funds on awarded federal grants.

FY2020: The FY2020 Budget as Enacted authorizes 15,074.7 FTE positions, a net decrease of 135.0 FTE positions from the FY2019 Budget as Enacted, and a net decrease of 147.0 FTE positions from the FY2019 Revised Budget. The major changes include:

- **A decrease of 113.0 FTE positions in the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH):** There was a net decrease of 113.0 positions in BHDDH due to an elimination of 110.0 vacant positions. The decrease is offset by the shift of 2.0 positions from DHS to BHDDH for the purpose of quality control within BHDDH and 5.0 positions transferred from BHDDH to the Department of Administration.
- **An increase of 29.0 FTE positions in the Department of Public Safety:** There is a net increase of 29.0 FTE positions within the Department reflecting 30.0 new Trooper FTE positions slated to graduate from the 2019 Rhode Island State Police Training Academy in July, less the reduction of a 1.0 Fiscal Clerk position that the Department hired using indirect cost recovery funds on awarded federal grants.
- **A decrease of 19.0 FTE positions in the Department of Labor and Training:** The Budget reduces 19.0 positions reflecting the elimination of 13.0 unspecified vacant FTE positions as part of the statewide reduction of 203.0 vacant FTE positions, and a reduction of 6.0 vacant FTE positions for grants and audits within the Governor's Workforce Board.
- **An increase of 18.0 FTE positions in the Department of Human Services:** The Budget transfers the child care licensing unit from DCYF to DHS including the transfer of 8.0 FTE positions. The Budget also includes an additional 12.0 FTE positions within the Office of Veterans' Services to reflect seasonal positions moving to full-time. These increases are slightly offset by a reduction of 2.0 FTE positions which are transferred from DHS to BHDDH.
- **A decrease of 15.0 FTE positions in the Department of Health:** The Budget includes a net reduction of 15.0 FTE positions. This reflects an increase of 3.0 FTE positions increase the number of inspections to state-licensed health facilities, offset by a reduction of 18.0 unspecified vacant FTE positions as part of the statewide reduction of 203.0 vacant FTE positions. As of June 25, the total number of statewide vacancies was 1,047.3 positions.
- **A decrease of 10.0 FTE positions in the Department of Children, Youth, and Families:** The Budget authorizes 621.5 FTE positions, a reduction of 10.0 FTE positions relative to the FY2019 Enacted level. This includes a reduction of 2.0 legal staff which occurred in FY2019 and the reduction of 8.0 FTE positions to reflect the transfer of the child care licensing unit to the Department of Human Services.
- **A decrease of 10.0 FTE positions in Public Higher Education:** The Budget includes 3.0 new FTE positions at the Westerly Education Center, a reduction of 8.0 FTE positions in the Commissioner's Office reflecting the Governor's Efficiency Commission recommendation to downsize the Commissioner's Office, and a reduction of 5.0 unspecified vacant FTE positions as part of the statewide reduction of 203.0 vacant FTE positions. As of June 25, the total number of statewide vacancies was 1,047.3 positions.
- **A decrease of 8.0 FTE positions in the Department of Administration:** The Budget includes a net decrease of 8.0 FTE positions, consisting the return transfer of 2.0 FTE positions for the Water

Resources Board that is offset by a reduction of 10.0 unspecified vacant FTE positions as part of the statewide reduction of 203.0 vacant FTE positions. As of June 25, the total number of statewide vacancies was 1,047.3 positions.

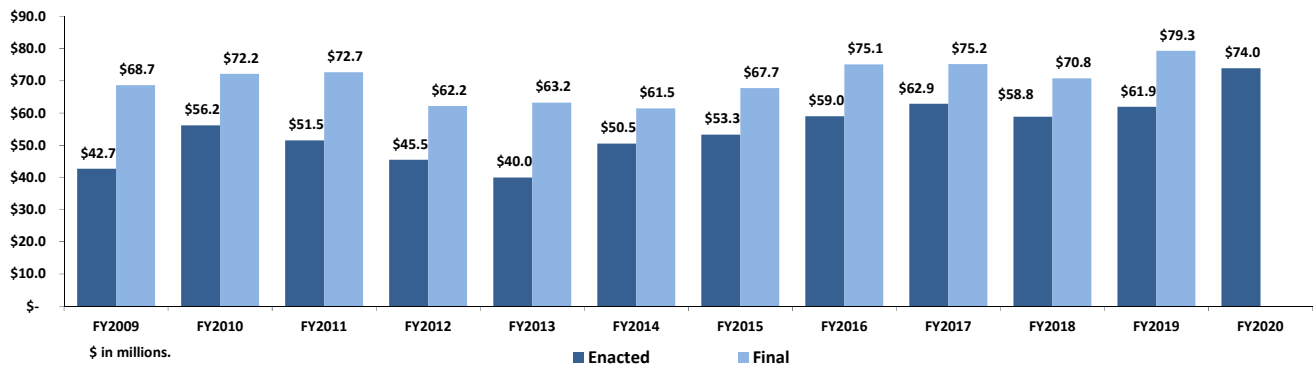
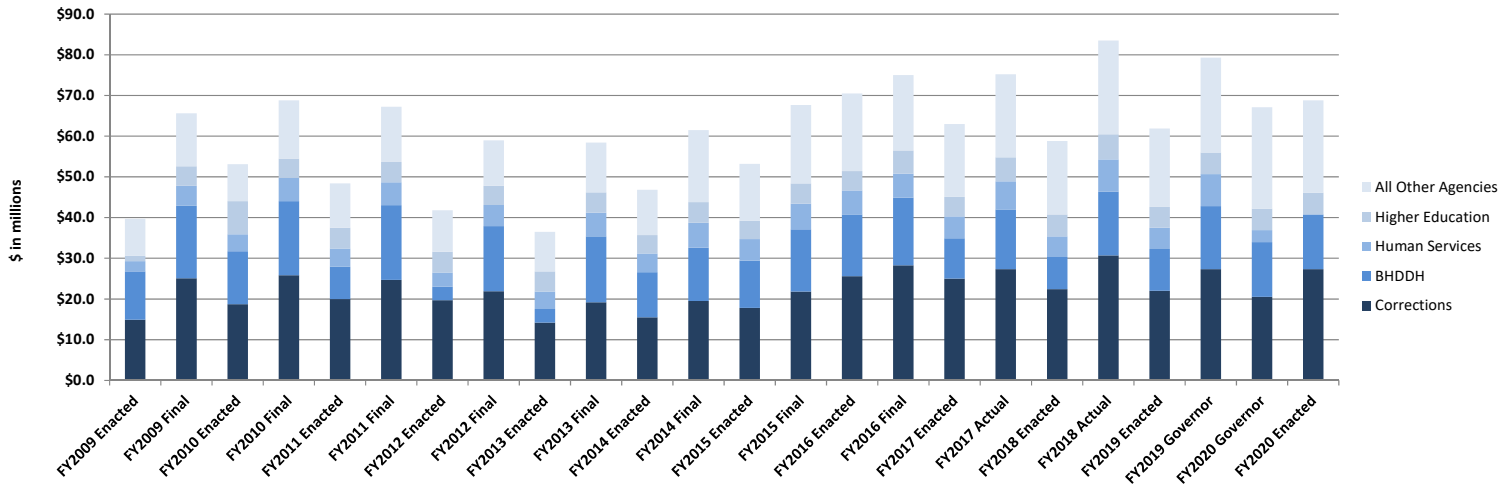
- **A decrease of 6.0 FTE positions in the Executive Office of Health and Human Services:** The Budget authorizes 186.0 FTE positions, a reduction of 6.0 FTE positions relative to the FY2019 Enacted level. This includes the addition of 1.0 Senior Legal Counsel, the removal of 3.0 positions that were included in the FY2019 Enacted Budget to implement budget initiatives but were never hired, and the removal of 4.0 additional vacancies.
- **A decrease of 5.0 FTE position in the Department of Corrections:** The Budget removes 15.0 vacant but unspecified FTE positions in the Department of Corrections. The positions are removed due to the Department's average vacancy rate, in FY2019 on average the Department had 1,368.0 FTE positions filled, 48.0 positions less than the FY2019 Enacted level. The reduction is partially offset by the inclusion of an additional 10.0 FTE correctional officer positions that will allow the Department to hire all graduates from the next correctional officer training class.
- **An increase of 4.0 FTE position with Elementary and Secondary Education:** The Budget adds 4.0 FTE positions including one each for literacy, leadership, school improvement and STEM curriculum. Funding for these positions was included in the version that passed the House Finance Committee.
- **An increase of 3.0 FTE positions in the Judiciary:** The Budget adds 3.0 FTE positions to support the Superior Court Diversion program. This is a justice reinvestment proposal to provide high risk assessments to defendants. The new positions include 2.0 Case Managers and 1.0 Supervisor, who will be responsible in monitoring and maintaining records on defendants.
- **A decrease of 2.0 FTE positions in the Department of Revenue:** The Budget decreases a net 2.0 FTE positions in FY2020. This reflects an increase of 1.0 Legal Counsel within the Division of Collections; a decrease of 4.0 FTEs positions within the Division of Municipal Finance; an increase of 3.0 FTE positions associated with the Budget's sales tax initiatives; includes an additional 8.0 Customer Services Representatives related to the implementation of the federally mandated Real ID compliance; and, a decrease of 10.0 unspecified vacant FTE positions as part of the statewide reduction of 203.0 vacant FTE positions. As of June 25, the total number of statewide vacancies was 1,047.3 positions.
- **An increase of 2.0 FTE positions in the Office of the Attorney General:** The Budget adds 2.0 FTE positions including 1.0 Principal Clerk Stenographer to work as an intake clerk and 1.0 Staff Attorney to work as a traffic safety resource prosecutor.
- **A decrease of 2.0 FTE position in the Executive Office of Commerce:** The Budget decrease 2.0 FTE unspecified vacant FTE positions as part of the statewide reduction of 203.0 vacant FTE positions. As of June 25, the total number of statewide vacancies was 1,047.3 positions.
- **A decrease of 1.0 FTE position in the Public Utilities Commission:** The Budget decreases 1.0 unspecified vacant FTE positions as part of the statewide reduction of 203.0 vacant FTE positions. As of June 25, the total number of statewide vacancies was 1,047.3 positions.
- **An increase of 1.0 FTE positions in the Office of the Public Defender:** The Budget increases the Department's FTE positions by 1.0 FTE position, reflecting the conversion of a contracted social services case worker to a full-time state position to provide continuity of educational and social services to juvenile clients to alleviate long term detentions.
- **A decrease of 1.0 FTE positions at the Department of Environmental Management:** The Budget reflects a net reduction of 1.0 FTE position. The Governor recommended an increase of 11.0 new FTE positions for additional maintenance workers, civil engineers, and a plumber in the Parks and

Recreation Division. The Budget provides 4.0 new FTE positions but eliminates 5.0 unspecified vacant FTE positions as part of the statewide reduction of 203.0 vacant FTE positions.

OVERTIME

The FY2020 Budget as Enacted includes \$73.9 million in overtime costs, \$12.0 million more than the FY2019 Budget as Enacted and \$6.9 million more than proposed by the Governor. General revenue supports 62.2 percent of overtime expenses. 36.9 percent of the total FY2020 projected overtime expenditures for the State occur with the Department of Corrections, which is projected to decrease 24.2 percent in FY2020. The FY2020 Budget includes an increase of \$5.3 million in overtime costs within the Department of Corrections. The following charts illustrate the variances between the enacted and actual expenditures for overtime costs:

Overtime Expenditures, in Millions



PURCHASED SERVICES

Purchased services expenditures provide for contractors (non-state employees) who deliver special expertise to the State or where the work is temporary or project-specific. There are 10 categories of purchased services: 4 of the 10 categories, Management and Consultant Services, Training and Educational Services, Design and Engineering, and Information Technology, comprise 77.1 percent of the total budget for FY2020 purchased service expenditures.

	FY2018	FY2018	FY2019	FY2019	FY2019	FY2020	FY2020	FY20 to
Purchased Services	Enacted	Actual	Enacted	Governor	Revised	Governor	Enacted	FY19
								Change
Design & Engineering	\$46.8	\$49.7	\$49.1	\$50.9	\$50.9	\$48.0	\$47.9	(\$1.2)
Management & Consultant Services	70.8	83.6	69.2	77.7	78.3	74.1	69.1	(0.1)
Training & Educational Services	43.2	50.5	50.1	58.2	62.3	57.3	56.3	6.2
Information Technology	51.0	66.1	39.9	97.8	92.1	99.7	94.8	54.9
Medical Services	18.2	15.8	18.1	20.9	20.9	19.9	19.7	1.6
Other Contracts	15.2	16.0	17.9	19.7	19.5	20.7	19.5	1.6
Clerical & Temporary Services	5.1	6.4	6.7	5.8	5.8	5.3	5.4	(1.3)
Buildings & Grounds Maintenance	6.7	6.1	5.9	7.5	7.5	7.2	7.2	1.3
Legal Services	5.0	5.6	5.5	6.5	6.5	6.3	6.1	0.6
University & College Services	15.7	18.3	17.9	21.4	21.4	21.8	21.9	4.0
Total	\$277.5	\$318.0	\$280.3	\$366.4	\$365.2	\$360.3	\$347.9	\$67.6

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

Does not include Internal Service Funds

The FY2020 Budget as Enacted includes \$347.9 million for purchased service expenses, of which \$58.1 million (16.7 percent) is general revenue. The FY2020 Budget recommendation reflects an increase of \$67.6 million from the FY2019 Budget as Enacted and a decrease of \$12.4 million from the Governor's FY2020 Budget recommendation. Approximately \$282.3 million (81.1 percent) of the appropriation funds services in seven state departments (excluding higher education).

Purchased Services

Department	FY2019	FY2019	FY2019	FY2020	FY2020	FY20 to FY19	FY2020 General
	Enacted	Governor	Revised	Governor	Enacted	Change	Revenue
Office Health and Human Services	\$72.0	\$126.2	\$123.4	\$131.0	\$118.2	\$46.2	\$11.5
Elementary and Secondary Education	42.9	45.0	48.9	46.9	45.9	3.0	6.3
Transportation	41.6	44.8	44.8	42.3	42.2	0.6	-
Administration	8.4	11.2	10.0	8.6	8.4	-	1.8
Human Services	16.3	25.5	25.5	21.2	27.1	10.8	3.0
BHDDH	2.8	6.6	6.2	7.3	6.7	3.9	2.2
Community College of Rhode Island	4.3	3.9	3.9	3.6	3.6	(0.7)	1.6
Corrections	14.7	16.6	16.6	15.4	15.2	0.5	14.1
Health	10.0	14.6	14.6	11.1	11.1	1.1	1.6
Environmental Management	6.9	7.3	7.3	7.1	7.1	0.2	0.3
Children, Youth, and Families	4.9	5.5	5.5	5.5	6.1	1.2	3.8
Labor and Training	4.9	4.9	4.9	4.5	4.5	(0.4)	0.1
University of Rhode Island	19.3	21.2	21.2	22.6	22.6	3.3	2.5
Revenue	7.6	5.1	5.1	8.7	5.0	(2.6)	2.8
All Other Agencies	23.7	28.0	27.2	24.5	24.2	0.5	6.3
Total	\$280.3	\$366.4	\$365.1	\$360.3	\$347.9	\$67.6	\$58.1

\$ in Millions

Does not include ISFs

Revenue

The Budget includes \$4,178.7 million in revenues in FY2020, \$215.1 million above the November 2018 revenue estimate, including the annually-enacted hospital license fee. The Budget includes \$193.8 million for the fee. New revenue initiatives include shifting reserve funds from five quasi-public agencies, the implementation of mobile sports betting across the State, changes in the Rebuild RI sales tax exemption funding, sales tax expansion to include digital downloaded content, and sales tax exemption of feminine hygiene products and funeral urns. The revenue changes are summarized in the following table:

FY2020 Revenue Adjustments	Amount
Hospital License Fee	\$193.8
May 2019 Revenue Estimating Conference	(8.5)
Reserve Transfers	8.4
Rebuild Sales Tax Rebate Transfer	5.6
E-911 Surcharge Changes	(5.6)
Attorney General Settlements	5.0
Beverage Container/Hard-to-Dispose Materials Fees	3.1
Marijuana Program	3.0
Sales Tax Changes	1.9
Professional License Fee Increases	1.8
DOR Revenue Enhancements	0.8
DEM Fees	0.6
Medicaid Revenue Changes	(0.5)
Overweight/Oversized Vehicle Fees	0.5
Total	\$210.0

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

Hospital License Fee

\$193.8 million

The hospital license fee is a provider tax which the State levies on hospitals. This fee is federally capped at 6.0 percent and requires annual legislative action in order to continue. It is calculated as a percent of gross patient services revenues, which include revenues from patient care activity but exclude revenues from non-patient activity such as research, academic activity, or investment earnings. Hospitals pay the fee in a single payment each July. Article 5 maintains the hospital license fee at 6.0 percent in FY2020, consistent with the FY2019 Enacted Budget, and lowers the fee to 5.0 percent in FY2021. Both rates are discounted by 37.0 percent for hospitals located in Washington County (South County and Westerly Hospitals), pending approval of a uniformity waiver. Bradley and Butler Hospitals and the Rehabilitation Hospital of Rhode Island are exempt from the fee because their primary services and patient beds are psychiatric in nature. The hospital license fee will generate \$193.8 million in FY2020.

Hospital License Fee Revenue		
Fiscal Year	Fee	Revenue
2010	5.314%	\$124.9
2011	5.465%	135.8
2012	5.430%	138.0
2013	5.350%	138.5
2014	5.418%	145.9
2015	5.745%	155.3
2016	5.862%	169.1
2017	5.652%	168.0
2018	5.856%	181.0
2019	6.000%	180.8
2020	6.000%	193.8
2021	5.000%	161.5

\$ in millions

In past fiscal years, the hospital license fee has been used as a mechanism to generate State funds, a portion of which are then matched with federal Medicaid funds and returned to hospitals to offset uncompensated care costs through the Disproportionate Share Hospital (DSH) program. Because the State's largest

hospitals are non-profit and do not pay corporate income or property taxes, the hospital license fee is a considerable source of revenue for the State.

Analyst Note: In past fiscal years, the Budget has authorized a hospital license fee for the budget year only; however, Article 5 authorizes the fee for both FY2020 and FY2021. The State is anticipating a reduction in federal funding for the DSH program in FY2021. If federal funding is reduced, State expenditures for the DSH program will also be significantly lower. The FY2021 hospital license fee is subject to change and will be finalized in the FY2021 Budget as Enacted.

May 2019 Revenue Estimating Conference

(\$8.5 million)

The May 2019 Revenue Estimating Conference (REC) decreased its personal income tax revenue estimate from November by 0.1 percent, or \$1.5 million. Business and sales taxes were revised upwards by \$500,000 and \$15.9 million, respectively, from November. The sales tax estimate took into consideration changes to remote seller tax collection that had been enacted earlier in the 2019 General Assembly session. These adjustments, along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.), net the overall \$8.5 million reduction.

Reserve Transfers

\$8.4 million

The Budget requires that several quasi-public entities to the State Controller by June 30, 2020, to be deposited into the General Fund. This includes \$4.0 million from the Rhode Island Infrastructure Bank, \$1.5 million from Rhode Island Housing and Mortgage Finance Corporation, and \$1.5 million from Rhode Island Student Loan Authority. The transfers combine for a total of \$13.2 million in revenue for FY2020, \$8.4 million more than the FY2019 Enacted level. The following table shows the mandated transfers in both FY2019 and FY2020.

Agency	FY2019	FY2019	Change	FY2020	Change
	Enacted	Revised	from Enacted	Enacted	from Enacted
RI Infrastructure Bank	\$4.0	\$4.0	\$0.0	\$4.0	-
RI Housing	-	-	-	1.5	1.5
Quonset Development Corporation	-	-	-	1.2	1.2
RI Student Loan Authority	-	-	-	1.5	1.5
DEM - Government Entities - Inceptors Bonds Funds	-	1.1	1.1	-	-
DEM - Government Water Pollution Control Bond Funds	-	0.1	0.1	-	-
DEM - Private Water Pollution Control Facility Bond Funds	-	0.0	0.0	-	-
DEM - State Rec. Facilities Development Renovation Bond	-	0.0	0.0	-	-
DEM - Local Recreational Facilities Distressed Bond Fund	-	0.0	0.0	-	-
DEM - 25 India Street (Shooter's) Bond Fund	-	0.2	0.2	-	-
Commerce RI - Anchor Institution Tax Credit	0.8	0.8	-	-	(0.8)
Commerce RI - First Wave Closing Fund	-	-	-	5.0	5.0
Total	\$4.8	\$6.2	\$1.4	\$13.2	\$8.4

\$ in millions

- **Rhode Island Infrastructure Bank:** The Budget requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$4.0 million to the State Controller by June 30, 2020. The transfer in FY2020 would result in RIIB losing \$11.5 million of infrastructure funds over three fiscal years. RIIB transferred \$3.5 million to the State in June 2018 and, in accordance with the FY2019 Budget as Enacted, transferred \$4.0 million to the State in June 2019.
- **Rhode Island Housing and Mortgage Finance Corporation:** Article 1 requires the Rhode Island Housing and Mortgage Finance Corporation (RIHousing) to transfer \$1.5 million to the State Controller for deposit in the General Fund by June 30, 2020.

- **Quonset Development Corporation:** The Budget also includes a \$1.2 million transfer from the reserves of the Quonset Development Corporation (QDC). The Governor had proposed a \$2.0 million transfer from QDC in FY2019, which is not included in the Budget.
- **Rhode Island Student Loan Authority:** The Budget requires the Rhode Island Student Loan Authority (RISLA) to transfer \$1.5 million to the State Controller for deposit in the General Fund by June 30, 2020. RISLA, a non-profit State authority, provides affordable higher education loans.
- **First Wave Closing Fund:** The Budget requires that the RI Commerce Corporation (CommerceRI) transfer \$5.0 million from the First Wave Closing Fund. This Fund is intended to support economic development by providing “gap financing” for certain types of projects. The incentive program has been appropriated \$15.3 million since it was established in FY2016 and has awarded only \$2.4 million. The fund will have a balance of \$7.9 million, inclusive of this transfer.

Rebuild Sales Tax Rebate Transfer

\$5.6 million

The Budget includes an additional \$5.6 million in general revenue based on changes made to the Rebuild RI tax credit program. Article 12 of the Budget subjects the sales and use tax exemptions authorized under the Rebuild RI tax credit program to the same per-project and aggregate program caps that the Rebuild RI tax credits are. The article also raises the aggregate cap from \$150.0 million to \$210.0 million. To date, CommerceRI has authorized \$40.9 million of sales and use tax exemptions. It is estimated that \$5.6 million of these exemptions would have been redeemed through rebates in FY2020, and would have lowered sales tax revenue by the same. These rebates will now be paid out of the Rebuild RI Tax Credit Fund, thus avoiding the general revenue reduction.

E-911 Surcharge Changes

(\$5.6 million)

The Budget reconfigures the telecommunication surcharges that support emergency services and first response programs, including the E-911 program. Previously, there was a \$1.00 emergency services and first response surcharge on wireline, wireless, and prepaid telecommunication services and an additional \$0.26 technology surcharge on just wireless services. 90.0 percent of the revenue from the \$1.00 surcharge was deposited as general revenue with the balance placed into the State’s Information Technology Investment Fund. The \$0.26 surcharge was deposited into a restricted receipt account to support State geographic information system (GIS) and other technology improvements.

Article 2 of the Budget eliminates both of these surcharges and establishes two new ones. A new \$0.50 E-911 surcharge is established to support the E-911 program. Revenue from the surcharge will be deposited into a new, dedicated restricted receipt account within the Department of Public Safety (DPS) explicitly reserved for the purposes of supporting the E-911 system. A new first response surcharge is also established to support first responder services across the State. The surcharge amount varies by telecommunication type and ranges from \$0.50 to \$0.75. The revenue from this surcharge is deposited as general revenue.

The fiscal impact of these change is a net \$5.6 million loss to the general fund in FY2020.

Attorney General Settlements

\$5.0 million

The Budget includes \$5.0 million in additional general revenue from several multi-state settlements recently negotiated through the Office of Attorney General.

Beverage Containers and Hard-to-Dispose Materials Fees

\$3.1 million

The Budget includes \$3.1 million in revenue resulting from the increase in fees and taxes associated with cases of beverage containers and hard-to-dispose materials.

Revenue	Impact
Beverage Container Fee Increase	\$2.1
Hard-to-Dispose Materials Fee Increase	1.0
Total	\$3.1

\$ in millions

The Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act (RIGL 44-44) was enacted in 1984 to provide funding for the litter reduction and recycling program and the hard-to-dispose material – control and recycling program. Collections are deposited as general revenue.

Beverage Containers: The State levies a tax on each case of beverage containers sold by a beverage wholesaler to a beverage retailer or consumer within this State, excluding reusable and refillable beverage containers. The tax is collected by the beverage wholesaler and deposited as general revenue. The tax is applicable to beer, other malt beverages, and all non-alcoholic drinks except for milk. Article 5 doubles the tax, from \$0.04 to \$0.08, yielding an estimated \$2.1 million in new revenue in FY2020.

Hard-to-Dispose Materials: A tax is collected upon the sale by hard-to-dispose material wholesalers to hard-to-dispose material retailers. Every hard-to-dispose material retailer selling, using, or otherwise consuming any hard-to-dispose material in Rhode Island is liable for the tax imposed by this Act. The following table outlines the tax rate for materials subject to collections and shows the changes proposed under Article 5.

Material	per Unit of Measurement	Original Rate	Article 5	Change
Lubricating Oils	Quart (32.0 ounces)	\$0.05	\$0.10	0.05
	Liter	0.052	0.106	0.054
Antifreeze	Gallon	0.10	0.20	0.1
	Liter	0.0264	0.0528	0.0264
Organic Solvents	Gallon	0.0025	0.005	0.0025
	Liter	0.00066	0.00132	0.00066
Tire	per Tire	0.50	1.00	0.5
Vehicle Title Fee	each New Vehicle Sale	3.00	6.00	3.00
Beverage Containers*	per Case	0.04	0.08	0.04

*Does not include reusable and refillable containers

Marijuana Program

\$3.0 million

The Budget includes \$3.0 million in new general revenue from the expansion of the State’s medical marijuana program. Article 15 of the Budget increases the number of compassion centers from three to nine, increases the application fee from \$250 to \$10,000, and increases the licensing fee from \$250,000 to \$500,000.

Sales Tax Changes

Digital Downloads: Rhode Island has taken several steps to modernize the State’s sales and use tax in an effort to align with technological advances in the way commerce is conducted. For example, the 2018 General Assembly defined vendor-hosted prewritten computer software as a “service” that is subject the sales tax. Likewise, the enactment in 2018 of new framework aimed at facilitating tax collections on remote, internet-based sales was an attempt to keep up with modern retail.

FY2020 Revenue - Digital Content

Video	\$1.5
Music	0.6
Books	0.5
Total	\$2.6

\$ in millions

Article 5 continues this modernization by expanding the sales tax to digitally downloaded content. According to the Office of Revenue Analysis (ORA), half of all states currently tax this content. This includes:

- **Digital Audio-Visual:** Applies to the purchase or rental of, or subscription to, streamed movies and video. Examples include Netflix movies and YouTube channels.
- **Digital Audio:** Applies to podcasts and music, including streaming services such as Spotify and Sirius XM radio.
- **Digital Books:** Applies to e-books.

The Budget assumes \$2.6 million in sales tax collections as a result of this initiative based on an October 1, 2019, start date.

New Exemptions: Article 5 adds two new categories of products to the list of those items exempted from the State’s sales tax. These exemptions are estimated to reduce general revenue by a combined \$692,211.

- **Feminine Hygiene Products:** Article 5 exempts feminine hygiene products from the sales and use tax. The Budget assumes a revenue loss of \$617,211 in FY2020 based on an October 1, 2019, effective date.
- **Urns:** Article 5 also exempts funeral urns and shrouds from the sales and use tax. The Budget assumes a revenue loss of \$75,000 in FY2020 based on an October 1, 2019, start date.

Professional License Fee Increases

\$1.8 million

The Budget includes \$1.8 million in new revenue associated with the increase in licensing fees for mortgage loan originators and debt collectors.

- **Mortgage Loan Originators:** The original license fee for mortgage loan originators was \$100. Article 5 raises the fee to \$400. The increase is expected to generate \$1.3 million based on an assumption of approximately 3,119 licensees per year.
- **Debt Collectors:** The original annual license fee for mortgage loan originators was \$100. Article 5 raises the fee to \$750. The increase is expected to generate \$577,850 based on approximately 1,445 licensees per year.

License	Original Annual License Fee	New Annual License Fee	Enacted Revenue
Mortgage Loan Originator	\$100	\$400	\$1,247,400
Debt Collector	100	750	577,850
Total			\$1,825,250

DOR Revenue Enhancements

\$750,000

The Budget includes \$750,000 in additional revenues which are estimated to be collected as a result of personnel and operations enhancements within the Division of Collections at the Department of Revenue (DOR).

Article 4 of the Governor’s FY2019 Budget proposal provided the Division of Collections with the authority to enter into external contingency contracts. The ability to enlist outside professionals was a tool to enhance debt collection. The General Assembly did not provide this authorization in the FY2019 Budget as Enacted. Department officials argue that this prevents the unit from contracting legal services of any type. Based on this argument, DOR requested, and the Budget includes, an additional attorney for the Division. The Budget includes \$115,823 from general revenues to cover the personnel costs of the new attorney.

The Division was established with 7.0 FTE positions in FY2019. A Chief of Legal Services runs the unit. Other staff include an Administrative Officer, a Billing Specialist, 2.0 Accountants and 2.0 Senior Accountants.

The Budget also provides for a new custom case management IT system. Currently, the unit uses general cloud-based services to address their casework and workflow. The Department argues that a tailored system would increase productivity and efficiency. Operational funding of \$111,000 in FY2020 is split between computer/software equipment costs (\$51,000) and IT programming costs (\$60,000).

DEM Fees \$570,518

The Budget includes \$570,518 in new revenue from a planned increase in various campground services and recreational activities at State parks. The Governor's Budget assumed \$797,095 in revenue from the increases. Estimates on camping and recreational activity from the Department of Environmental Management since the introduction of the Governor's Budget have been revised down by \$226,577.

Medicaid Revenue Changes (\$506,529)

Certain Medicaid providers are taxed by the State based on gross revenues. Specifically, nursing homes are subject to a 5.5 percent provider tax and managed care (health insurance) plans are subject to a 2.0 percent insurance premium tax. Therefore, Medicaid expenditure changes often impact revenue collections. The Budget contains a number of Medicaid proposals which directly impact these taxes and includes a net revenue reduction of \$506,529, accordingly.

Initiative	Nursing Home	Insurance	Total
	Provider Tax	Premium Tax	
Hospital Rate Increase	-	\$469,777	\$469,777
Nursing Home COLA	(379,267)	(11,182)	(390,449)
Limit Hospice Rate Increase	(302,500)	-	(302,500)
Internal Audit Savings	-	(127,201)	(127,201)
Managed Care Organizations	-	(108,458)	(108,458)
Rite Share Enrollment	-	(47,698)	(47,698)
Total	(\$681,767)	\$175,237	(\$506,529)

Analyst Note: These initiatives are explained in greater detail in the Medicaid program analysis of the Executive Office of Health and Human Services summary contained in the Departmental Summaries section of this report.

Overweight and Oversize Vehicle Permit Fees

Prior to FY2020, all vehicles exceeding 80,000 lbs. paid a flat per-trip fee of \$20.00 for overweight and oversize vehicle permits (OOVP). Article 8 establishes a new per-trip fee tier for vehicles exceeding 130,000 lbs. and increases the per-trip fee for non-divisible loads exceeding 80,000 lbs. but less than 130,000 lbs. The fee for non-divisible loads exceeding 80,000 lbs. increases from \$20.00 to \$40.00, and the per-trip fee for non-divisible loads exceeding 130,000 lbs. increases from \$20.00 to \$300.00.

Article 8 also increases the annual fee for non-divisible loads of less than 130,000 lbs. from \$300.00 to \$400.00. The operator of the overweight/oversize vehicle may pay the annual fee in lieu of individual per-trip fees.

The DOT issues OOVPs, but the Division of Motor Vehicles (DMV) collects the associated fees. The fee changes are estimated to generate an additional \$501,840 which will be payable to the DMV and deposited as general revenue.

Overweight, Oversize Vehicle Permit Fees	Trips	Original Fee	Fee Increase	Proposed Fee Total	Additional Revenue
Single Trip (80,000 - 130,000 lbs.)	8,181	\$20.00	\$20.00	\$40.00	\$163,620
Single Trip (over 130,000 lbs.)	1,164	20.00	280.00	300.00	325,920
Annual Trip Fee (under 130,000 lbs.)	123	300.00	100.00	400.00	12,300
Total					\$501,840

Source: RI Dept. of Transportation

FY2019 SUPPLEMENTAL REVENUE CHANGES

May Revenue Estimating Conference

\$25.1 million

The Budget includes \$25.1 million in additional revenue based on the May 2019 Revenue Estimating Conference (REC). The REC increased its personal income tax revenue estimate from November by 2.9 percent, or \$3.3 million. Business taxes were revised down \$10.8 million from November and sales taxes increased by \$6.6 million. Departmental receipts were also revised upwards by \$10.8 million (excluding a static hospital fee of \$180.8 million). These adjustments, along with other offsets and increases in other revenue sources (lottery, excise taxes, etc.), net the overall \$25.1 million increase.

Reserve Transfers

\$1.4 million

The Budget required that several quasi-public entities transfer and the Department of Environmental Management (DEM) reserves to the State Controller by June 30, 2019 to be deposited into the General Fund. The FY2019 Budget as Enacted included \$4.8 million in transfers from the RI Infrastructure Bank and the Commerce Corporation. The Budget retains these transfers and adds another \$2.2 million from various DEM bond accounts. The following table shows the mandated transfers in both FY2019 and FY2020.

Agency	FY2019 Enacted	FY2019 Revised	Change from Enacted	FY2020 Enacted	Change from Enacted
RI Infrastructure Bank	\$4.0	\$4.0	\$0.0	\$4.0	-
RI Housing	-	-	-	1.5	1.5
Quonset Development Corporation	-	-	-	1.2	1.2
RI Student Loan Authority	-	-	-	1.5	1.5
DEM - Government Entities - Inceptors Bonds Funds	-	1.1	1.1	-	-
DEM - Government Water Pollution Control Bond Funds	-	0.1	0.1	-	-
DEM - Private Water Pollution Control Facility Bond Funds	-	0.0	0.0	-	-
DEM - State Rec. Facilities Development Renovation Bond	-	0.0	0.0	-	-
DEM - Local Recreational Facilities Distressed Bond Fund	-	0.0	0.0	-	-
DEM - 25 India Street (Shooter's) Bond Fund	-	0.2	0.2	-	-
Commerce RI - Anchor Institution Tax Credit	0.8	0.8	-	-	(0.8)
Commerce RI - First Wave Closing Fund	-	-	-	5.0	5.0
Total	\$4.8	\$6.2	\$1.4	\$13.2	\$8.4

\$ in millions

Real Estate Conveyance Tax Refund

(\$1.7 million)

The Budget reduces general revenue in FY2019 by \$1.7 million based on an anticipated real estate conveyance tax refund related to the Providence Place Mall (PPM). PPM is in a legal dispute with both the City of Providence and the State of Rhode Island regarding the large real estate conveyance tax payment. Attorneys for the Division of Taxation and staff at the Division of Accounts and Control advise that, should the courts require the State to refund the payment, it would accrue to FY2019.

Health System Monitoring and Compliance

\$1.2 million

The Budget shifts \$1.2 million from restricted receipts to general revenue in FY2019. The Governor's Budget included a new restricted receipt within the Department of Health (DOH). The new Health System Monitoring and Compliance restricted receipt account was established to deposit consent agreement fees paid by hospitals. The stated purpose of the fee is to oversee the corrective action plans in order to ensure compliance. The Governor proposed using these one-time fees to pay for monitoring and quality-assurance activities related to the consent agreements with the hospitals. The Budget shifts the restricted receipt funds into general revenue and requires DOH to address the monitoring and compliance work within its existing budget.

Municipal Aid

For FY2020, the Distressed Community Relief Aid is funded at the FY2019 Enacted level. The Budget level funds the Payment in Lieu of Taxes (PILOT) program, allowing for a reimbursement rate of 26.7 percent. Meal and Beverage Tax is projected to decrease by a total of \$1.6 million for FY2020 and the Hotel Tax is projected to decrease by \$808,430.

Tables showing impacts by community are included at the end of this analysis.

Program	FY2018	FY2019	FY2019	Change from		FY2020	Change from Enacted	
	Actual	Enacted	Revised	Enacted		Enacted		
Payment in Lieu of Taxes	\$45.2	\$46.1	\$46.1	-	-	\$46.1	\$0.0	0.0%
Distressed Communities	12.4	12.4	12.4	-	-	12.4	-	-
Motor Vehicle Excise Tax	36.0	54.7	56.2	1.5	2.8%	92.2	37.5	68.6%
State Aid to Libraries								
Grant-in-Aid	9.4	9.3	9.3	-	-	9.5	-	-
Library Construction	2.2	2.2	2.2	-	-	1.9	(0.3)	-13.6%
Total Direct Aid	\$105.2	\$124.6	\$126.2	\$1.5	1.2%	\$162.1	\$37.2	29.9%
Public Service Corporations Tax	\$13.6	\$13.3	\$13.3	-	-	\$13.3	-	-
Meals & Beverage Tax	28.9	31.4	28.8	(2.6)	-8.3%	29.8	(1.6)	-5.1%
Hotel Tax	10.7	11.3	10.4	(0.9)	-8.0%	10.5	(0.8)	-7.1%
Total Indirect Aid	\$53.1	\$56.0	\$52.5	(\$3.5)	-6.3%	\$53.7	(\$2.4)	-4.3%
Total Aid	\$158.3	\$180.6	\$178.7	(\$2.0)	-1.1%	\$215.8	\$34.8	19.3%

\$ 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 FY2020, PILOT is funded at the FY2019 Enacted level of \$46.1 million. This represents an increase of \$5.3 million over the Governor's recommended amount. 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. PILOT is funded at 26.7 percent in FY2020.

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	2.0%	27.0%
2020	46.1	0.0%	26.7%

\$ in millions.

Analyst Note: Article 9 of the Governor's Budget provided municipalities with the authority to levy property taxes on non-mission related property owned by large non-profit hospitals and universities. This recommendation is not included in the Budget.

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 FY2019, \$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 FY2020, the Distressed Community Relief Fund is maintained at the FY2019 level of \$12.4 million.

The distribution is proportional to the amount of qualifying communities. A community's eligibility to receive aid is based upon annually updated data related to the local tax levy and is certified by the Division of Municipal Finance.

When a community is determined to no longer be eligible for the program, it is permitted to receive a transitional amount that is 50.0 percent of its proportional share. Based on the most recent certified data, the Town of Johnston is no longer qualified as a distressed community in FY2020 and therefore will receive \$532,972 less than it did in FY2019.

Municipality	FY2019	FY2020	Change
Central Falls	\$217,757	\$201,648	(\$16,109)
Cranston	1,233,378	2,547,805	1,314,427
Johnston	1,065,944	532,972	(532,972)
North Providence	1,000,937	914,169	(86,768)
Pawtucket	1,507,940	1,400,733	(107,207)
Providence	5,606,831	5,155,694	(451,137)
West Warwick	904,159	859,102	(45,057)
Woonsocket	847,512	772,334	(75,178)
Total	\$12,384,458	\$12,384,458	-

Similarly, communities initially qualifying for the program are phased in and are only authorized to receive 50.0 percent of its proportional share in the first year of eligibility. If the community remains eligible the following year, it will receive its full share. Cranston continues to be eligible in FY2020, after having first qualified for distressed community aid in FY2019. The city therefore will receive an additional \$1.3 million in FY2020.

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 and local taxes and/or fines through an intercept of an individual's income tax refund. The program assists communities with maximizing their collection of revenue thereby reducing or eliminating their distressed condition. 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, 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	56.3	63.2%
2020	94.3	67.5%

Additionally, the sales tax escalator calculation, which 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 also changed the rounding of the sales tax received from the nearest tenth of one cent to the

\$ in millions

nearest thousandth of one cent, reducing the impact of the rounding. The authority to make this calculation shifted from the Director of Administration to the Director of Revenue.

The General Assembly has provided \$10.0 million to municipalities as a minimum base of motor vehicle excise tax relief since FY2011. The FY2020 Budget as Enacted includes this base amount again. Based on the new phase-out formula, municipalities will lose an estimated \$84.3 million in forgone motor vehicle excise tax levies. The Budget provides \$84.3 million in aid to municipalities to offset the lost tax revenue. This new aid plus the base amount combine for \$94.3 million in total tax relief. This is \$38.0 million more than the FY2019 Enacted level. By FY2024, the estimated cost of eliminating the motor vehicle tax is \$224.6 million.

Analyst Note: The Governor's Budget included significant changes to the phase-out formula, including adjustments to the assessment ratio, exemption minimums, and excise rate caps. The adjustments did not change the timetable of the phase-out; however, it reduced anticipated state aid levels for FY2020 through FY2023 as compared to current law and increased aid in FY2024. The Budget does not include these changes.

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		\$224,550,737	N/A	753,308	-
FY2018	95%	\$60	1000	15		199,470,595	25,080,142	602,385	150,923
FY2019	90%	50	2000	15		178,267,505	46,283,232	585,329	8,683
FY2020	85%	35	3000	15		140,281,399	84,269,338	560,569	25,289
FY2021	80%	35	4000	15		119,243,092	105,307,644	514,636	53,892
FY2022	75%	30	5000	15		91,640,633	132,910,104	451,285	63,248
FY2023	70%	20	6000	15		57,432,928	167,117,809	389,796	61,848
FY2024	N/A	N/A	N/A	N/A		-	224,550,737	N/A	389,426

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 \$9.4 million for FY2019 and \$9.5 million in funding for FY2020. Distribution of these funds 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 FY2020 appropriation is funded at 22.3 percent.

Construction Reimbursement: Rhode Island law grants authority to the Office of Library and Information Services (OLIS) to award 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 FY2020, the Budget includes \$1.9 million for Library Construction Aid, \$239,241 less than the FY2019 Enacted level. According to OLIS, these amounts reflect planned reimbursement costs. 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.

Fiscal Year	Grant in Aid	Library Aid		% Change
		Construction	Total Aid	
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	-
2020	9.5	1.9	10.5	-9.8%

\$ in millions.

INDIRECT AID TO LOCAL GOVERNMENT

Public Service Corporation Tax

The tangible personal property of telegraph, cable, and telecommunications corporations and express corporations is exempt from local taxation. It is, however, 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. 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 FY2020 Budget provides \$13.3 million be distributed to municipalities on July 31, 2019. This is consistent with FY2019.

Fiscal Year	Public Service Corporation	
	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%
2020	13.3	-

\$ 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 FY2019, the Office of Revenue Analysis anticipates \$28.8 million in collections, increasing to \$29.8 million in FY2020.

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. 25.0 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 Airbnb or VRBO).

The total distribution to municipalities is estimated to be \$10.4 million for FY2019 and \$10.5 million for FY2020.

Article 5 of the Budget changes the distribution of 5.0 percent State hotel tax. Specifically, the article modifies how the portion of the State hotel tax that is collected from “residential units offered for tourist or transient use through a hosting platform” (such as AirBnB or VRBO) is distributed among the entities entitled to a share of the tax.

When the General Assembly first subjected hosting platform rentals to the hotel tax in 2015, local tourism districts and convention center authorities were left out of the distribution of the new revenue at their request. Instead, 25.0 percent of this portion of the State hotel tax goes to the municipality that the property is located in and 75.0 percent is given to the Rhode Island Commerce Corporation (CommerceRI).

Article 5 aligns the distribution of the hosting platform portion of the State Hotel tax with the existing formula for the standard hotel room portion of the tax. There is no fiscal impact to municipalities. The changes in the distribution are summarized in the following table:

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	28.8	-1.7%
2020	29.8	3.6%

\$ in millions.

Fiscal Year	Total Distribution	% 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	-2.5%
2019	10.4	2.5%
2020	10.5	1.4%

\$ in millions.

Location of Room Rental/State Hotel Tax Recipient	Traditional Rooms	Hosting Platform Rooms		
		Original	Formula	Article 5
Providence				
Providence Convention Authority	30.0%	0.0%	30.0%	30.0%
City of Providence	25.0%	25.0%	25.0%	-
RI Commerce Corporation	21.0%	75.0%	21.0%	-54.0%
Providence Warwick Convention Visitors Bureau	24.0%	0.0%	24.0%	24.0%
General Revenue	0.0%	0.0%	0.0%	-
Warwick				
Warwick Department of Economic Development	30.0%		30.0%	30.0%
City of Warwick	25.0%	25.0%	25.0%	-
RI Commerce Corporation	21.0%	75.0%	21.0%	-54.0%
Providence Warwick Convention Visitors Bureau	24.0%		24.0%	24.0%
General Revenue	0.0%		0.0%	-
Omni Hotel (Providence)				
Providence Convention Authority	30.0%	N/A	30.0%	-
RI Commerce Corporation	50.0%	N/A	50.0%	-
Providence Warwick Convention Visitors Bureau	20.0%	N/A	20.0%	-
General Revenue	0.0%	N/A	0.0%	-
Statewide District*				
Municipality of Room Rental	25.0%	25.0%	25.0%	-
RI Commerce Corporation	70.0%	75.0%	70.0%	-5.0%
Providence Warwick Convention Visitors Bureau	5.0%	0.0%	5.0%	5.0%
General Revenue	0.0%	0.0%	0.0%	-
All Other Locations in the State				
Regional Tourism District of Room Rental	45.0%	0.0%	45.0%	45.0%
Municipality of Room Rental	25.0%	25.0%	25.0%	-
RI Commerce Corporation	25.0%	75.0%	25.0%	-50.0%
Providence Warwick Convention Visitors Bureau	5.0%	0.0%	5.0%	5.0%
General Revenue	0.0%	0.0%	0.0%	-

*Rooms rentals in Cranston, Foster, Johnston, N. Providence, Scituate, and W. Warwick

OTHER AID TO LOCAL GOVERNMENT

Warwick Rental Car Tax Revenue

The RI Airport Corporation levies a customer service charge (CSC) of \$5.00 per rental vehicle per day for all vehicle rentals from companies operating at T.F. Green Airport in Warwick. Revenues from the CSC are to be used to pay for the construction, expansion, reconfiguration, operation and maintenance of the Warwick Intermodal Transit Station. The CSC 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 CSC have been deposited into a restricted receipt account for the City of Warwick. The FY2019 and FY2020 Budgets include \$922,013 in CSCs for the benefit of the City.

Airport Impact Aid

The Budget provides \$1.0 million in funding for the Airport Impact Aid program in FY2020. The Airport Impact Aid program provides State aid funds to municipalities which host airports. Under current law, the aid is distributed according to a statutory formula that provides 60.0 percent of the first \$1.0 million, or \$600,000 for communities with airports serving more than 1.0 million passengers per year. T.F. Green in Warwick 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. Under current law, no community that hosts an airport can receive less than \$25,000.

The following table shows the distribution of Airport Impact Aid for FY2020:

Airport	FY2019	FY2020	Change
Warwick T.F. Green	\$784,239	\$784,348	\$109
Block Island	35,701	35,706	5
Middletown - Newport Airport	47,087	47,094	7
North Central - Smithfield	25,000	25,003	3
North Central - Lincoln	25,000	25,003	3
North Kingstown - Quonset	47,435	47,442	7
Westerly	45,434	45,440	6
Total	\$1,009,896	\$1,010,036	\$140

Property Revaluation Reimbursement

In 1997, the General Assembly enacted legislation requiring municipalities to conduct full property revaluations every nine years and statistical updates at year 3 and year 6. 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 \$668,856 for the Property Revaluation program in FY2020, a reduction of \$941,678 from the FY2019 Budget as Enacted, and is based on anticipated reimbursements. The following communities will be reimbursed for statistical updates in FY2020: Barrington, Cranston, East Greenwich, Foster, Middletown, Pawtucket, and Woonsocket. Full revaluations will occur in Exeter, Narragansett, Newport, and Tiverton.

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	67.4%
2019	1.6	74.0%
2020	0.7	-59.0%

\$ in millions.

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 Rhode Island Capital Plan (RICAP) funds 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 to the program from its board designated administrative fund in FY2015. The Budget does not include any additional funding for the Municipal Road and Bridge Fund in FY2019 or FY2020.

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 6 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.

Municipal Road and Bridge Fund					
Borrower	Fiscal Year	Amount			Credit Limit Remaining
		Requested	Amount Borrowed	Loan Outstanding	
East Providence	2014	\$1,215,000	\$1,215,000	\$761,000	-
Newport	2014	4,000,000	1,500,000	925,000	-
Warwick	2014	1,600,000	1,600,000	1,335,000	232,392
Burrillville	2014	680,000	680,000	476,000	264,226
New Shoreham	2014	255,000	255,000	193,000	65,531
Westerly	2014	625,000	225,000	-	-
Pawtucket	2014	7,000,000	3,500,000	2,936,000	-
Cumberland	2014	560,000	560,000	469,000	193,101
Coventry	2014	340,000	340,000	211,000	-
West Warwick	2015	150,515	150,515	102,515	-
Bristol	2015	500,000	500,000	418,000	-
Hopkinton	2015	253,000	253,000	171,000	67,896
Pawtucket	2015	5,000,000	5,000,000	4,359,000	-
East Greenwich	2015	2,000,000	2,000,000	1,363,000	-
Coventry	2015	900,000	900,000	726,000	12,424
Bristol	2016	1,175,000	1,175,000	1,051,000	-
Cranston	2016	1,755,000	1,755,000	1,597,000	-
New Shoreham	2016	296,000	296,000	269,000	4,500
Pawtucket	2016	3,000,000	3,000,000	2,737,000	-
East Greenwich	2017	5,000,000	5,000,000	4,778,000	1,226,803
Pawtucket	2017	3,000,000	3,000,000	2,869,000	-
New Shoreham	2018	449,000	449,000	430,000	103,526
Providence	2018	10,000,000	10,000,000	9,596,000	9,732,262
Pawtucket	2018	2,000,000	2,000,000	2,000,000	1,858,444
Middletown	2018	5,000,000	5,000,000	5,000,000	2,231,886
Barrington	2019	3,500,000	3,500,000	3,500,000	3,450,000
Warren	2019	2,500,000	2,000,000	2,000,000	2,000,000
Westerly	2019	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Central Falls	2019	1,500,000	1,500,000	1,500,000	1,500,000
Pawtucket	2019	2,000,000	2,000,000	2,000,000	2,000,000
Total		\$81,253,515	\$74,353,515	\$68,772,515	\$39,942,989

Central Falls Support

The Budget includes \$600,000 in general revenue for the City of Central Falls. The General Assembly provides this funding to help support municipal operations in Central Falls.

The Budget also includes \$300,000 in FY2020 for Central Falls pensions. 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 included 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 originally by the City Receiver earlier in 2012. 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 a total of \$4.8 million through July 1, 2044.

OTHER MUNICIPAL ISSUES

Main Street RI Streetscape Improvement Program

Article 19 of the FY2016 Budget as Enacted created a statewide Main Street Rhode Island Streetscape Improvement Fund. The purpose of the program is to provide loans, matching grants, or other forms of financing, with recipients providing a 30.0 percent match, to upgrade streetscapes in local business districts (lighting, street furniture, medians).

The Budget does not fund the Main Street RI Streetscape Program (Main Street RI) in FY2020 for the first time since the program began in FY2016. This represents a \$500,000 reduction relative to the FY2019 Budget as Enacted.

Main Street Streetscape		
Budget	Appropriation	Awarded
2016 Enacted (Final)	\$1,000,000	\$915,400
2017 Enacted (Final)	1,000,000	1,000,000
2018 Enacted (Final)	500,000	-
2019 Enacted (Final)	500,000	1,037,968
<i>Subtotal - Activity to Date</i>	<i>\$3,000,000</i>	<i>\$2,953,368</i>
2020 Enacted	-	-
Total	\$3,000,000	\$2,953,368

Twenty-five awards, totaling \$3.0 million, have been made to date and are listed in the following table:

Project Name	Board	
	Approval Date	Funding
Central Falls	3/28/2016	\$300,000
Pawtucket	3/28/2016	245,000
ONE Neighborhood Builders	3/28/2016	108,000
Bristol	3/28/2016	80,000
East Greenwich	3/28/2016	32,400
The Providence Foundation	3/28/2016	80,000
Woonsocket	3/28/2016	70,000
Bristol	5/22/2017	42,855
Jamestown	5/22/2017	65,000
North Kingstown	5/22/2017	204,400
Providence	5/22/2017	189,145
East Providence	5/22/2017	75,000
Smithfield	5/22/2017	11,075
Westerly	5/22/2017	140,210
Warren	5/22/2017	203,315
Warwick	5/22/2017	69,000
Barrington	11/19/2018	58,450
East Providence	11/19/2018	69,969
New Shoreham	11/19/2018	39,935
North Providence	11/19/2018	150,000
Pawtucket	11/19/2018	300,000
Providence	11/19/2018	47,114
Warren	11/19/2018	59,500
Westerly	11/19/2018	233,000
Woonsocket	11/19/2018	80,000
Total		\$2,953,368

Tax Stabilization Incentive

Article 19 of the FY2016 Budget as Enacted created the Tax Stabilization Incentive Program whereby municipalities can apply to the Rhode Island Commerce Corporation for partial reimbursement of personal and/or real estate tax revenue forgone due to the granting of a tax stabilization agreement by that community for a qualified construction or rehabilitation project. The Corporation provides a partial reimbursement of no more than 10.0 percent of the property tax revenue that would have otherwise been collected.

Under this program, a community can grant a stabilization agreement for the rehabilitation of an existing structure where the total cost of the development budget exceeds 50.0 percent of the adjusted basis of the property (original cost of the property reduced by depreciation deductions and increased by capital expenditures), or for a new construction project that begins within twelve months of the approval of the tax stabilization agreement and is completed within 36 months. The qualifying property must be used or intended to be used for offices, or commercial enterprises, or residential purposes. The terms of the stabilization agreements must be for a minimum of twelve years and reimbursements cease upon termination of the underlying tax stabilization agreement or upon exhaustion of funds appropriated to the reimbursement fund.

Article 17 of the FY2017 Budget modified the Tax Stabilization Agreement incentive program to allow the Commerce Corporation to reimburse municipalities up to 50.0 percent of foregone revenue for up to five projects statewide in any given year. The current reimbursement rate is 10.0 percent. The city or town council of any qualifying community must pass a resolution designating a qualifying project as the most important project to the municipality's economic development for that fiscal year. Designated "Hope

Communities” may select two projects for potential qualification annually. The total amount of funding to be awarded is subject to appropriation.

Since FY2016, the Commerce Corporation has provided \$606,426 in tax stabilization incentives in support of three projects:

Project	Municipality	Board Approval Date	Board Approval Amount
Residence Inn (Former Fogarty Building)	Providence	2/22/2016, 5/22/17	\$246,597
Immunex RI Corporation	West Greenwich	4/10/2018	179,829
Rubius Therapeutics	Smithfield	6/28/2018	180,000
Total			\$606,426

Source: Commerce Corporation

FY2020 Direct Municipal Aid to Cities and Towns

Municipality	FY2019 Enacted	Payment In Lieu of Taxes	Distressed			Library Grant-in-Aid	Library Construction Aid	Total FY2020 Municipal Aid	Change from FY2019 Enacted
			Communities Relief Fund	Motor Vehicle Excise Tax					
Barrington	\$1,219,292	\$16,308	-	\$2,153,430	\$382,078	\$111,619	\$2,663,435	\$1,444,143	
Bristol	2,037,422	1,502,180	-	883,335	194,460	291,806	2,871,781	834,359	
Burrillville	1,383,167	100,313	-	2,049,928	173,741	246,621	2,570,603	1,187,436	
Central Falls	804,818	775	201,648	1,126,792	32,114	-	1,361,329	556,511	
Charlestown	294,798	-	-	335,999	52,487	-	388,486	93,688	
Coventry	1,681,211	-	-	80,041	231,669	-	311,710	(1,369,501)	
Cranston	13,262,326	5,386,022	2,547,805	10,636,043	622,485	-	19,192,355	5,930,029	
Cumberland	1,648,113	-	-	1,985,458	283,035	31,952	2,300,445	652,332	
East Greenwich	1,171,939	645,955	-	531,908	129,591	53,215	1,360,669	188,730	
East Providence	2,316,756	246,077	-	3,065,776	420,617	57,953	3,790,423	1,473,667	
Exeter	584,106	-	-	752,546	52,255	75,968	880,769	296,663	
Foster	501,871	-	-	645,551	33,391	-	678,942	177,071	
Glocester	661,264	-	-	798,968	79,565	-	878,533	217,269	
Hopkinton	473,878	-	-	590,572	36,702	-	627,274	153,396	
Jamestown	222,894	-	-	129,966	107,184	-	237,150	14,256	
Johnston	3,758,235	-	532,972	4,609,636	119,439	-	5,262,047	1,503,812	
Lincoln	1,045,460	-	-	1,094,910	209,703	-	1,304,613	259,153	
Little Compton	97,257	-	-	82,117	35,771	-	117,888	20,631	
Middletown	442,404	-	-	363,064	144,623	47,786	555,473	113,069	
Narragansett	464,868	-	-	373,742	186,191	-	559,933	95,065	
Newport	2,205,837	1,590,280	-	402,331	409,617	188,609	2,590,837	385,000	
New Shoreham	127,723	-	-	138,397	91,829	62,532	292,758	165,035	
North Kingstown	1,099,828	1,135	-	914,533	297,091	-	1,212,759	112,931	
North Providence	3,763,834	-	914,169	4,669,761	198,233	-	5,782,163	2,018,329	
North Smithfield	1,048,126	-	-	1,577,186	79,060	-	1,656,246	608,120	
Pawtucket	7,491,237	579,677	1,400,733	9,478,819	415,582	-	11,874,811	4,383,574	
Portsmouth	490,934	-	-	592,217	116,067	-	708,284	217,350	
Providence	51,907,494	33,187,319	5,155,694	20,836,338	2,027,820	-	61,207,171	9,299,677	
Richmond	385,256	-	-	496,496	24,996	-	521,492	136,236	
Scituate	429,981	-	-	370,648	105,942	-	476,590	46,609	
Smithfield	2,130,802	751,793	-	2,211,973	304,595	-	3,268,361	1,137,559	
South Kingstown	1,043,579	208,804	-	785,804	225,105	-	1,219,713	176,134	
Tiverton	417,592	-	-	377,613	125,071	309,052	811,736	394,144	
Warren	591,467	-	-	738,124	57,522	-	795,646	204,179	
Warwick	6,292,483	1,704,861	-	6,724,873	772,285	-	9,202,019	2,909,536	
Westerly	1,736,311	168,006	-	1,852,789	317,009	296,482	2,634,286	897,975	
West Greenwich	348,215	-	-	566,150	39,027	-	605,177	256,962	
West Warwick	2,305,488	-	859,102	1,733,695	162,581	-	2,755,378	449,890	
Woonsocket	3,863,561	-	772,334	5,416,280	202,926	163,636	6,555,176	2,691,615	
Total	\$121,751,826	\$46,089,504	\$12,384,457	\$92,173,809	\$9,499,463	\$1,937,231	\$162,084,464	\$40,332,638	

FY2019 Direct Municipal Aid to Cities and Towns

Municipality	FY2019 Enacted	Payment In Lieu of Taxes	Distressed			Library Grant-in-Aid	Library Construction Aid	Total FY2019 Municipal Aid	Change from FY2019 Enacted
			Communities Relief Fund	Motor Vehicle Excise Tax					
Barrington	\$1,219,292	\$17,514	-	\$876,133	\$377,408	\$158,661	\$1,429,716	\$210,424	
Bristol	2,037,422	1,335,274	-	561,128	192,571	287,588	2,376,561	339,139	
Burrillville	1,383,167	98,273	-	1,126,822	173,440	253,920	1,652,455	269,288	
Central Falls	804,818	895	217,757	502,570	26,487	-	747,709	(57,109)	
Charlestown	294,798	-	-	243,559	51,117	-	294,676	(122)	
Coventry	1,681,211	-	-	1,513,027	232,971	-	1,745,998	64,787	
Cranston	13,262,326	5,403,870	1,233,378	5,915,970	599,627	-	13,152,845	(109,481)	
Cumberland	1,648,113	-	-	1,435,030	279,091	216,196	1,930,317	282,204	
East Greenwich	1,171,939	659,856	-	436,065	131,335	55,227	1,282,483	110,544	
East Providence	2,316,756	244,237	-	2,006,137	418,643	59,934	2,728,951	412,195	
Exeter	584,106	-	-	564,536	49,367	75,968	689,871	105,765	
Foster	501,871	-	-	439,626	33,624	-	473,250	(28,621)	
Glocester	661,264	-	-	584,144	78,446	-	662,590	1,326	
Hopkinton	473,878	-	-	440,403	34,850	-	475,253	1,375	
Jamestown	222,894	-	-	104,445	123,716	-	228,161	5,267	
Johnston	3,758,235	-	1,065,944	2,610,194	120,586	-	3,796,724	38,489	
Lincoln	1,045,460	-	-	910,043	202,908	-	1,112,951	67,491	
Little Compton	97,257	-	-	66,928	34,306	-	101,234	3,977	
Middletown	442,404	-	-	297,982	145,601	50,092	493,675	51,271	
Narragansett	464,868	-	-	303,733	187,492	-	491,225	26,357	
Newport	2,205,837	1,431,152	-	382,434	412,478	196,034	2,422,098	216,261	
New Shoreham	127,723	-	-	52,106	84,344	61,897	198,347	70,624	
North Kingstown	1,099,828	1,762	-	731,692	278,709	26,684	1,038,847	(60,981)	
North Providence	3,763,834	-	1,000,937	2,662,883	197,946	-	3,861,766	97,932	
North Smithfield	1,048,126	-	-	965,888	77,887	-	1,043,775	(4,351)	
Pawtucket	7,491,237	575,928	1,507,940	5,151,184	390,645	-	7,625,697	134,460	
Portsmouth	490,934	-	-	361,091	114,736	-	475,827	(15,107)	
Providence	51,907,494	33,497,659	5,606,831	11,661,930	1,983,098	-	52,749,518	842,024	
Richmond	385,256	-	-	366,909	24,913	-	391,822	6,566	
Scituate	429,981	-	-	285,902	104,590	-	390,492	(39,489)	
Smithfield	2,130,802	763,295	-	974,786	295,708	-	2,033,789	(97,013)	
South Kingstown	1,043,579	207,011	-	653,601	213,881	-	1,074,493	30,914	
Tiverton	417,592	-	-	304,343	122,624	315,268	742,235	324,643	
Warren	591,467	-	-	542,910	56,679	-	599,589	8,122	
Warwick	6,292,483	1,687,863	-	4,263,178	737,667	-	6,688,708	396,225	
Westerly	1,736,311	164,915	-	1,215,218	315,893	253,767	1,949,793	213,482	
West Greenwich	348,215	-	-	283,021	36,772	-	319,793	(28,422)	
West Warwick	2,305,488	-	904,159	1,345,609	160,224	-	2,409,992	104,504	
Woonsocket	3,863,561	-	847,512	3,068,635	197,081	165,235	4,278,463	414,902	
Total	\$121,751,826	\$46,089,504	\$12,384,458	\$56,211,795	\$9,299,463	\$2,176,471	\$126,161,691	\$4,409,865	

FY2020 Indirect Municipal Aid to Cities and Towns

Municipality	FY2019 Enacted Indirect Aid	Public Service Corp. Tax	Meals and Beverage Tax	Hotel Tax	Total FY2020 Indirect Aid	Change from Enacted
Barrington	\$409,564	\$204,412	\$190,758	\$2,975	\$398,144	(\$11,419)
Bristol	823,274	281,297	466,280	64,150	811,726	(11,547)
Burrillville	443,500	206,240	221,429	67	427,736	(15,764)
Central Falls	410,813	244,455	147,641	130	392,227	(18,587)
Charlestown	374,156	97,833	193,354	69,478	360,665	(13,491)
Coventry	1,084,297	439,541	481,581	112,054	1,033,176	(51,121)
Cranston	3,232,028	1,020,662	2,039,852	25,981	3,086,495	(145,533)
Cumberland	1,033,778	434,814	557,466	834	993,115	(40,663)
East Greenwich	903,918	165,037	717,004	1,162	883,203	(20,715)
East Providence	1,831,732	597,746	1,111,312	49,189	1,758,248	(73,484)
Exeter	211,899	85,216	120,260	-	205,476	(6,423)
Foster	84,330	59,100	24,144	664	83,908	(422)
Glocester	212,439	125,952	77,911	3,192	207,055	(5,384)
Hopkinton	165,480	102,244	55,266	1,712	159,222	(6,258)
Jamestown	193,901	69,385	93,415	28,314	191,114	(2,787)
Johnston	1,162,331	367,521	732,276	7,740	1,107,536	(54,795)
Lincoln	1,309,860	272,625	838,279	116,886	1,227,790	(82,070)
Little Compton	143,981	44,379	67,232	20,193	131,804	(12,177)
Middletown	2,155,703	202,925	836,740	1,120,912	2,160,577	4,874
Narragansett	1,244,008	196,636	720,522	276,401	1,193,559	(50,448)
Newport	5,918,132	311,887	2,727,113	2,671,881	5,710,881	(207,250)
New Shoreham	1,059,410	10,461	388,621	662,610	1,061,691	2,281
North Kingstown	1,142,922	329,948	644,697	117,024	1,091,669	(51,253)
North Providence	843,024	407,678	410,047	551	818,276	(24,748)
North Smithfield	489,274	155,042	312,393	3,369	470,803	(18,470)
Pawtucket	1,930,894	904,592	976,310	94,076	1,974,978	44,084
Portsmouth	562,207	220,104	288,927	17,628	526,659	(35,548)
Providence	11,724,147	2,262,538	6,450,502	2,318,537	11,031,577	(692,570)
Richmond	256,518	95,892	150,304	6,848	253,045	(3,473)
Scituate	216,674	132,708	69,843	7,311	209,862	(6,812)
Smithfield	1,348,677	272,386	822,814	173,471	1,268,670	(80,007)
South Kingstown	1,583,955	387,095	941,492	203,608	1,532,195	(51,760)
Tiverton	464,055	200,026	261,415	3,667	465,109	1,054
Warren	483,287	132,242	329,920	832	462,994	(20,293)
Warwick	6,003,272	1,023,675	3,292,250	1,305,077	5,621,002	(382,270)
Westerly	2,095,907	285,179	961,234	714,619	1,961,032	(134,875)
West Greenwich	353,065	77,111	126,452	128,912	332,475	(20,590)
West Warwick	975,269	361,849	404,779	160,444	927,072	(48,197)
Woonsocket	1,218,788	523,168	586,388	54,410	1,163,965	(54,823)
Total	\$56,100,468	\$13,311,601	\$29,838,224	\$10,546,907	\$53,696,733	(\$2,403,737)

FY2019 Final Indirect Municipal Aid to Cities and Towns

Municipality	FY2019 Enacted Indirect Aid	Public Service Corp. Tax	Meals and Beverage Tax	Hotel Tax	Total FY2019 Final Indirect Aid	Change from Enacted
Barrington	\$409,564	\$205,777	\$184,231	\$2,975	\$392,983	(\$16,581)
Bristol	823,274	282,413	450,327	63,193	795,933	(27,341)
Burrillville	443,500	204,641	213,853	67	418,561	(24,939)
Central Falls	410,813	244,423	142,590	130	387,143	(23,670)
Charlestown	374,156	98,143	186,738	69,167	354,048	(20,108)
Coventry	1,084,297	441,150	465,105	110,264	1,016,519	(67,778)
Cranston	3,232,028	1,020,830	1,970,063	25,623	3,016,517	(215,511)
Cumberland	1,033,778	432,719	538,394	834	971,947	(61,831)
East Greenwich	903,918	165,389	692,473	1,149	859,011	(44,907)
East Providence	1,831,732	596,479	1,073,291	48,439	1,718,210	(113,522)
Exeter	211,899	84,777	116,146	-	200,923	(10,977)
Foster	84,330	59,029	23,318	654	83,002	(1,328)
Glocester	212,439	125,379	75,246	3,142	203,767	(8,673)
Hopkinton	165,480	102,396	53,375	1,699	157,470	(8,010)
Jamestown	193,901	68,937	90,219	28,190	187,346	(6,555)
Johnston	1,162,331	367,606	707,222	7,618	1,082,446	(79,885)
Lincoln	1,309,860	271,180	809,600	115,002	1,195,781	(114,079)
Little Compton	143,981	44,099	64,932	20,094	129,125	(14,856)
Middletown	2,155,703	202,470	808,113	1,103,395	2,113,978	(41,726)
Narragansett	1,244,008	197,800	695,871	274,149	1,167,821	(76,187)
Newport	5,918,132	310,104	2,633,811	2,631,649	5,575,564	(342,567)
New Shoreham	1,059,410	11,170	375,325	657,333	1,043,827	(15,583)
North Kingstown	1,142,922	331,080	622,641	115,196	1,068,916	(74,005)
North Providence	843,024	408,082	396,018	551	804,651	(38,373)
North Smithfield	489,274	154,320	301,705	3,315	459,340	(29,934)
Pawtucket	1,930,894	901,017	942,907	92,605	1,936,529	5,635
Portsmouth	562,207	218,991	279,042	17,453	515,486	(46,721)
Providence	11,724,147	2,257,319	6,229,813	2,282,315	10,769,447	(954,700)
Richmond	256,518	96,149	145,162	6,783	248,093	(8,424)
Scituate	216,674	132,283	67,453	7,197	206,933	(9,741)
Smithfield	1,348,677	272,126	794,663	170,688	1,237,478	(111,200)
South Kingstown	1,583,955	386,853	909,281	200,769	1,496,903	(87,052)
Tiverton	464,055	199,352	252,472	3,667	455,491	(8,564)
Warren	483,287	133,129	318,633	832	452,593	(30,694)
Warwick	6,003,272	1,033,439	3,179,613	1,284,365	5,497,416	(505,856)
Westerly	2,095,907	285,934	928,347	703,752	1,918,034	(177,873)
West Greenwich	353,065	77,141	122,126	126,859	326,126	(26,940)
West Warwick	975,269	363,946	390,931	157,869	912,745	(62,524)
Woonsocket	1,218,788	520,903	566,326	53,543	1,140,773	(78,016)
Total	\$56,100,468	\$13,308,972	\$28,817,377	\$10,392,526	\$52,518,875	(\$3,581,594)

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 FY2020, the formula aid to the districts, charter schools, and state schools increases by \$31.2 million, categorical aid increases by \$9.6 million, and group home aid decreases by \$342,593. FY2020 represents the ninth year of the transition period; consequently, the Budget assumes the formula is fully phased in for those districts that received an increase in FY2019. Accordingly, communities that received an increase in FY2019 but have a decrease in FY2020 will get the full decrease in FY2020, while those that decreased in in both FY2018 and FY2019, and continue to do so in FY2020 will be phased in.

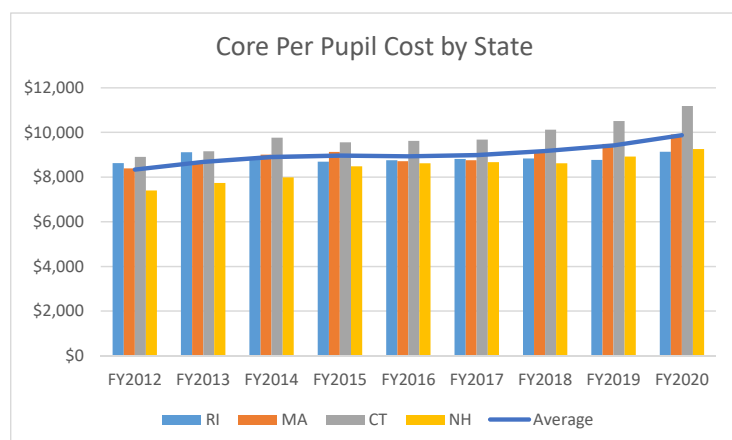
HOW THE FORMULA WORKS

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 2019 with projected charter school enrollments and will be updated based on the March 2020 data.

Step 2 - Core Instruction Amount: The core instruction amount provides a base level of funding per pupil (\$9,871 in FY2020, a 4.8 percent increase from the FY2019 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 \$3,948 based on the FY2020 core instruction amount of \$9,871 ($\$9,871 \times 0.40 = \$3,948$), for each student whose family income is at or below one hundred eighty-five percent (185%) 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 instruction amount and the total student success factor weight.

$$\text{Total Foundation Budget} = (\$9,871 \times \text{RADM}) + (0.40 \times \$9,871 \times \text{students in poverty})$$

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 instruction 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 (MFI) 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 FY2020.

FY2020 Enacted Education Aid Calculator¹

Districts	PK-12 RADM (Projected based on March 2018 Data)		Poverty RADM (Projected based on March 2018 Data)		Core Instruction Funding (C = \$9,871)		Student Success Factor Funding (F = 0.4*\$9,871 = \$3,948)		FY2020 Enacted (excludes group home and categorical)		FY2020 (Year 9) formula Change If + is L/; If - is L/2	
	A	B	A*C=D	B*F=G	D+G=H	PKG	EMAV	Ratio	State Share of Foundation Budget	K	J-K=L	Formula Change
Barrington	3,349	130	\$33,057,979	\$513,292	\$33,571,271	4.8%	23.5%	17.0%	\$5,693,721	\$5,290,812	\$402,909	\$402,909
Burrillville	2,278	741	22,486,138	2,925,764	25,411,902	35.3%	62.3%	50.6%	12,866,782	12,310,750	556,032	556,032
Charlestown	761	171	7,511,831	675,176	8,187,007	18.2%	18.2%	0.0%	1,487,796	1,598,581	(110,785)	(110,785)
Coventry	4,634	1,338	45,742,214	5,282,959	51,025,173	33.4%	58.2%	47.4%	24,210,894	22,643,353	1,567,541	1,567,541
Cranston	10,181	4,170	100,496,651	16,464,828	116,961,479	42.7%	65.0%	55.0%	64,319,722	60,596,918	3,722,804	3,722,804
Cumberland	4,620	938	45,604,020	3,703,599	49,307,619	22.5%	56.9%	43.3%	21,333,339	20,634,323	699,016	699,016
East Greenwich	2,527	155	24,944,017	612,002	25,556,019	8.0%	11.5%	9.9%	2,531,530	2,950,351	(418,821)	(418,821)
East Providence	5,111	2,544	50,450,681	10,044,730	60,495,411	51.5%	64.8%	58.5%	35,407,365	34,957,824	449,541	449,541
Foster	256	65	2,526,976	256,646	2,783,622	20.5%	54.5%	41.2%	1,146,112	1,101,212	44,900	44,900
Glocester	525	68	5,182,275	268,491	5,450,766	14.8%	50.4%	37.1%	2,024,576	2,294,441	(269,865)	(269,865)
Hopkinton	1,116	236	11,016,036	931,822	11,947,858	25.1%	54.8%	42.6%	5,092,262	5,222,822	(130,560)	(130,560)
Jamestown	666	49	6,574,086	193,472	6,767,558	8.9%	0.0%	6.3%	425,899	464,161	(38,262)	(38,262)
Johnston	3,288	1,409	32,455,848	5,563,296	38,019,144	42.8%	50.5%	46.8%	17,796,229	17,985,420	(189,191)	(189,191)
Lincoln	3,086	793	30,461,906	3,131,081	33,592,987	29.8%	51.6%	42.1%	14,154,173	12,031,312	2,122,861	2,122,861
Little Compton	351	49	3,464,721	193,472	3,658,193	15.6%	0.0%	11.0%	403,530	355,487	48,043	48,043
Middletown	2,177	619	21,489,167	2,444,060	23,933,227	30.3%	31.1%	30.7%	7,348,124	7,718,262	(370,138)	(370,138)
Narragansett	1,230	235	12,141,330	927,874	13,069,204	24.0%	0.0%	17.0%	2,217,917	2,280,362	(62,445)	(62,445)
Newport	2,074	1,373	20,472,454	5,421,153	25,893,607	67.6%	0.0%	47.8%	12,377,253	12,234,060	143,193	143,193
New Shoreham	132	24	1,302,972	94,762	1,397,734	13.2%	0.0%	9.3%	130,462	156,532	(26,070)	(26,070)
North Kingstown	3,762	815	37,134,702	3,217,946	40,352,648	25.3%	24.2%	24.8%	9,989,746	10,044,602	(54,856)	(54,856)
North Providence	3,524	1,564	34,785,404	6,175,298	40,960,702	45.0%	64.7%	55.7%	22,826,341	22,862,888	(36,547)	(36,547)
North Smithfield	1,667	298	16,454,957	1,176,623	17,631,580	21.3%	40.2%	32.2%	5,671,959	6,040,807	(368,848)	(368,848)
Pawtucket	8,655	6,273	85,433,505	24,768,313	110,201,818	75.0%	87.1%	81.3%	89,567,066	87,472,187	2,094,879	2,094,879
Portsmouth	2,202	365	22,723,042	1,441,166	24,164,208	18.6%	0.0%	13.2%	3,178,122	3,637,712	(459,590)	(459,590)
Providence	22,748	18,836	224,545,508	74,372,062	298,917,570	86.5%	87.0%	86.8%	259,312,069	250,190,833	9,121,236	9,121,236
Richmond	1,144	180	11,292,424	710,712	12,003,136	18.2%	51.4%	38.6%	4,627,983	4,596,330	31,653	31,653
Scituate	1,288	224	12,713,848	884,442	13,598,290	13.3%	19.3%	16.6%	2,253,750	3,238,501	(984,751)	(984,751)
Smithfield	2,406	361	23,749,626	1,425,372	25,174,998	15.4%	30.1%	23.9%	6,018,799	7,537,638	(1,518,839)	(1,518,839)
South Kingstown	2,978	500	29,395,838	1,974,200	31,370,038	19.6%	0.2%	13.9%	4,347,892	5,840,706	(1,492,814)	(1,492,814)
Tiverton	1,763	450	17,402,573	1,776,780	19,179,353	30.6%	42.7%	37.1%	7,124,362	6,667,683	456,679	456,679
Warwick	8,769	2,899	86,558,799	11,446,412	98,005,211	36.7%	40.6%	38.7%	37,927,193	36,725,883	1,201,310	1,201,310
Westerly	2,751	920	27,155,121	3,632,528	30,787,649	39.2%	0.0%	27.7%	8,533,901	8,566,631	(32,730)	(32,730)
West Warwick	3,592	1,789	35,456,632	7,063,688	42,520,320	53.2%	72.1%	63.4%	26,940,322	26,108,923	831,399	831,399
Woonsocket	5,952	4,530	58,752,192	17,886,252	76,638,444	74.5%	90.7%	83.0%	63,607,000	62,092,562	1,514,438	1,514,438
Bristol-Warren ²	3,219	1,070	31,774,749	4,224,788	35,999,537				12,785,119	13,259,906	(474,787)	(474,787)
Exeter-West Greenwich ²	1,625	270	16,040,375	1,066,068	17,106,443				4,986,571	4,728,793	257,778	257,778
Charlho										76,641	(76,641)	(76,641)
Foster-Glocester	1,140	192	11,252,940	758,093	12,011,033	18.2%	51.8%	38.8%	4,663,066	4,576,385	86,681	86,681
Central Falls	2,648	2,316	26,138,408	9,144,494	35,282,902	92.2%	97.5%	94.9%	33,478,892	32,468,650	1,010,242	1,010,242
District Total	130,295	58,959	\$1,286,141,945	\$232,793,716	\$1,518,935,661				\$838,807,839	\$819,561,244	\$19,246,595	\$21,527,195
Charter School Total	10,127	7,146	99,963,617	28,215,266	128,178,883				100,973,533	90,493,299	10,480,234	10,480,234
Davies	859	540	8,479,189	2,132,136	10,611,325				9,235,221	9,393,120	(157,899)	(157,899)
Met School	783	544	7,728,993	2,147,930	9,876,923				7,146,654	7,942,855	(796,201)	(796,201)
Urban Collaborative	138	109	1,362,198	430,376	1,792,574				1,539,913	1,423,688	116,225	116,225
Total	142,202	67,298	\$1,403,675,942	\$265,719,423	\$1,669,395,365				\$956,703,159	\$928,814,206	\$27,888,953	\$31,523,397

¹ Based on March 2019 enrollment.

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 AND STATE SCHOOLS

The education funding formula calculation for charter and state schools funds students as if they were still in the sending district, with the same core instruction amount, high-need student weight, and state share ratio. The aid, however, is distributed directly to the charter or state school. In FY2020, the Budget provides \$101.4 million in funding formula aid to charter schools, an increase of \$10.9 million representing roughly one third of total statewide increase. This increase is primarily driven by enrollment. Charter school enrollment increases by 681 students, relative to the FY2019 Budget as Enacted.

Sending District Tuition: Under the formula, the funding mechanism for charter and state schools changed significantly. 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 FY2020 is based on FY2018 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 pursuant to RIGL 16-7.2-5(c) are for provided on the following page.

**Projected Reduction in Sending District Tuition to Public Schools of Choice
(FY2020)**

LEA	Projected PSOC Enrollment	FY2019 Per Pupil Tuition Redution	Projected Mayoral Academy Enrollment	Additional Mayoral Academy Reduction	Total Tuition Reduction
Barrington	6	\$908	-	\$0	\$5,448
Burrillville	85	569	-	-	48,328
Charlestown	-	-	-	-	-
Coventry	61	653	-	-	39,831
Cranston	405	623	-	-	252,345
Cumberland	533	599	-	-	319,009
East Greenwich	17	959	-	-	16,310
East Providence	115	596	-	-	68,561
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	7	1,722	-	-	12,054
Johnston	75	789	-	-	59,175
Lincoln	279	853	-	-	237,878
Little Compton	3	1,284	-	-	3,852
Middletown	11	833	-	-	9,159
Narragansett	24	1,403	-	-	33,681
Newport	24	1,261	-	-	30,264
New Shoreham	-	2,809	-	-	-
North Kingstown	138	907	-	-	125,165
North Providence	163	609	-	-	99,303
North Smithfield	67	759	-	-	50,833
Pawtucket	1,995	205	-	-	409,793
Portsmouth	12	975	-	-	11,700
Providence	5,454	322	-	-	1,755,492
Richmond	-	-	-	-	-
Scituate	10	1,021	-	-	10,213
Smithfield	27	907	-	-	24,500
South Kingstown	108	1,159	-	-	125,160
Tiverton	16	888	-	-	14,205
Warwick	121	949	-	-	114,861
Westerly	59	1,121	-	-	66,148
West Warwick	34	610	-	-	20,742
Woonsocket	464	179	200	613	205,709
Bristol-Warren	20	802	-	-	16,040
Exeter-West Greenwich	47	1,027	-	-	48,278
Chariho	98	880	-	-	86,264
Foster-Glocester	6	809	-	-	4,852
Central Falls	1,596	237	618	882	923,645
Total	12,080		818		\$5,248,798

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%))

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 FY2020 Budget includes \$3.2 million to fund group home beds. This is \$342,593 less than the FY2019 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	FY2019 Enacted			FY2020 Change from Enacted					FY2020 Enacted Total Aid
	FY2019 Enacted	Number of Beds	Aid based on bed count	FY2020 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	\$81,848	8	\$136,000	8	-	\$0	(\$1,826)	(\$1,826)	\$80,022
Coventry	87,528	8	136,000	8	-	-	(3,985)	(3,985)	83,543
Cranston	39,375	4	68,000	4	-	-	(1,773)	(1,773)	37,602
East Providence	523,497	39	740,000	39	-	-	(13,943)	(13,943)	509,554
Lincoln	107,866	9	153,000	8	(1)	(17,000)	(1,448)	(18,448)	89,418
Middletown	183,909	14	238,000	-	(14)	(238,000)	54,091	(183,909)	-
Newport	149,465	14	238,000	14	-	-	(3,945)	(3,945)	145,520
North Providence	150,389	16	272,000	16	-	-	(1,608)	(1,608)	148,781
North Smithfield	104,209	8	136,000	8	-	-	(3,774)	(3,774)	100,435
Pawtucket	245,140	40	680,000	22	(18)	(306,000)	187,761	(118,239)	126,901
Portsmouth ¹	465,947	30	510,000	36	6	102,000	(10,689)	91,311	557,258
Providence	568,961	103	1,751,000	95	(8)	(136,000)	43,143	(92,857)	476,104
Smithfield	205,184	16	272,000	16	-	-	13,953	13,953	219,137
South Kingstown	115,989	8	136,000	8	-	-	2,344	2,344	118,333
Warwick	286,252	24	408,000	24	-	-	(6,604)	(6,604)	279,648
Woonsocket	45,243	8	136,000	8	-	-	(999)	(999)	44,244
Bristol-Warren	101,418	8	136,000	8	-	-	(10,442)	(10,442)	90,976
Exeter-West Greenwich	113,526	8	136,000	9	1	17,000	(4,849)	12,151	125,677
Total	\$3,575,747	365	\$6,282,000	331	(34)	(578,000)	235,407	(\$342,593)	\$3,233,154

¹ Based on final 12/31/2018 report from the Department of Children, Youth and Families. The FY2019 Revised Budget includes an increase of \$102,000 for Portsmouth, for an increase of 6 beds, and \$17,000 to Exeter-West Greenwich, for one additional bed.

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. Article 9 of the FY2019 Budget as Enacted included a temporary aid category to support new Resource Officers as public middle and high schools. (The Central Falls, Davies and Met School Stabilization Funds are addressed in the Department of Elementary and Secondary Education section of this analysis.)

FY2020 Education Aid

Categorical	Change from Enacted	Total Funding
Transportation	\$0.3	\$7.7
Early Childhood	8.6	14.9
High-Cost Special Education	-	4.5
Career & Tech. Schools	-	4.5
English Learners	2.3	5.0
Public School Choice Density	(0.5)	-
Regionalization Bonus	-	-
School Resource Officer Support	(1.0)	1.0
Total	\$9.6	\$37.6

\$ in millions.

- 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 \$7.7 million in FY2020, an increase of \$250,000 over the FY2019 enacted level for regional transportation.
- 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 \$14.9 million in FY2020, an increase of \$8.6 million in general revenue over the FY2019 Budget as Enacted. Of the increase, \$5.8 million replaces federal funding needed to support current seats. The remaining \$2.9 million will expand the program by an additional 270 seats.

- **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 \$69,100 for FY2020). 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 FY2020, level with the FY2019 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 FY2020, 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. In FY2020, the per-pupil weight is \$987, to reflect 10.0 percent of the \$9,871 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 \$5.0 million in FY2020, an increase of \$2.3 million over the previous fiscal year; however, due to a reported 61.4 percent increase in English Learner enrollments across the State, another \$3.4 million would be needed to fully fund this category. The Department provides four primary reasons for the increase in EL enrollment:

- An increase in the number of students enrolling in schools who are English Learners (RADM enrollment has decreased by 0.6 percent across the State).
 - The new screener, which has been in use for two years, is better at identifying EL students.
 - Districts may be paying closer attention to the identification of ELs since Providence was the subject of a US Department of Justice investigation and Providence, as well as other districts, are paying particular attention to be sure ELs are not slipping through the cracks.
 - Our state assessment for ELs; the ACCESS assessment, which is required by federal law, was revised two years ago to better align with the Common Core State Standards (CCSS). As a result the test became more rigorous and it has been harder for ELs to exit status. The Department will be examining entry and exit criteria this year, now that there is two years of data, and may be recommending some changes.
- **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 received 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 is generally scattered across schools and grades within a district. In FY2020, due to the phase-down of the aid category, the Budget does not include density aid to Central Falls, Charlestown, Cumberland, Lincoln, North Providence, Pawtucket, Providence, or Woonsocket. This represents a decrease of \$478,350 from the FY2019 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 established 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 \$1.0 million for this category in FY2020, a reduction of \$1.0 million from the enacted to reflect projected expenditures. The FY2019 Revised Budget reduces this category by \$1.8 million to reflect projected expenditures of \$213,230. In FY2019, four districts applied for aid: East Providence, Narragansett, North Smithfield, and Bristol-Warren.

FY2019 Audit Adjustment: The Budget includes \$1.8 million to hold districts harmless for an audit adjustment to correct an error in data used to calculate FY2019 education aid. In July 2018, the Budget Office became aware of a potential miscalculation of education aid for the Town of North Kingstown due to an error in the AEWAV (Adjusted Equalized Weighted Assessed Valuation) Report produced by the Division of Municipal Finance. In response to the error, Municipal Finance conducted an audit of the AEWAV data used for the FY2019 and FY2020 education aid calculations. The audit identified incorrect data entries in both data sets for most districts; however, since the FY2020 aid is still subject to change, only the FY2019 aid distribution needs to be adjusted. Since municipalities had already enacted and implemented school budgets for FY2019, the Administration decided to make the adjustment in the FY2020 distribution. While the statewide impact of this adjustment is minor (\$18,947), the correction to individual districts varies significantly. According to the Administration, new procedures have been implemented to prevent such errors in the future; however, no further details were provided. Article 9 of the Budget provides a procedure to adjust aid should another error occur.

The following table shows the education aid including the formula distribution, categorical aid, group home aid, and the FY2019 audit adjustment.

FY2020 Education Aid¹

	FY2019 Enacted (excludes group home and categorical)		FY2020 (Year 9)		High-cost Special Education (>\$69,100)		Group Home Aid ²		English Learners		Public School Choice Density		Stabilization Funding		FY2019 Audit Adjustment		FY2020 Aid	
Barrington	\$5,290,812	\$402,909	\$89,901	\$0	\$86,831	\$0	\$2,490	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,872,943	\$13,164,631
Burrillville	1,598,581	556,032	57,537	99,609	80,022	892	320	-	-	-	-	-	-	-	-	-	1,543,508	24,463,006
Charlestown	22,643,353	1,567,541	9,887	31,586	83,543	5,293	121,803	-	-	-	-	-	-	-	-	-	65,623,892	21,686,833
Coventry	60,596,918	3,722,804	767,021	358,443	37,602	141,104	23,118	-	-	-	-	-	-	-	-	-	2,724,746	36,282,709
Cranston	20,634,323	699,016	64,197	52,066	-	-	640	-	-	-	-	-	-	-	-	-	1,214,958	2,272,359
Cumberland	2,950,351	(418,821)	65,132	127,445	-	-	57,735	-	-	-	-	-	-	-	-	-	3,628	4,829
East Greenwich	34,957,824	449,541	2,056	240,520	509,554	250	-	-	-	-	-	-	-	-	-	-	12,319	465,975
East Providence	1,101,212	44,900	16,679	48,539	-	-	30,507	-	-	-	-	-	-	-	-	-	97,428	18,288,992
Foster	2,294,441	(134,932)	18,702	89,319	-	-	6,432	-	-	-	-	-	-	-	-	-	115,567	14,418,821
Glocester	5,222,822	(65,280)	-	40,076	-	-	65	-	-	-	-	-	-	-	-	-	403,595	-
Hopkinton	464,161	(38,262)	-	-	-	-	12,439	-	-	-	-	-	-	-	-	-	7,592,462	-
Jamestown	17,985,420	(189,191)	210,445	154,382	-	-	498	-	-	-	-	-	-	-	-	-	2,255,836	-
Johnston	12,031,312	2,122,861	-	53,230	89,418	6,432	53,888	-	-	-	-	-	-	-	-	-	12,580,979	-
Lincoln	355,487	48,043	-	1,875	-	-	493	-	-	-	-	-	-	-	-	-	132,830	-
Little Compton	7,718,262	(185,069)	-	46,830	-	-	12,439	-	-	-	-	-	-	-	-	-	7,592,462	-
Middletown	2,280,362	(62,445)	-	37,420	-	-	498	-	-	-	-	-	-	-	-	-	2,255,836	-
Narragansett	12,234,060	143,193	-	4,318	145,520	53,888	-	-	-	-	-	-	-	-	-	-	12,580,979	-
Newport	156,532	(26,070)	-	1,875	-	-	493	-	-	-	-	-	-	-	-	-	132,830	-
New Shoreham	10,044,602	(27,428)	-	68,817	-	-	6,541	-	-	-	-	-	-	-	-	-	400,298	10,492,830
North Kingstown	22,862,888	(36,547)	145,220	162,128	148,781	30,103	69,666	-	-	-	-	-	-	-	-	-	23,382,239	-
North Providence	6,040,807	(368,848)	10,923	54,110	100,435	2,456	44,340	-	-	-	-	-	-	-	-	-	5,884,223	-
North Smithfield	87,472,187	2,094,879	187,773	906,355	126,901	461,947	56,353	-	-	-	-	-	-	-	-	-	91,306,395	-
Pawtucket	3,637,712	(229,795)	-	62,428	557,258	463	20,834	-	-	-	-	-	-	-	-	-	4,048,901	-
Portsmouth	250,190,833	9,121,236	314,329	731,507	476,104	2,984,872	-	-	-	-	-	-	-	-	-	-	263,818,881	-
Providence	4,596,330	31,653	-	-	-	-	226	-	-	-	-	-	-	-	-	-	4,640,812	-
Richmond	3,238,501	(492,376)	25,059	31,792	-	-	21,334	-	-	-	-	-	-	-	-	-	2,824,310	-
Scituate	7,537,638	(1,518,839)	85,863	70,005	219,137	1,263	62,464	-	-	-	-	-	-	-	-	-	6,457,532	-
Smithfield	5,840,706	(746,407)	112,448	97,103	118,333	3,092	8,042	-	-	-	-	-	-	-	-	-	5,433,317	-
South Kingstown	6,667,683	456,679	-	71,478	-	-	1,527	-	-	-	-	-	-	-	-	-	7,239,774	-
Tiverton	36,725,883	1,201,310	4,249	275,420	279,648	22,495	252,111	-	-	-	-	-	-	-	-	-	38,761,117	-
Warwick	8,566,631	(16,365)	-	100,789	-	-	5,534	-	-	-	-	-	-	-	-	-	8,656,588	-
Westerly	26,108,923	831,399	64,184	-	-	-	20,833	-	-	-	-	-	-	-	-	-	27,094,133	-
West Warwick	62,092,562	1,514,438	12,488	61,743	44,244	255,356	-	-	-	-	-	-	-	-	-	-	63,980,831	-
Woonsocket	13,259,906	(237,393)	1,580,023	95,476	90,976	8,461	-	-	-	-	-	-	-	-	-	-	14,821,717	-
Bristol-Warren ³	4,728,793	309,620	1,211,871	42,047	125,677	1,473	-	-	-	-	-	-	-	-	-	-	6,419,481	-
Exeter-West Greenwich ³	76,641	(38,321)	2,029,365	80,119	-	-	-	-	-	-	-	-	-	-	-	-	2,147,804	-
Charlho	4,576,385	86,681	533,798	58,113	-	-	-	-	-	-	-	-	-	-	-	-	5,268,059	-
Foster-Glocester	32,468,650	1,010,242	42,211	54,570	-	-	425,097	-	-	-	-	-	-	-	-	-	41,998,527	-
Central Falls	\$819,561,244	\$21,527,195	\$7,661,362	\$4,496,488	\$3,233,153	\$4,567,904	\$0	\$7,997,758	\$1,791,554	\$870,836,658	\$0	\$0	\$0	\$0	\$0	\$0	\$101,454,544	\$0
District Total	90,493,299	10,486,027	3,511	-	-	-	413,195	-	-	-	-	-	-	-	-	-	58,511	101,454,544
Charter School Total	9,393,120	(578,950)	-	-	-	-	2,853	-	-	-	-	-	-	-	-	-	13,697,834	-
Davies	7,942,855	(398,101)	-	-	-	-	11,093	-	-	-	-	-	-	-	-	-	9,353,100	-
Met School	1,423,688	116,225	-	-	-	-	4,955	-	-	-	-	-	-	-	-	-	1,544,868	-
Urban Collaborative	928,814,206	\$31,152,397	\$7,661,362	\$4,500,000	\$3,233,153	\$5,000,000	\$0	\$14,675,822	\$1,850,065	\$996,887,003	\$0	\$0	\$0	\$0	\$0	\$0	\$1,544,868	\$0
Total	928,814,206	\$31,152,397	\$7,661,362	\$4,500,000	\$3,233,153	\$5,000,000	\$0	\$14,675,822	\$1,850,065	\$996,887,003	\$0	\$0	\$0	\$0	\$0	\$0	\$1,544,868	\$0

¹ Based on March 2019 enrollment.
² Based on final 12/31/2018 report from Rhode Island Department of Education with the additional 7 beds in Providence reported subsequently. The FY2019 Revised Budget includes an increase of \$102,000 for Portsmouth, for an increase of 6 beds, and \$17,000 to Exeter-West Greenwich, for one additional bed.
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.
 Source: Rhode Island Department of Education

The following table shows the difference in education aid relative to the FY2019 Budget as Enacted.

FY2020 Education Aid - Change to FY2019 Budget as Enacted¹

Districts	FY2019 Enacted (Includes group home and categorical)	FY2020 (Year 9) Formula Change	High-cost		English Learners	Public School Choice Density	Stabilization Funding	FY2019 Audit Adjustment	Total Change	FY2020 Education Aid
			Transportation	Special Education						
Barrington	\$5,481,236	\$402,909	(\$6,100)	(\$6,605)	\$0	\$1,503	\$0	\$0	\$391,707	\$5,872,943
Burrillville	12,467,771	556,032	17,872	64,874	(1,826)	119	-	59,789	696,860	13,164,631
Charlestown	1,598,581	(55,393)	-	-	-	320	-	-	(55,073)	1,543,508
Coventry	22,790,523	1,567,541	1,152	(17,477)	(3,985)	349	-	121,803	1,672,483	24,463,006
Cranston	61,904,927	3,722,804	(12,860)	(42,932)	(1,773)	53,728	-	-	3,718,966	65,623,893
Cumberland	20,796,258	699,016	(29,822)	23,956	-	8,712	(25,400)	214,114	890,576	21,686,834
East Greenwich	3,167,384	(418,821)	(10,134)	(13,520)	-	(163)	-	-	(442,639)	2,724,746
East Providence	35,710,484	449,541	374	49,208	(13,943)	21,566	-	65,480	572,225	36,282,709
Foster	1,164,308	44,900	(1,966)	4,089	-	-	-	3,628	50,651	1,214,959
Glocester	2,323,354	(134,932)	12,099	67,009	-	-	-	4,829	(50,995)	2,272,359
Hopkinton	5,222,822	(65,280)	-	-	-	250	-	12,319	(52,711)	5,170,111
Jamestown	522,234	(38,262)	-	(17,851)	-	(146)	-	-	(56,259)	465,975
Johnston	18,398,579	(189,191)	(42,316)	19,143	-	5,349	-	97,428	(109,587)	18,288,992
Lincoln	12,325,265	2,122,861	-	(116,358)	(18,448)	4,334	-	115,567	2,093,557	14,418,821
Little Compton	355,524	48,043	-	-	-	27	-	-	48,070	403,595
Middletown	7,979,347	(185,069)	-	(26,636)	(183,909)	8,729	-	-	(386,885)	7,592,462
Narragansett	2,313,574	(62,445)	-	4,208	-	498	-	-	(57,738)	2,255,836
Newport	12,433,122	143,193	-	(21,466)	(3,945)	30,074	-	-	147,856	12,580,978
New Shoreham	156,926	(26,070)	-	1,875	-	99	-	-	(24,096)	132,830
North Kingstown	10,127,666	(27,428)	-	(11,494)	-	3,788	-	400,298	365,164	10,492,830
North Providence	23,428,293	(36,547)	(21,480)	(66,817)	(1,608)	10,733	-	69,666	(46,053)	23,382,240
North Smithfield	6,219,135	(368,848)	(4,308)	(3,558)	(3,774)	1,235	-	44,340	(334,913)	5,884,222
Pawtucket	88,331,184	2,094,879	43,163	774,869	(118,239)	218,384	(94,200)	56,353	2,975,210	91,306,394
Portsmouth	4,178,680	(229,795)	-	(12,097)	91,311	(32)	-	20,834	(129,779)	4,048,901
Providence	253,712,259	9,121,236	24,854	(57,092)	(92,857)	1,353,182	(242,700)	-	10,106,623	263,818,882
Richmond	4,596,330	31,653	-	-	-	226	-	12,602	44,482	4,640,812
Scituate	3,369,504	(492,376)	(9,189)	(64,963)	-	-	-	21,334	(545,194)	2,824,310
Smithfield	7,854,976	(1,518,839)	10,638	34,189	13,953	151	-	62,464	(1,397,444)	6,457,532
South Kingstown	6,293,429	(746,407)	(26,075)	(99,930)	2,344	1,914	-	8,042	(860,112)	5,433,317
Tiverton	6,779,517	456,679	-	(38,957)	-	127	-	42,408	460,257	7,239,774
Warwick	37,379,213	1,201,310	(772)	(72,937)	(6,604)	8,795	-	252,111	1,381,903	38,761,117
Westerly	8,766,881	(16,365)	-	(97,248)	-	3,320	-	-	(110,293)	8,656,588
West Warwick	26,186,038	831,399	22,289	(21,705)	-	7,318	-	68,793	908,094	27,094,133
Woonsocket	62,454,134	1,514,438	(2,232)	(74,622)	(999)	111,662	(21,550)	-	1,526,698	63,980,831
Bristol-Warren ³	14,912,238	(237,393)	118,114	12,444	(10,442)	2,487	-	24,269	(90,521)	14,821,717
Exeter-West Greenwich ³	6,071,143	309,620	127,661	(101,528)	12,151	434	-	-	348,338	6,419,481
Charlho	2,130,668	(38,321)	56,720	3,147	-	(511)	-	-	17,136	2,147,804
Foster-Glocester	5,199,951	86,681	2,908	(34,183)	-	(381)	-	13,083	68,108	5,268,059
Central Falls	41,173,119	1,010,242	(20,590)	(42,546)	-	241,034	(76,200)	(286,531)	825,408	41,998,527
Charter Total	\$846,276,577	\$21,527,195	\$250,000	(\$3,511)	(\$342,593)	\$2,102,315	(\$478,350)	\$1,791,554	\$24,560,080	\$870,836,658
Charter School Total	90,741,599	10,486,027	-	3,511	-	164,896	-	58,511	10,712,945	101,454,544
Davies	13,667,655	(578,950)	-	-	-	(6,714)	-	615,843	-	13,697,834
Met School	9,355,134	(398,101)	-	-	-	(2,034)	-	398,101	-	9,353,100
Urban Collaborative	1,432,045	116,225	-	-	-	(3,402)	-	-	112,823	1,544,869
Total	\$961,473,011	\$31,152,398	\$250,000	\$0	(\$342,593)	\$2,255,063	(\$478,350)	\$727,413	\$1,850,065	\$996,887,003

¹ Based on March 2019 data updates.
² Based on final 12/31/2018 report from the Department of Children, Youth and Families. The FY2019 Revised Budget includes an increase of \$102,000 for Portsmouth, for an increase of 6 beds, and \$17,000 to Exeter-West Greenwich, for one additional bed.
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.
 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 FY2020, as projected by the Department, 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.

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

For FY2020, the Budget provides \$80.0 million, level funded with the FY2019 Budget as Enacted. The Department projects expenditures of \$79.0 million in school housing aid, an increase of \$9.5 million from

the FY2019 Budget as Enacted. Pursuant to law, the surplus \$1.0 million must be deposited into the School Building Authority Capital Fund.

Analyst Note: The FY2020 housing aid projection provided by the Department totals \$82.9 million in reimbursements. The source of the additional funding is unclear. An inquiry was sent to the Department on February 25, 2019, and has not been received as of July 15, 2019; however, July 15 was the due date for forms indicating which projects have been completed as of June 30 and are thereby qualified for reimbursement in FY2020.

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 (SBA) 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). 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.

In FY2020, the Budget provides \$1.0 million in general revenue to capitalize the Capital Fund, a decrease of \$9.5 million from the FY2019 Budget as Enacted. Through Article 9, the FY2019 Budget as Enacted shifted the 3.0 FTE positions responsible for the administration of the school construction program from general revenue to a new school construction services restricted receipt account, and added 1.0 FTE Director of School Construction Services. The restricted receipt account, named the “School Construction Services”, is 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. In FY2020, the Governor recommended another 1.0 FTE position to help with the anticipated increase in school housing applications due to the recent release of the statewide facilities study and voter approval of the \$250.0 million bond authorization; however, the new position was not included in the Budget.

While there is no limit on the amount or type of expenses that will be funded through the RIHEBC, Article 9 of the FY2020 Budget as Enacted provides that the expenditure of restricted receipts provided by the Rhode Island Health and Educational Building Corporation (RIHEBC) to support personnel expenses for the SBA are subject to annual appropriation and approval by the General Assembly. Furthermore, while current law allows RIHEBC to levy an administration fee of cities, towns, and local education agencies in an amount not to exceed one tenth of one percent (0.001) of the principal amount, the article clarifies that the limit is based on the original principal amount.

The FY2019 Budget provided \$697,171 in this account for the cost of the 4.0 FTE positions and about \$48,658 for non-personnel overhead expenses. In FY2020, the Budget provides an additional \$73,994, or 9.6 percent, (\$771,165 total) in restricted receipts for personnel costs for associated with the School Building Authority.

FY2019 Supplemental Budget

DEPARTMENT OF ADMINISTRATION

Personnel and Operating Savings Reduction

\$17.1 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 savings occur, the Budget Office will distribute and account for the savings within the appropriate departmental budget accounts of the state agencies. The FY2019 Budget as Enacted included \$20.1 million in statewide general revenue savings identified in the current fiscal year. The FY2019 Revised Budget reduced the savings to \$3.0 million in general revenue.

Personnel and Operating Reforms	FY2019 Enacted Savings	FY2019 Revised Savings	Change
RICAP Administrative Indirect Cost Recovery	(\$3,700,000)	\$0	\$3,700,000
Waste and Fraud Detection System	(9,634,559)	(2,987,272)	6,647,287
Contract Savings	(3,000,000)	-	3,000,000
Workers Compensation Privatization Savings (State Share)	(1,500,000)	-	1,500,000
Insurance Cost Savings	(1,000,000)	-	1,000,000
Carry-over of FY2018 \$25.0 m Savings	(900,000)	-	900,000
Prompt Payment Discounts	(350,000)	-	350,000
Injured on Duty Savings	-	-	-
Overtime Savings	-	-	-
Statewide Efficiency Savings	-	-	-
Total	(\$20,084,559)	(\$2,987,272)	\$17,097,287

Debt Service

(\$781,127)

The Budget includes general revenue savings of \$781,127 in FY2019, comprised of a decrease of \$643,862 for the I-195 Land Acquisition debt service due to the receipt of I-195 land sale proceeds used to offset the debt service; a decrease of \$100,553 for Fidelity Job Credits due to lower jobs during the fiscal year as reported by Fidelity; a decrease of \$21,723 for School for the Deaf debt service as funds became available through the 2017 bond refunding; a decrease of \$8,178 as funds became available through the 2017 bond refunding; and a decrease of \$6,811 for debt service related to the new Garrahy Garage project; and, a decrease of \$1.1 million based on debt service due to additional interest earnings on the capitalized interest fund.

Turnover Savings

(\$700,000)

The Budget decreases general revenue by \$700,000 based on anticipated savings as stated in the 3rd Quarter Report.

Civic Initiatives

(\$500,000)

The revised budget eliminates \$500,000 in general revenue to fund a contracted management consultant to review the State's purchasing practices. The FY2019 Budget as Enacted contains a savings initiative of \$3.0 million in general revenue. The Department entered into a contract with Civic Initiatives on May 2, 2018, to undertake this study and assist the department to obtain the enacted savings initiative. However, this was an unfunded expenditure as the enacted budget did not appropriate funding for this contracted management service.

Deloitte Settlement Shift to FY2020**\$414,343**

The Budget shifts restricted receipt costs to general revenue to reflect a delay in the expenditure of Deloitte settlement funds. The Governor's FY2019 budget included \$414,343 in restricted receipts within the Rhode Island Health Benefits Exchange to account for anticipated settlement funds which were not expended in FY2019, and the Budget shifts these funds to FY2020. There is a corresponding decrease of \$414,343 in restricted receipts.

Data Analytics Pilot – DCYF**(\$300,000)**

The Budget eliminates \$300,000 in general revenue that was appropriated in the FY2019 Budget as Enacted 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. The Department is reviewing how to implement the pilot project and the funds are not required at this time.

Tort Court Awards**\$170,000**

The Budget adds \$170,000 in general revenue for tort awards as projected by the Office of the Attorney General. Funding in the tort account is used to pay for tort/court award judgments against the state of Rhode Island. The FY2019 Budget as Enacted included \$400,000 in general revenue tort judgments. Current Tort judgment expenditures totaled \$424,775 as of June 4, 2019.

Purchasing – Senior Buyer Position**(\$101,904)**

The Budget removes \$101,904 in general revenue to eliminate funding for a new Senior Buyer position within the Purchasing program. The position is filled but it was not included in the FY2019 Budget as Enacted. Instead the position was added by the Governor to improve customer services for agencies.

DEPARTMENT OF BUSINESS REGULATION**Turnover****(\$520,030)**

The Budget includes general revenue turnover savings of \$520,030. The Department was authorized 161.0 FTEs in FY2019, but experienced an average vacancy rate of 11.5 positions.

Fire Academy Training (restricted receipts)**\$150,000**

The Budget increases restricted receipts by \$150,000 to fund additional fire academy classes in FY2019. The restricted receipts are generated by student tuition payments.

Contractor's Licensing Board Online System (restricted receipts)**\$75,000**

The Budget provides an additional \$75,000 in restricted receipts to fund the one-time implementation costs of an online licensing system for the Contractor's Licensing Board to transition the from a paper system to an online licensing system. The new system will create efficiencies and reduce processing times.

DEPARTMENT OF LABOR AND TRAINING**Real Jobs RI****(\$1.5 million)**

The Budget shifts \$1.5 million in general revenues from Real Jobs Rhode Island (RJRI) and increases Job Development Fund restricted receipts by the same amount. The general revenues will be shifted from RJRI to Unemployment Insurance (UI) Administration to address the ongoing deficit.

Staffing Overspend- Unemployment Insurance Administration Deficit **\$1.5 million**

The Budget includes an additional \$1.5 million in general revenues within the Unemployment Insurance (UI) Administration to address the projected deficit. The Department of Labor and Training closed FY2018 with a general revenue deficit of \$4.0 million within the Central Management program related overspending within UI Administration. The Governor's Budget did not include any additional general revenue funding to address this deficit.

Other Funds Changes **(\$7.1 million)**

The Budget includes a savings of \$7.1 million in other funds. This decrease is comprised of a savings of \$6.3 million for unemployment insurance benefits, \$2.6 million for Temporary Disability Insurance (TDI) benefits, and \$400,000 for benefits to be paid to federal and veteran employees. These decreases are partially offset by an additional \$2.0 million for benefits payments to be paid to other state and an additional \$200,000 in TDI caregiver benefits.

DEPARTMENT OF REVENUE**Statewide Adjustments – Operating** **(\$2.2 million)**

The Budget includes general revenue savings of \$2.2 million in FY2019 based on the Governor's recommended statewide adjustments related to Department of Information Technology centralized services.

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 were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The reduction of \$2.2 million is based on billings through December 2018 and projected charges through year-end.

Turnover and Operational Savings **(\$1.7 million)**

The Budget decreases general revenue by \$1.7 million based on the Office of Management and Budget's third quarter projections for FY2019 expenditures. The Department of Revenue projected savings across four of its Divisions, including \$291,919 in the Collections Unit, \$662,291 in the Division of Taxation, and \$275,377 in the Division of Municipal Finance. The remaining \$455,413 was from reduced personnel and operating expenses in the Division of Motor Vehicles due to fewer than expected Real ID transactions.

State Aid – Motor Vehicle Excise Tax Phase-out **\$1.5 million**

The Budget includes \$1.5 million in additional general revenue State aid to municipalities under the Motor Vehicle Excise Tax Phase-out program in FY2019. The FY2019 Budget as Enacted included \$44.7 million for the program. The Office of Revenue Analysis and the Division of Municipal Finance revised the estimated amount required under the program based on updated data on the inputs to the phase-out formula, particularly in the number of vehicles currently subject to the provisions of the program.

Commissions and Prize Payments (other funds) **\$42.0 million**

The Budget includes a net increase of \$42.0 million in Lottery Funds (other funds) for commissions and prize payments. This increase is based on the May 2019 Revenue Estimating Conference (REC) estimates of video lottery terminal (VLT) income, table game revenue, traditional lottery games (scratch tickets, etc.), and the newly authorized sports betting.

Net revenue from VLTs is estimated to be total \$317.5 million. Traditional lottery games are estimated to yield \$59.8 million. Table games are budgeted at \$20.6 million and sports betting is estimated to yield \$2.2 million.

BOARD OF ELECTIONS**Public Financing of Elections** **(\$789,858)**

The Budget decreases general revenue by \$789,858 based on anticipated savings largely due to lower than anticipated for the public financing of elections in the 2018 General Election.

PUBLIC UTILITIES COMMISSION**Restricted Receipt Fund Change** **\$618,896**

- **Budgetary Cap Increase:** The Budget adds \$618,896 in restricted receipts, reflecting an increase in budgetary caps to the Public Utilities Reserve Account. RIGL 31-1-26 allows the Public Utilities Commission to assess each utility up to \$750,000 per year to fund the operations of both the Commission and Division as well as to engage expert witnesses and consultants required to administer the various hearings before the Commission. The Budget increases restricted receipts to provide sufficient funding for the projected contract services required in FY2019. The following table illustrates the adjustments:

<u>Public Utilities Reserve Account</u>	<u>FY2019 Enacted</u>	<u>FY2019 Revised</u>	<u>Change</u>
Financial Services	\$1,514,012	\$2,042,908	\$528,896
Legal Services	260,000	350,000	90,000
Total	\$1,774,012	\$2,392,908	\$618,896

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.

EXECUTIVE OFFICE OF COMMERCE**Federal Funds Changes** **(\$3.5 million)**

The Budget reduces the FY2019 federal Community Development Block Grant funding by \$3.5 million to align the current year budget with projected expenditure totals.

Rhode Island Capital Plan (RICAP) Fund Changes **\$465,000**

The Budget increases Rhode Island Capital Plan funding by \$465,000 for the Quonset Point/Davisville Pier improvement projects. The Port of Davisville has two piers (Pier 1 and Pier 2), each with one primary Roll-on Roll-off berth. Both piers are significantly older than their expected useful lives. Planned work on the extension and rehabilitation of Pier 2 accelerated in FY2019 with the installation of the sheet pile bulkhead, requiring the shifting of more capital funding from out years to FY2019.

EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES**Caseload Estimating Conference** **(\$5.8 million)**

The Budget reduces general revenue expenditures by \$5.8 million relative to the Enacted Budget to reflect the consensus estimate from the May 2019 Caseload Estimating Conference. This is primarily related to savings in Medicaid managed care, driven by a decline in enrollment in these programs. These savings are offset slightly by increases in spending on hospital services and pharmaceuticals, particularly for Hepatitis C treatment.

Non-UHIP Staffing and Contracts**(\$1.4 million)**

The Budget reduces general revenue funding for non-UHIP personnel and contracts by \$1.4 million relative to the FY2019 Enacted Budget.

General Revenue	FY2019 Enacted	FY2019 Governor	Change to Enacted	FY2019 Final	Change to Governor	Change to Enacted
Salaries and Benefits	\$14,016,261	\$12,608,196	(\$1,408,065)	\$12,108,196	(\$500,000)	(\$1,908,065)
Contracted Services*	7,915,768	8,930,199	1,014,431	8,430,199	(500,000)	514,431
Total	\$21,932,029	\$21,538,395	(\$393,634)	\$20,538,395	(\$1,000,000)	(\$1,393,634)

*Total excludes the value of the court monitor contract, which is noted separately, as well as the Rhody Health Options contracts which are shifted between programs.

- **Salaries and Benefits:** The Governor's Budget reduced general revenue funding for personnel by \$1.4 million to reflect the Executive Office's updated cost allocation plan, which shifted more personnel expenditures to federal and restricted fund sources than assumed in the Enacted Budget. The General Assembly concurred with this reduction and included an additional \$500,000 in turnover savings to reflect the impact of maintaining staff vacancies, consistent with EOHHS' third quarter report. The Executive Office experienced an average of 11.0 vacancies during FY2019. These changes result in a net personnel reduction of \$1.9 million compared to the Enacted level.
- **Contracted Services:** The Governor's Budget increased general revenue funding for contracted services by \$1.0 million. The additional funding was primarily related to the Medicaid Management Information System (MMIS), which tracks claims and billing for the Medicaid program. The Governor added \$1.2 million from general revenues to align funding for the system with FY2018 actuals; however, the General Assembly reduced this target by \$500,000 for a net increase of \$734,019 to support the MMIS. The Budget also includes \$174,417 in general revenue savings by reducing the contractual support for Medicaid's biannual open enrollment periods. These changes, coupled with minor changes in all other contracts, result in a net increase in contracted services of \$514,431.

Consent Decree Court Monitor**\$75,000**

The FY2019 Enacted Budget shifted funding for the consent decree court monitor contract from BHDDH to EOHHS. The Enacted Budget added \$150,000 from general revenues to EOHHS; however, general revenue funding for the contract totals \$225,000. The Revised Budget adds \$75,000 to correct this error. The correct funding was removed from BHDDH in the Enacted Budget.

State Innovation Model (federal funds)**\$2.9 million**

The Budget adds \$2.9 million from federal funds to align budgeted expenditures for the State Innovation Model (SIM) initiative with available grant funds. The four-year, \$20.0 million SIM grant was awarded to the State in December 2014 to design, develop, and test new models of delivering and paying for healthcare. The FY2019 Enacted Budget included \$4.6 million in federal funds for the SIM initiative within EOHHS, which is increased to \$7.5 million in the final budget. This represents the remaining funds which were available in the final year of the grant, which expired on June 30, 2019.

DEPARTMENT OF CHILDREN, YOUTH, AND FAMILIES**Caseload Adjustment****\$18.6 million**

The Department requested \$15.3 million more from general revenues in the assistance and grants category in FY2019 based on first quarter projections. Assistance and grants fund the entirety of DCYF's direct services, including foster care, residential care, adoption, and behavioral health. The request for additional funding was primarily driven by the Child Welfare and Children's Behavioral Health Services programs, both of which experienced drastic caseload increases over the last two fiscal years. The Budget includes

the funding, consistent with the Governor's recommendation, but adds \$5.8 million to reflect the Department's third quarter projection and shifts \$2.5 million in child care expenses from general revenues to available federal child care block grant funds. This results in a net increase of \$18.6 million.

Personnel

(\$1.2 million)

The Budget reduces general revenue funding for salaries and benefits by \$1.2 million relative to the FY2019 Enacted Budget. The Governor reduced personnel funding by \$762,562, primarily to reflect statewide benefit adjustments. The Budget further reduces funding by \$474,302 to reflect the Department's third quarter projections.

Realign Foster Care Supports

(\$919,666)

In order to address its FY2019 deficit, the Department proposed an initiative to realign foster care supports by terminating contracts for certain foster family support services which were not being fully utilized. The Department is now providing these services through a newly-established internal kinship support unit, resulting in general revenue savings of \$919,666 in FY2019.

Accelerate Voluntary Extension of Care

(\$315,256)

The Governor's Budget included \$1.3 million in general revenue savings by transferring youth from independent or semi-independent living programs (ILP/SILP) into the Voluntary Extension of Care (VEC) program established in the FY2019 Enacted Budget. The estimate assumed that 57 youth would be moved into the VEC program in the second half of FY2019, with savings annualized for FY2020. The average monthly cost to support a young adult in an independent or semi-independent living program is \$6,589, compared to \$1,200 per month in the VEC program. The difference in costs is related to the fact that youth in ILP/SILP are placed with contracted providers, whereas the VEC program is administered in-house. In addition, the Department is able to draw down more federal funding for VEC placements. The Department reported that only \$315,256 would be achieved due to a slower ramp-up in enrollment than projected. Part of this is related to the fact that the Department cannot require individuals to enroll in the program, as it is voluntary, and participants must also petition before the Rhode Island Family Court in order to participate, which can delay enrollment.

Home-Based Services Length of Stay

(\$213,671)

The Department modified its reauthorization policy for home-based services effective January 1, 2019. Prior to this change, families received an initial authorization for these intensive and preventive services for a period of six months, with extension requests automatically granted for an additional six months. The Department found that some families do not need services for the entirety of the six month reauthorization period which, in some cases, resulted in the Department paying for more services than necessary. The Department modified the policy to grant reauthorizations every 60 days in order to reassess needs more frequently. This does not limit the duration for which a family may receive services; the new policy simply requires that requests be submitted more often in order to enhance the Department's oversight. The Governor's Budget included \$641,013 in general revenue savings in the second half of FY2019 as a result of this change. However, the estimate did not account for the fact that the new reauthorization intervals began when each family's existing authorization expired, which did not necessarily occur in January. For example, if a family received a six month reauthorization on December 1, 2018, they would not have been re-evaluated until June 1, 2019, and the Department would only realize one month of savings. The Department reported that it would be able to achieve a third of the savings included in the Governor's Budget. The Budget revises the general revenue savings estimate down to \$213,671, accordingly.

Rhode Island Capital Plan (RICAP) Fund Changes **(\$935,000)**

The Budget reduces RICAP funding for the Training School Maintenance project by \$750,000 in FY2019. This decrease reflects the revised estimate of work to be completed in FY2019. The reduction is redistributed to future years to align with forecasted construction dates for the roof at the Training School. The Budget also shifts RICAP funding for the Training School Generator project from FY2019 to FY2020. This equates to a reduction of \$185,000 in FY2019, with a concurrent increase in FY2020, to reflect a delay in the timeline of the project.

DEPARTMENT OF HEALTH**Facilities Regulation** **\$294,720**

The Budget adds \$294,720 in general revenues for 3.0 FTE Nursing Care Evaluator positions, clerical services, and other operating expenses. The funding will help reduce a backlog of uninvestigated complaints, facility-reported incidents, and routine annual inspections at certain state-licensed hospitals, assisted living facilities, and other healthcare facilities.

DEPARTMENT OF HUMAN SERVICES**UHIP Funding Alignment** **\$6.2 million**

The Budget includes an additional \$6.2 million in general revenues for UHIP program costs. Of the total increase, \$3.9 million is due to the State's Implementation Advanced Planning Document (IAPD). The most recent IAPD updates the methodology for calculating design, development, and implementation (DDI) costs of the UHIP system. The increase is comprised of an additional \$1.5 million in the state allocation for child care, \$2.1 million in the state allocation for SNAP, and \$649,994 in the state allocation for SSI. These increases are partially offset by a decrease of \$346,985 in the state allocation for General Public Assistance.

The remaining \$1.8 million increase is to realign costs with the most recent Random Moment Time Studies (RMTS). The Department contracts with Public Consulting Group Inc. to conduct RMTS on employees every two weeks. The information collected from these studies is used to determine how much time employees spend on state and federal programs, and how the Department allocates funding. Depending on the outcome of these studies, budgeted personnel costs and actual personnel costs can vary. The Department updates their cost allocations quarterly based on information from the RMTS.

Analyst Note: The Governor's Budget shifted \$8.3 million from general revenues to the United Health Infrastructure Project (UHIP) cost recovery restricted receipt account in the Individual and Family Support program. The UHIP cost recovery account is intended to fund UHIP-related operating costs and is funded based on current and anticipated settlement funds from Deloitte Consulting, the primary developer of the system. The FY2019 Revised Budget reverses this shift resulting in no net change to the Budget.

At the end of FY2019 the Deloitte settlement had not been finalized and these funds were not yet available.

May Caseload Estimating Conference **(\$1.7 million)**

The May 2019 Caseload Estimating Conference led to a general revenue decrease of \$1.7 million and a federal funds decrease of \$4.5 million from the FY2019 Budget as Enacted. The general revenue decrease is due to a \$780,354 decrease in Child Care Assistance, a \$783,350 decrease in the Supplemental Security Income (SSI) Program, and an \$187,280 decrease in General Public Assistance (GPA). The decrease in Child Care Assistance is due to an estimated decrease of 260 subsidies, the decrease in the SSI is due to an estimated decrease of 1,250 subsidies, and the decrease in GPA is due to an estimated decrease of 108 subsidies.

Veteran's Affairs Contract Services***\$1.7 million***

The FY2019 Supplemental Budget includes an increase of \$1.7 million to reflect an update in anticipated costs for contract services at the Veteran's Home. This increase includes an additional \$550,560 for janitorial services and \$1.1 million for medical services including doctors and dentists.

Centralized Service Charges***\$1.1 million***

The Budget includes \$5.9 million in general revenue expenditures for Information Technology, Capital Asset Management, and Human Resource Service Center projected costs in FY2019. This is an increase of \$1.1 million from the FY2019 Budget as Enacted amount of \$4.8 million. 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 were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Revised Budget increases these costs for FY2019.

DEPARTMENT OF BEHAVIORAL HEALTHCARE, DEVELOPMENTAL DISABILITIES, AND HOSPITALS***Eleanor Slater Hospital Staff******\$2.5 million***

To reduce the risk of non-compliance with the federal Joint Commission on Accreditation of Healthcare Organizations (JCAHO) standards, the Budget includes \$2.5 million in additional general revenue funding for Eleanor Slater Hospital staff. This is primarily due to an increase in forensic patients, or those who have been deemed unfit to stand trial. JCAHO standards require higher staff ratios for forensic patients. The additional funds will allow ESH to meet standards that are required for accreditation.

Developmental Disabilities Caseload***\$1.7 million***

The Budget increases general revenues by \$1.7 million to support the program's projected needs for FY2019. This reflects population growth as well as SIS-A reevaluations of almost 900 individuals who receive services. The SIS-A evaluates the practical support requirements of individuals with intellectual disabilities through an interview process to provide a recommendation for services. The assessments placed individuals in a higher tier of services than they were previously assigned. Higher tiers reflect a higher need for services, resulting in increased spending per individual.

Security Services***\$638,598***

The Budget adds \$638,598 more from general revenue to reflect an emergency contract that was signed in FY2019 with APG Security to enhance the security services at Eleanor Slater Hospital. The security services will address security issues identified by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). This will allow the Department to keep personnel safe and reduce workers' compensation claims. The total contract amount is \$1.3 million over two years, with the remaining funding in FY2020.

Home Health Aide Increase***\$276,718***

The Budget includes a general revenue increase of \$276,718 to reflect a growth in projected expenditures paid to licensed practical nurses (LPN) in home health care settings. The rate for LPNs is set by the Executive Office of Health and Human Services. The FY2019 Budget as Enacted included \$301,692 in general revenues to fund the rate increase; however, the final rate put into effect was higher than assumed in the Budget as Enacted, resulting in the need for additional funding.

Transfer of Program Planner Positions **\$138,270**

The FY2019 Revised Budget transfers 2.0 FTE positions and \$138,270 in general revenues from the Department of Human Services to the Central Management program within BHDDH in an effort to centralize the Department's quality management function.

COMMISSION ON DISABILITIES***Contracted Services - School Construction Review Design*** **(\$45,500)**

The Budget decreases general revenue by \$45,500 reflecting unexpended funds for a contracted service. In 2018, voters authorized the \$250.0 million School Construction bond. The Commission expected an increase in the number of school construction design plans to review for compliance with the Americans with Disabilities Act. The Commission does not have the staff to review these plans so it contracts out for these professional services. As part of the revised budget request, the Commission requested \$45,500 for this service in FY2019. To date, the Commission has made no expenditures regarding the appropriation.

COMMISSION ON THE DEAF AND HARD OF HEARING***Turnover*** **(\$70,000)**

The Budget includes general revenue savings of \$70,000 from turnover in the Commission. The Executive Director of the Commission resigned in January 2019 and the agency is currently working to hire a new director.

OFFICE OF THE CHILD ADVOCATE***Turnover*** **(\$110,315)**

The Budget includes general revenue savings of \$110,315 to adjust for staff turnover. The FY2019 Enacted Budget added 2.0 FTE positions to the Office of the Child Advocate to support an anticipated increase in workload related to the Office's expanded responsibilities under the Children's Rights Settlement. One position was not filled until October 2018. The other position was designated as a data validator to evaluate the Department of Children, Youth, and Families' progress towards meeting the quality benchmarks set forth in the settlement. The Office decided to delay hiring until the release of the first data set in July 2019 and plans to fill the position in FY2020.

Centralized Service Charges **(\$35,342)**

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 were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Budget includes \$60,780 in general revenue expenditures for these charges in the Office of the Child Advocate in FY2019, based on actual billings through December 2018. This is a reduction of \$35,342 compared to the Enacted Budget.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION***School Resource Officer Support*** **(\$1.8 million)**

Article 9 of the FY2019 Budget as Enacted established 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 fewer

than 1,200 students, only one resource officer position is eligible for reimbursement. Schools with 1,200 students or more may receive reimbursement for up to 2 positions. Each resource officer can only be assigned to one school. The FY2019 Revised Budget reduces this category by \$1.8 million to reflect projected expenditures of \$213,230. In FY2019, three districts applied for aid: East Providence, Narragansett, and North Smithfield. The Budget does provide \$16,706 in general revenue for School Resource Officer Support for an application received from Bristol-Warren after the Governor's Budget was released.

Teacher Retirement ***\$635,098***

The State pays 40.0 percent of the employer's share of the teacher retirement contribution each year. The Budget adds \$635,098 in general revenue to offset a projected deficit in FY2019 due to updated wage growth projections based on actual wage data.

Turnover ***(\$300,000)***

The Budget increases turnover savings by \$300,000 within the Department of Elementary and Secondary Education, to reflect updated personnel cost projections. With an average cost per FTE position of \$137,749, the increase equates to about 2.2 FTE positions. This adjustment brings total general revenue turnover within the Department to \$445,730 (\$513,146 all funds). As of May 28, 2019, the Department has 11.1 unfilled positions, down from 13.1 a month prior.

Textbook Reimbursement Adjustment ***(\$151,424)***

The State reimburses districts 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 FY2019 Budget as Enacted provided \$240,000 in state funding for the reimbursement of costs for textbooks. The Budget reduces funding for this program by \$151,424 to reflect actual costs in FY2019.

Education Aid - New England Laborer's Charter School ***\$124,045***

The Budget provides an additional \$124,045 in education aid to the New England Laborer's Charter School. Pursuant to RIGL 16-7.2-5(a), if the October 1 actual enrollment data for any charter public school shows a ten percent (10%) or greater change from the prior year enrollment, which is used as the reference year average daily membership, the last six (6) monthly payments to the charter public school will be adjusted to reflect actual enrollment.

Group Home Aid ***\$119,000***

The Budget increases group home aid by \$119,000 to reflect the addition of six new beds in Portsmouth (\$102,000) and one new bed in Exeter-West Greenwich (\$17,000).

School for the Deaf ***\$100,099***

The Budget adds \$100,099 in general revenue for the School for the Deaf to prevent cuts in the current year.

Davies P-Tech Grant ***\$100,000***

The Budget includes \$100,000 in funds from the Commerce Corporation as part of the Pathways in Technology Early College High School (P-Tech) program. The funds will be used to further the development of the Advanced Manufacturing Center at Davies.

Federal Fund Changes ***(\$173,678)***

The Budget reduces federal funding by a total of \$173,678 and 2.0 FTE positions, including the following:

- **Adolescent Health and Achievement (1.0 FTE position):** The Budget eliminates \$132,509 in federal funding for 1.0 FTE to oversee a federal grant to support adolescent health and academic achievement. In FY2019, the Department was awarded a five-year, \$9.0 million grant from the United States Department of Health and Human Services to support stronger mental health and behavioral health services for students. The Department is encouraged to use either use existing personnel who administer federal grants or to utilize a vacant position.
- **School Climate Transformation Project (1.0 FTE position):** The Budget eliminates \$41,169 in federal funding for 1.0 FTE to oversee a federal grant to work with the Center for Leadership and Educational Equity (CLEE) and the Northern Rhode Island Collaborative to support students with, or at risk of developing, behavioral health challenges, including substance abuse disorders, and those in the child welfare or juvenile justice systems. The Department is encouraged to either use existing personnel who administer federal grants or to utilize a vacant position.

Restricted Receipt Changes

\$4.0 million

The Budget includes a net increase of \$4.0 million in restricted receipt funding, including the following:

- **Statewide Transportation:** The Budget includes an increase of \$3.9 million (\$29.4 million total) in restricted receipts to cover the updated cost estimate for the statewide transportation program. 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. Costs are increasing due to the federal McKinney-Vento Homeless Education Assistance Act, requiring districts 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.
- **Davies – National School Breakfast and Lunch Program:** The Budget includes an additional \$60,000 in restricted receipts to reflect anticipated collections for the school breakfast and lunch programs. Davies participates in the federally subsidized National Breakfast and School Lunch Program and receives funds comprised of federal reimbursements for all students who qualify for free or reduced meals benefits, and receipts from students who pay the full or partial price to purchase breakfast and lunch, as well as any adult meals that are sold in the student cafeteria.

Rhode Island Capital Plan (RICAP) Fund Changes

(\$1.3 million)

- **Davies HVAC:** The Budget reduces RICAP funding by \$1.3 million, based on an amendment submitted by the Governor, to reflect the amount requested by the Department to replace and repair the HVAC system at the Davies Career and Technical School. Davies has delayed repairs to the system until they can implement the recommendations in the recently completed Master Plan.

PUBLIC HIGHER EDUCATION***Rhode Island Promise******(\$397,485)***

The Budget reduces funding for the Rhode Island Promise program by \$397,485 in general revenue based on updated expenditure projections. This reduction leaves a total of \$5.6 million to fund two classes in FY2019, the second year of the RI Promise Scholarship program (RI Promise). Article 3 of the FY2018 Budget as Enacted 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. In the first year of the program, CCRI realized a 43.0 percent increase (477 students) in first-time, full-time students.

New England Board of Higher Education Dues***\$147,000***

The Budget provides \$147,000 in general revenue to pay the membership dues for the New England Board of Higher Education (NEBHE). Previously (NEBHE) annual dues were paid out of reserves generated through Division of Higher Educating Assistance (DHEA) guaranty agency activities. In December 2017, the Council on Postsecondary Education voted to transfer the loan portfolio to the United States Department of Education. Upon transfer, DHEA no longer generated revenues to replenish the fund, which is used to provide financial aid assistance to Rhode Island students. The FY2019 Budget as Enacted limited the amount of reserves that can be used annually to fund administrative expenses to 10.0 percent of the amount appropriated for scholarships and grants. Due to constraints imposed on the expenditure of funds, the Office of the Postsecondary Commissioner has not paid the annual membership dues for NEBHE. Rhode Island has been an active member of NEBHE for over 60 years and Rhode Island students receive benefits from the membership including the New England Regional Student Program/Tuition Break and the Stat Authorization Reciprocity Agreement. In FY2018, 1,062 residents saved a total of \$7.5 million on tuition bills through the RSP/Tuition Break, with full-time students averaging \$8,613. In addition, public colleges and universities in Rhode Island received \$16.0 million in tuition revenues and \$1.3 million in fee revenue from 1,307 incoming students from the five other member states.

Shepard Building Operating***\$42,188***

The Budget provides an additional \$42,188 in general revenue operating costs for the Shepard Building to correct a statewide reduction that was applied in error.

Restricted Receipt Changes***\$170,610***

The Budget includes a net increase of \$170,610 in restricted receipt funding, including the following:

- ***Best-at-Work (Walmart) grant:*** The Office of the Postsecondary Commissioner (OPC) received \$147,214 in FY2019 and \$329,250 in FY2020 from Walmart to establish career pathways for populations facing barriers to employment. OPC will use the grant funds over 18 months to implement the Integrated Basic Education and Skills Training (I-BEST) instructional model to increase the skills of workers in Rhode Island's service sector industries. I-BEST delivers Adult Basic Education and job training at the same time to accelerate skill acquisition with a customized curriculum, co-teaching, and support services.
- ***Lumina Foundation grant:*** The OPC received an 18-month grant to develop a communication strategy, including an online portal, to increase postsecondary enrollment and success for working-age adults. The Budget provides \$23,396 restricted receipts in FY2019 and \$261,552 in restricted receipts in FY2020 to support the development of infrastructure for an adult promise program in Rhode Island. The grant period runs from May 1, 2019, to October 31, 2020.

Rhode Island Capital Plan (RICAP) Fund Changes **(\$2.6 million)**

The Budget includes a net decrease of \$2.6 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **University of Rhode Island - Biological Resources Lab:** The Budget reduces RICAP funding by \$2.8 million in FY2019 and adds \$2.9 million in FY2020 for the construction of a small, lab animal care facility that meets current federal standards allowing 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. The changes reflect the revised construction schedule.
- **Rhode Island College- Academic Buildings I – Craig Lee, Gaige, Adams Library:** The Budget provides an additional \$2.0 million (\$11.7 million total in FY2019) 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. The shift of these funds from FY2020 to FY2019 reflects the revised project schedule.
- **Office of Postsecondary Commissioner - Northern Rhode Island Education Center:** The Budget shifts \$1.8 million in RICAP funds from FY2019 into FY2020 to reflect the revised project schedule. The building was originally scheduled to open in July 2020; however, the location has not been finalized.

RHODE ISLAND COUNCIL ON THE ARTS**Federal Fund Changes** **\$88,276**

- **Partnership Grant:** The Budget carries forward \$88,276 in federal funding from FY2018 to FY2019. This grant is the Partnership Grant from the National Endowment for the Arts and is used for operating support in the Council. Most of the funding goes to award grants to organizations throughout the State. It also supports the salaries of two staff members and some operating expenses.

Restricted Receipt Changes **\$10,000**

- **Rhode Island Arts and Health Network:** The Budget provides \$10,000 in restricted receipts to support the Arts and Health Network, a partnership between RISCA and the Department of Health to further the integration of arts and health into the State's policy, practice, and research agendas. The funding is part of a \$50,000 grant from ArtPlace America, LLC, providing \$10,000 in FY2019 and \$40,000 in FY2020. ArtPlace America is a collaboration of foundations, federal agencies, and financial institutions working to position arts and culture as a core sector of community planning and development.

Other Funds Changes **(\$616,000)**

- **Percent for the Arts Program:** Based on expenditures through the third quarter, the Budget reduces funding for the State's Percent for Public Art Program by \$616,000 (\$876,905 remaining in FY2019). Percent for the Arts 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.

DEPARTMENT OF THE ATTORNEY GENERAL**Personnel****(\$2.3 million)**

The Budget includes general revenue savings of \$2.3 million related to turnover and salary costs. The new Attorney General took office in January 2019 and has been working to hire new positions. At the end of FY2019, the Department had 8 vacancies.

Google Forfeiture Funds (federal funds)**\$2.7 million**

The FY2019 Supplemental includes an increase of \$2.7 million in google forfeiture federal funds (a total of \$11.7 million) for the design and construction of a new customer service center in the Pastore Complex. The building was completed in the summer of 2018. The funds are also used for the ongoing redesign and renovation of the Department's main headquarters at 150 South Main Street in Providence. As requested by the Governor in a Budget Amendment, the Budget includes an additional \$350,000 in Google Forfeiture funds to purchase new furniture for the headquarters building.

DEPARTMENT OF CORRECTIONS**Centralized Service Charges****(\$2.1 million)**

The Budget includes \$12.1 million in general revenue expenditures for Information Technology, Capital Asset Management, and Human Resource Service Center projected costs in FY2019. This is a decrease of \$2.1 million from the FY2019 Budget as Enacted amount of \$14.1 million. 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 were reflected in each agency based on actual use, thereby showing the true costs associated with a particular program or agency. The Revised Budget decreases these costs for FY2019.

Centralized Service Charges	FY2019 Enacted	FY2019 Revised	Change from Enacted	
Information Technology	\$3,155,267	\$2,981,519	(\$173,748)	-5.5%
Capital Asset and Management	8,958,659	6,858,374	(2,100,285)	-23.4%
Human Resources	2,026,600	2,248,600	222,000	11.0%
Total	\$14,140,526	\$12,088,493	(\$2,052,033)	-14.5%

Pharmaceutical Expenses**\$513,574**

The Budget includes an additional \$513,574 for pharmaceutical expenses, bringing the Department's total amount for pharmaceuticals to \$4.9 million. The revised Budget includes an additional \$1.1 million related to expanded treatment for Hepatitis C. This increase is partially offset by \$127,135 in savings related to a per-diem reduction based on a revised inmate population estimate and a \$470,060 decrease to reflect actual costs for pharmaceuticals in FY2018.

Rhode Island Capital Plan (RICAP) Fund Changes**(\$2.6 million)**

The Governor recommended consolidating all RICAP projects and funds for the DOC into one asset protection project in FY2019. The Budget does not accept this recommendation and, instead, maintains separate appropriations for all RICAP projects in FY2019. The Budget decreases RICAP funds by \$2.6 million relative to the FY2019 Budget as Enacted. Of the total decrease, \$1.0 million is due to revised project schedules and \$1.6 million is due to a shift of funds from FY2019 to FY2020. RICAP allocations for FY2019 include the following:

- **Asset Protection:** The Budget includes \$2.9 million for asset protection projects in FY2019, shifting \$70,790 to FY2020 based on revised project schedules.

- **Dix Building Renovations:** The Budget includes \$375,000 in FY2019 and shifts \$375,000 to FY2020 for continued upgrades of the parking lot at the Dix Building. The Department also anticipates upgrading the building's HVAC in FY2020.
- **Intake Service Center Renovations:** The Budget includes \$1.0 million for HVAC upgrades to the Intake Service Center, shifting \$715,206 to FY2020 based on revised project schedules.
- **Maximum Security Renovations:** The Budget includes \$545,737 in FY2019 and shifts \$454,263 to FY2020 for upgraded exterior and interior lighting within the Department's Maximum Security Facility.
- **High Security Renovations:** The Budget removes the \$1.0 million that was included in the FY2019 Enacted Budget for renovations to the High Security Facility. The Department will reevaluate the necessary renovations based on a facilities master plan that will be completed in FY2020.

JUDICIAL

Third Quarter Report Personnel and Operating Savings ***(\$1.2 million)***

The Budget reduces personnel and operating costs across the system by \$1.2 million to reflect the expenditure projections in the Judiciary's FY2019 third quarter report. The savings is reflected primarily in turnover and technology improvements. As of May 11, 2019, the Judiciary had 41.7 vacant FTE positions. With the completion of the case management system, electronic filings are increasing and providing increased revenue that displaces general revenue investment in court technology.

Pay-Go Judges Pensions ***(\$640,946)***

The Budget reduces general revenue funding for pay-go pensions by \$640,946 throughout the system to reflect the cost projected by the Judiciary in the third quarter report. Pay-go pensions support judges hired before 1990 who are not part of the state employees' retirement system.

Federal Fund Changes ***\$18,755***

The Budget includes a net increase in federal funds of \$18,755, including the following:

- **Supreme Court Program:** The Budget provides a net decrease of \$6,056, including a decrease of \$7,000 for the Violence Against Women grant to match available funding and an increase of \$944 for the Grants to Encourage Arrest Policies for expenses rolled into FY2019.
- **Superior Court Program:** The Budget provides an increase of \$33,248 due to unexpected grant funds from the Office of Justice Program's Adult Drug Court Expansion Program.
- **Family Courts Program:** The Budget provides a net decrease of \$8,437. Changes include a reduction of \$55,000 in the Juvenile Justice Program due to a reduction of contract costs, \$41,437 due to the National Court Appointed Special Advocate Grant - Victims of Child Abuse grant not being received, \$40,000 in the Delinquency Prevention/Intervention program to reflect reduced expenses due to personnel on leave without pay for the first half of the fiscal year, and of \$50,000 based on available funding for the Victims of Crime grant. These decrease are partially offset by an increase of \$167,000 due to the increase in the indirect cost rate for the Child Support Enforcement – IV D Program and \$11,000 based on available funding for the Supervision of Court Ordered Child Visit grant.

Rhode Island Capital Plan (RICAP) Fund Changes ***(\$2.2 million)***

- **Noel Shelled Courtroom Build Out:** The Budget shifts \$2.2 million in RICAP funding for this project from FY2019 into FY2020 for completion. 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

Federal Fund Changes

\$13.0 million

The Budget increases federal funds \$13.0 million reflecting various construction projects under way.

Rhode Island Capital Plan (RICAP) Fund Changes

\$161,414

The Budget includes a net decrease of \$161,414 in Rhode Island Capital Plan (RICAP) funding in FY2019 on various projects.

- **Armory of Mounted Commands:** Decreases \$518,200 and leaving \$181,800 in FY2019 to complete the roof replacement project.
- **Bristol Readiness Center:** Removes \$125,000 in FY2019 based on the Military Staff's revised project timeline and projected expense plans.
- **Joint Force Headquarters Building:** Decreases \$904,492 in FY2019. The project is underway and based on the Military Staff's revised project timeline and projected expense plans.
- **Middletown Armory Land Transfer:** Adds \$1.2 million 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.

EMERGENCY MANAGEMENT

Turnover Savings

(\$75,000)

The Budget decreases general revenue by \$75,000 based on anticipated expenditures as stated in the 3rd Quarter Report.

Disaster and Emergency Preparedness Grants (federal funds)

\$6.0 million

The Budget includes \$12.8 million in federal funds for various federal grants and reimbursements received for storm and natural disaster events. This appropriation is \$6.0 million more than appropriated in the FY2019 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. 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 revised changes in FY2019.

RIEMA Federal Grants	FY2019 Enacted	FY2019 Final	Change
FEMA Flood Reimbursement - Federal Match	\$575,000	\$5,722,483	\$5,147,483
Homeland Security Grant Program 2017	2,252,000	1,138,020	(1,113,980)
Blizzard Juno	-	773,749	773,749
All Other Grants	4,034,436	5,208,882	1,174,446
Total	\$6,861,436	\$12,843,134	\$5,981,698

Capital Purchases and Equipment (federal funds)

(\$2.1 million)

The Budget includes \$397,040 in federal funds for capital purchases and equipment reflecting a decrease of \$2.1 million from the FY2019 Budget as Enacted. The Budget removes \$1.0 million that was previously appropriated to purchase furniture and equipment for the proposed new headquarters facility at Colorado Avenue in the City of Warwick. The need for these items is moot, as that proposal is on hold as the State reconsiders whether to go forward with the move of the RIEMA into that facility, move another state entity into that facility, or sell the property. The Budget also eliminates \$425,000 from a Port Security Grant 2017 that was a placeholder to purchase computer equipment and eliminates \$465,000 in Homeland Security Grant funds to purchase computer equipment and furniture.

DEPARTMENT OF PUBLIC SAFETY

Gaming Enforcement Unit

\$1.8 million

The Budget shifts \$1.8 million in lottery funding (other funds) in FY2019 to general revenue to pay for the staffing costs of approximately 10.0 FTE positions in the Gambling Enforcement Unit (GEU) within the Detective Bureau of the State Police. Funding for the GEU has historically been part of the Lottery's operating costs, which are deducted from the total amount of lottery revenue transferred to the State. Because of this, the cost of manning and operating the GEU has appeared as a reduction in revenue rather than an expenditure.

The November 2018 Revenue Estimating Conference revised the way in which the GEU is budgeted. The principals agreed to reflect the costs as a budgeted expenditure within the State Police.

Opioid Response Programs (federal funds)

\$1.1 million

The Budget includes an increase in federal funds of \$1.1 million in FY2019 and \$523,896 in FY2020 to help address the opioid crisis in Rhode Island.

In October 2018, the Governor announced a new statewide initiative aimed at combating the opioid epidemic. The program, called the heroin-opioid prevention effort (HOPE), employs law enforcement personnel in a proactive outreach strategy in the community. According to the Department, the HOPE initiative brings together substance abuse professionals and police to reach out to those who are at risk of overdosing and encourage them to seek treatment.

The U.S. Department of Health and Human Services (HHS) has awarded the State \$12.6 million in substance abuse grants targeted at opioid addiction. The grants are administered by the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH); the Department of Public Safety is a sub-recipient under the program. The following table list the HOPE grants directed to the State Police and their amounts:

Grant	FY2019 Enacted	FY2019 Final	FY2020 Enacted
Hope Initiative - Comprehensive Addiction/Recovery	-	\$175,076	\$175,612
Hope Initiative - Medication Assisted Treatment PDOA	-	30,177	41,477
Hope Initiative - Opioid Response Prevention	-	157,419	52,684
Hope Initiative - Prescription Drug Monitoring Program	-	200,461	143,756
Hope Initiative - Opioid Response Grant	-	552,458	110,367
Total	-	\$1,115,591	\$523,896

Forfeiture Fund Expenses (restricted receipts) ***\$153,617***

The Budget adds \$153,617 in restricted receipts related to costs associated with investigating violations of controlled substances. Of this, \$23,500 is to be shared with municipalities and \$130,117 is to purchase safety equipment and vehicles.

Rhode Island Capital Plan (RICAP) Fund Changes ***(\$600,365)***

The Budget includes a net increase of \$600,365 in Rhode Island Capital Plan funding, including the following:

- **Facilities Master Plan:** The Budget increases RICAP funding by \$350,000 for the Department's facilities master planning process. The plan will be completed in FY2020 and is charged with determining the building needs of the agency and its personnel, including the relocation and/or closing of State Police barracks.
- **Asset Protection:** The Budget increases asset protection funding by \$392,429 based on revised end-of-year cost estimates. Total FY2019 RICAP funds available for asset protection after this increase is \$642,429.
- **Training Academy:** The Budget reduces RICAP funding associated with improvements to the State Police Training Academy by \$142,064. The Department of Public Safety is in the process of developing a Facilities Master Plan that includes the training academy. The Department has decided to hold off on further improvement spending until the plan is complete. It is projected to be finished in FY2020.

PUBLIC DEFENDER

Turnover Savings ***(\$177,000)***

The Budget decreases general revenue by \$177,000 based on anticipated savings as stated in the 3rd Quarter Report.

DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

Parks and Recreation - Third Quarter Report ***\$418,000***

The Budget includes an additional \$418,000 in general revenue for increased expenses in the Division of Parks and Recreation for electricity costs (\$185,192), state fleet overhead (\$208,419), and transfer of personnel from Natural Resources (\$208,419), partially offset by increased turnover across the agency.

Federal Fund Changes ***(\$2,971)***

The Budget includes a net decrease of \$2,971 across numerous federal grants to reflect grants received after the Governor's Budget submission or excluded from the Budget in error. Adjustments occur among nine different grants to reflect available funds and updated expenditure projections.

Rhode Island Capital Plan (RICAP) Fund Changes**(\$3.9 million)**

The Budget includes a total decrease of \$3.9 million in Rhode Island Capital Plan (RICAP) funding, including the following:

- **Galilee Piers:** The Budget reduces RICAP funding by \$1.9 million in FY2019, and shifts \$1.6 into 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.
- **Recreational Facilities Improvements:** The Budget reduces funding by \$1.0 million in FY2019 and by \$500,000 in FY2020 to reflect the revised schedule for projects at state-owned recreational facilities, including bathroom renovations at Fishermen’s Memorial Campground and water and sewer line repairs at Colt State Park.
- **Marine Infrastructure/Pier Development:** The Budget shifts \$525,000 from FY2019 into FY2020 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.
- **Blackstone Valley Park Improvements:** The Budget shifts \$500,000 from FY2019 into FY2020 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.

COASTAL RESOURCES MANAGEMENT COUNCIL**Personnel Costs****(\$90,000)**

The Budget reduces salaries and benefits by \$90,000 in general revenue and \$50,000 in federal funds based on third quarter expenditure projections.

Rhode Island Capital Plan (RICAP) Fund Changes**\$200,000**

- **Beach SAMP:** The Budget reduces funding for this project by \$200,000 in FY2019 and \$50,000 in FY2020. Funding for this project was included in error as the project is complete.

DEPARTMENT OF TRANSPORTATION**Truck Tolls (other funds)****(\$34.0 million)**

The Budget includes \$7.0 million in toll revenues, a decrease of \$34.0 million from the FY2019 Enacted levels. The gantries will charge a toll on tractor trailer trucks, vehicle class 8 or larger. Currently, two toll gantries, located in Richmond and Hopkinton, are operational and charge trucks a one-way toll of \$3.25 and \$3.50 respectively. The third toll at the Woonasquatucket River Bridge is expected to be operational in August 2019. The Department anticipates the ten additional tolls will all be operational by June 2020. Revenue generated from the truck tolls will be used for bridge maintenance and improvements throughout the State.

Highway Maintenance Account (other funds)**\$33.2 million**

The FY2019 Supplemental Budget includes \$130.3 million in Highway Maintenance Account (HMA) funding, an increase of \$33.2 million. The increase in funding is due to a carry forward of unspent funds. Highway Maintenance Account funds are generated from motor vehicle fees collected by the DMV, including fees on good driver dismissals, license and registration transfers, vehicle titles, inspection stickers, and rental car surcharges. The Highway Maintenance Account is used to fund programs that will eliminate structural deficiencies of the State's bridge, road and maintenance systems, and infrastructure.

Federal Funds**\$24.9 million**

The Budget includes \$324.5 million in federal funds, an increase of \$24.9 million from the FY2019 Budget as Enacted. This increase is associated with additional Transportation Investment Generating Economic Recovery (TIGER) and Better Utilizing Investments to Leverage Development (BUILD) grants. In 2018 the Department was awarded a \$20.0 million BUILD grant for the Pell Bridge ramps. The project will include improvements to the ramps and supporting roadways of the Pell Bridge. The Department was also awarded a \$20.0 million TIGER grant in 2018; this grant will support improvements to Route 37 as well as construction of the new Pawtucket/Central Falls commuter rail station and bus hub.

Rhode Island Capital Plan (RICAP) Fund Changes**\$7.4 million**

The Budget includes a net increase of \$7.4 million in RICAP funds, including the following:

- **Highway Improvement Program:** The Budget includes an additional \$7.6 million in from 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.
- **Maintenance Facility Improvements:** The Budget shifts \$430,714 from FY2019 to FY2020 to complete the scheduled roof replacements at the Department's East Providence Garage.
- **RIPTA Capital Projects:** The Budget includes an additional \$334,287 in RICAP funds for capital projects that are being done in conjunction with the Rhode Island Public Transit Authority (RIPTA). This includes an additional \$313,018 for the Pawtucket/Central Falls Bus and Transit Hub and an additional \$21,269 for the Providence Transit Connector.
- **Train Station Maintenance:** The Budget decreases RICAP funds by \$95,140 based on historical expenditures. The Budget includes funding for repairs to three train stations: Woonsocket, Kingston, and Westerly.
- **Salt Storage Facilities:** The Budget shifts \$70,775 in RICAP funds from FY2019 to FY2021. These funds will be used to complete the Portsmouth Facility. Through a budget amendment, the Governor requested the funds be shifted to FY2020; however, the Budget shifts the funds to FY2021 based on historical expenditures.

Commission on Government Efficiency

The Commission on Government Efficiency was established by Executive Order on February 21, 2019, and was charged to take a comprehensive review of state government to locate increased efficiencies and savings. The Governor's FY2020 Budget included statewide general revenue savings of \$10.0 million, which was included in the budget for the Department of Administration. This savings initiative reflects the assumed findings from the Commission on Government Efficiency. The Governor required the Commission to present identified areas of cost savings by the end of April 2019.

Members of the Commission on Government Efficiency included:

Michael DiBiase, Commission Chairman, Director, Rhode Island Department of Administration

Cynthia J. Butler, President, Butler & Associates Human Resources Consulting

Brian Daniels, Executive Director, RI League of Cities and Towns

Michael Knipper, Exec. VP, Property and Procurement, Citizens Bank

Maureen Martin, Secretary-Treasurer, RI AFL-CIO

Christina Pitney, VP, Strategy & Strategic Partnerships, BCBS of Rhode Island

Anthony Silva, Chief of Staff, Office of the Lieutenant Governor

John Simmons, Executive Director, RI Public Expenditure Council

Jonathan Wormer, Director, RI Office of Management and Budget

The Commission issued its final report on May 8, 2019, with the final recommendations from the Organizational Efficiencies Working Group and from the Real Estate Strategy Working Group on assets, leases, and operational improvements.

- The Organizational Efficiencies Working Group outlined general revenue savings of \$4.5 million in FY2020 and \$3.6 million in FY2021.
- The Real Estate Strategy Working Group outlined \$1.5 million in all fund savings, of which \$807,157 is general revenue operating savings in FY2020 and a potential \$6.0 to \$10.0 million in revenue from the sale of surplus state real estate.

FY2020 BUDGET AS ENACTED

The Budget as Enacted includes several savings items recommended by the Commission on Government Efficiency:

<u>Efficiency Savings</u>	<u>General Revenue</u>
Taxation: IT to ITIF Property Sales	(\$2,900,000)
OPC & RIDE: Co-location/Downsize	(1,000,000)
DOC: Price Facility Operations	(358,409)
Board of Elections: Relocation - New Lease	286,272
DHS: Rent Savings	(215,810)
DBR: New State Building Office	(125,839)
DCYF: Parking Rental Savings	(55,540)
DCYF: Children Behavioral Health Licensing	(46,112)
Public Defender	(23,400)
Total	(\$4,438,838)

Department of Revenue - Taxation IT Costs to ITIF **(\$2.9 million)**

The Budget includes \$2.9 million in general revenue savings by transferring contracted professional service charges for IT system support from the Division of Taxation to the Information Technology Investment Fund (ITIF). The ITIF is funded primarily through the proceeds of State land sales.

Public Higher Education - Co-Locate OPC and RIDE **(\$1.0 million)**

Based on the Governor's recommendation from the Efficiency Commission, the Budget realizes \$1.0 million in general revenue savings from the co-location of the Office of the Postsecondary Commission (OPC) with the Department of Elementary and Secondary Education. The savings are based on the elimination of several FTE positions from the OPC due to the sharing of administrative support; consequently, the Budget eliminates 6.0 unspecified FTE positions from the OPC. The co-location is also intended to allow closer collaboration between the agencies.

Department of Corrections - Centralized Service Charges- Facilities Management **(\$358,409)**

The Budget includes savings of \$358,409 for decentralized service costs related to facilities management within the Institutional Support Program, related to savings associated with the proposed sale of the Price Facility in the Pastore Center. The building is currently vacant but the Department still incurs operational charges, selling the building will eliminate all associated costs.

Rental of Outside Property Lease Costs and Facilities Adjustment **\$286,272**

The Budget adds \$286,272 in general revenue to reflect an adjustment for relocation, office design, and lease costs expected with the relocation of the Board of Elections from state-owned property to leased space, following the Governor's Efficiency Commission report recommendation to sell the state-owned property at 50 Branch Avenue in Providence.

Department of Human Services - Rental of Outside Property **(\$215,810)**

The Budget includes \$215,810 in general revenue savings (\$532,968 all funds savings) related to the rental of outside property, of which \$123,478 of this savings is due to the termination of the Department's lease in its current Providence field office. The Department anticipates ending the lease in December 2019; however, a new office space has not yet been determined. The remaining \$92,332 is related to relocating DHS staff from outside rental locations to state-owned properties in the Pastore Complex in Cranston.

Department of Business Regulation - Establish a Single State Building Office **(\$125,839)**

The FY2019 Budget as Enacted established the Division of Building, Design and Fire Professionals within the Department of Business Regulation (DBR), consolidating the Building Code Commission, Contractors' Registration and Licensing Board, the Design Professionals Group, the Office of the State Fire Marshal, and the Fire Safety Code Board of Appeal and Review. The fragmentation of the building and design functions has resulted in redundancies in personnel. In addition, the previous consolidation of offices and a new online system for obtaining permits has decreased the need for administrative staff.

The Division will reorganize with the following job classifications eliminated: Implementation Aide, Enforcement Aide, Programming Services Officer, and Senior State Building Official. Eliminated job classifications would be reclassified into other administrative and inspection positions at lower salary grades. The eliminated positions are funded by restricted receipts and would free up revenues to allocate funds towards other personnel, decreasing general revenue spending. Lower salary grades in addition to the elimination of 2.0 FTE administrative positions will decrease general revenue spending by \$125,839, with an assumed implementation date of January 1, 2020.

Department of Children, Youth, and Families - Parking **\$55,540**

The Budget includes general revenue savings of \$55,540, consistent with a recommendation put forth by the Governor's Commission on Government Efficiency to consolidate the Department of Children,

Youth, and Families' (DCYF) parking leases for its main office in Providence. The estimate is based on one quarter of the fiscal year for DCYF's employee parking contract, assuming the reduction would be implemented in the fourth quarter of FY2020.

Department of Children, Youth, and Families - Children's Behavioral Health Licensing **(\$46,112)**

The Budget includes general revenue savings of \$46,112 (\$74,374 all funds), consistent with a recommendation put forth by the Governor's Commission on Government Efficiency to modify the Department's behavioral health licensing function. Previously, DCYF licensed children's behavioral health programs and child-centric behavioral health organizations (i.e. the facilities that deliver such programs). This initiative would allow the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to license all behavioral healthcare facilities, including those that are child-centric. DCYF would maintain licensure oversight over children's behavioral health programs. This initiative would involve amending BHDDH's regulations and removes funding for 1.0 licensing position at DCYF.

Public Defender Rental of Parking Spaces **(\$23,400)**

The Budget decreases \$23,400 in general revenue to reflect the consolidation of employee leased parking spaces from private lots to the Garrahy Courthouse Garage, following the recommendation of the Governor's Efficiency Commission.

ORGANIZATIONAL EFFICIENCIES WORKING GROUP

This working group, comprised of staff from the Department of Administration, presented a set of organizational policy recommendations projecting general revenue savings of \$4.5 million in FY2020 and \$3.6 million in FY2021, along with a reduction of 28.0 FTE positions. There are areas of the proposals requiring further vetting. These include:

- Some of the proposals may simply be cost shifts and not true savings initiatives.
- The recommendations may not be fully investigated and agreed to by the impacted state agencies, by local governments, or by the collective bargaining units.
- The assumed personnel reductions may incur unemployment insurance costs to the state, collective bargaining unit position bumping, or create collective bargaining grievances.

The following table illustrates the presented proposals, projected savings, and whether the proposal will require legislation changes to implement:

Item	Organizational Efficiencies Projected Savings	FY2020 General Revenue	FY2021 General Revenue	Notes	Requires Legislation
1	Consolidate lead paint regulation in DOH. Improve coordination between RI Housing, DOH, DBR, and OHCD	\$114,338	\$151,123	Shift 2.0 FTE positions from OHCD to RI Housing. Remove Housing Commission Coordinator position from OHCD.	MOU
2	Consolidate Building Code, & Contractors Registration & Licensing Board.	125,839	257,718	Reduction of 2.0 FTE positions.	Yes
3	Transfer Adult Ed to DLT	50,000	102,000	Senate commission studying issue. Legislation will be consistent with Senate report. Reduction of 1.0 FTE position.	Yes. Will follow Senate legislation
4	Consolidate RI School for the Deaf audiological program and recoup audiological testing costs from LEAs	231,676	237,236	Cost shift to LEAs Fund source not identified. Eliminate GR funding for 3.0 FTE positions.	Yes
5	OPC/RIDE co-location and coordination	1,000,000	1,000,000	\$850,000 to \$1.0 million in savings and possibly \$200,000 DHEA reserves freed for personnel use. Reduction of 6.0 to 8.0 FTE positions.	No
6	Incorporate DCYF LEA Group Home & Residential Facilities billing process into the school funding distribution process.	2,086,632	639,870	Cost shift to LEAs. \$3.0 million uncollected receivable. Reimburse DCYF directly from LEA formula aid. Proposal assumes collection on current receivable.	Yes
7	Transfer HSRI to EOHHS	240,251	246,017	Cost shift of general revenue to restricted receipts. Reduction of 2.0 FTE positions in HSRI.	Yes
8	Align staff at Training School to Reflect Reduced Student Count	230,000	297,000	Reduction of 2.0 FTE positions.	No
9	Expand BHDDH's Responsibility to include licensing and oversight of Children's Behavioral Health Organizations.	46,112	47,218	Reduction of 1.0 Licensing Agent position	No
10	Use State's Medical Lab Vendor for Eleanor Slater Hospital*	156,000	327,000	Reduction of 7.0 FTE positions at ESH medical lab.	Regulatory changes
11	Complete Centrex to VoIP phone transition and reduce non-utilized phone lines	219,000	313,000	Transition telecom system from Centrex to Voice of Internet (VoIP) and reduce non-utilized phone lines.	No
Total Organizational Efficiencies		\$4,499,848	\$3,618,182		

* New option B in the Final Report

The Commission developed an “Option B” for recommendation #10 that maintains the laboratory at the Eleanor Slater Hospital, but requires the Department of Corrections to eliminate that agency’s use of a private lab vendor and return the lab work to performed in-house at the hospital. If Option B is used, the savings decrease to \$110,000.

REAL ESTATE STRATEGY WORKING GROUP

This working group, comprised of staff from the Department of Administration and from the real estate consultant Cushman and Wakefield, final recommendations consist of \$1.5 million in all fund savings, of which \$807,157 is general revenue operating savings in FY2020 and a potential \$6.0 to \$10.0 million in revenue from the sale of surplus state real estate.

The recommendations include “restacking” exiting state owned structures to increase workspace efficiency and the elimination of state leases for private space. In addition, the working group recommends adopting improved office design to achieve efficiency in work space use such as “hoteling” and “hot-desking” employee workspace, reduce the amount space used to store files and surplus equipment, and initiate policies to streamline the process to dispose of surplus office fixtures and equipment. The following table illustrates the consolidation “restacking” of state employees into existing properties:

Restacking Recommendation

Building	Existing Capacity	Restacked Capacity	Impacted State Agencies
Barry	105	163	74 BHDDH and 89 DHS-Elmwood Ave site
Simpson	105	162	162 BHDDH
Benjamin Rush	100	150	121 DHS-Elmwood Ave site and 29 DHS from Louis Pasteur site
Louis Pasteur	75	83	54 Mental Health Advocate and DEA, 29 vacant spaces
Powers Building	722	900	160 RIDE (Shepard Bldg.), 16 from OPC, 27 HR from Benjamin Rush, -27 Planning
Foundry	5,500 SF		Move Division of Planning and 27 FTEs to vacant space

The working group recommends the sale of several obsolete or surplus buildings in FY2020 and FY2021. In FY2020, this would produce operational savings of \$535,358 all funds (\$368,409 general revenue) and \$2.1 million all funds (\$1.9 million general revenue) in FY2021. The working group noted that an additional savings of \$5.9 million could be achieved through deferred maintenance costs on these structures.

The disposal could potentially realize \$6.0 to \$10.0 million in revenue from the sales. The following table illustrates the potential disposal of existing properties:

Real Estate Potential Disposals

Fiscal Year	Location	Property Name/Description	Agency	All Fund Operating Savings	General Revenue Operating Savings	Deferred Maintenance
2020	20 Goddard Road, Cranston	Price Correctional Facility	DOC	\$490,971	\$358,409	\$2,884,797
2020	160 Beechwood Avenue, Pawtucket	Medical Office Building	BHDDH	-	-	104,341
2020	55 Colorado Avenue, Warwick	Office/Industrial Building	DOT/DOA	34,387	-	28,208
2020	735 New London Avenue, Cranston	Ace Residential Building	DCYF	-	-	96,489
2020	365 Davisville Road, North Kingstown	Vacant Group Home	BHDDH	10,000	10,000	318,908
2020	6 Mockingbird Lane, Westerly	Vacant Group Home	BHDDH	-	-	-
2020	591 West Shore Road, Warwick	Vacant Group Home	BHDDH	-	-	-
2020	3 Noka Lane, Charlestown	Vacant Group Home	BHDDH	-	-	-
2020	21 Gardner Road, Westerly	Vacant Group Home	BHDDH	-	-	-
2020	40 Crestwood Drive, Richmond	Vacant Group Home	BHDDH	-	-	-
FY2020 Subtotal				\$535,358	\$368,409	\$3,432,743
2021	662 Hartford Avenue, Providence	Commercial Building	BHDDH	\$0	\$0	\$94,815
2021	16 Maplewood Street, Coventry	Storage Facility	DOT	-	-	89,580
2021	50 Branch Avenue, Providence	Board of Elections	BOE	85,271	85,271	116,167
2021	50 Orms Street, Providence	Chapin Health Lab	DOH	582,961	425,562	763,474
2021	259 Westminster Street, Providence	Shepard Building	DOA	1,399,443	1,399,443	1,412,847
FY2021 Subtotal				\$2,067,675	\$1,910,276	\$2,476,883
Total over 2-years				\$2,603,033	\$2,278,685	\$5,909,626

Analyst Note: RIGL 37-7-13 and 42-11-2.5 requires that the proceeds realized from the sale of state owned property shall be deposited into the State's Information Technology Investment Fund. In addition, RIGL 37-7-13 requires the sale of State-owned group homes when the property is vacant for a year and will no longer serve as a State group home.

The State will explore future potential lease property savings as leases terminate. The following table illustrates scheduled lease terminations that if suitable, move state agencies into state owned property is located.

Lease End	Agency	Sq. Footage
August 31, 2020	DHS/Child Support Enforcement	25,812
August 31, 2020	Secretary of State	8,000
December 31, 2020	DOA/HealthsourceRI	6,378
January 31, 2021	DCYF	13,153
August 31, 2021	Commission for Human Rights	9,912
November 30, 2021	DHS/ORS	27,680
November 30, 2021	DHS/DDS	16,024
November 30, 2021	Ethics Commission	4,535
March 31, 2022	Executive Office of Commerce	2,983

The working group recommends long-term real estate planning regarding state properties such as the Zambarano Campus, URI Campus at 259 Westminster Street, Chapin Health Laboratory, Medical Examiner's Office, and the Board of Elections. These properties will require relocation of the existing state agencies prior to a property reconfiguration or sale.



ARTICLES

Article 1: Relating to Making Appropriations in Support of FY2020

Article 1 outlines the appropriation amounts from all fund sources for FY2020. 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:

- Sets the airport impact aid formula at \$1,010,036.
- Authorizes 15,074.7 FTE positions, reflecting a decrease of 135.0 FTE positions as compared to the authorized level set in the FY2019 Budget as Enacted.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2021. In addition, the University of Rhode Island shall allocate \$350,000 to the Small Business Development Center and shall allocate \$50,000 to Special Olympics Rhode Island. The Budget requires the Office of Postsecondary Commissioner shall allocate \$355,000 to the Rhode Island College Crusade, \$75,000 shall be allocated to the Best Buddies Rhode Island, \$7.0 million to the RI Promise Scholarship program, and \$147,000 shall be used to support the State's membership in the New England Board of Higher Education.
- Caps the amount the Judiciary may charge 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 \$1.4 million. It requires the Judiciary to provide \$230,000 to the Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.
- 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.

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, 2020.

Expenditures by Source	FY2018 Final	FY2019 Enacted	FY2019 Final	FY2020 Revised	Change to Enacted
General Revenue	\$3,798.7	\$3,908.2	\$3,933.8	\$4,077.6	\$169.4
Federal Funds	2,996.5	3,208.2	3,334.5	3,325.4	117.2
Other Funds	1,978.4	2,174.5	2,191.0	2,256.2	81.7
Restricted Receipts	258.6	281.8	287.1	311.4	29.6
Total	\$9,032.2	\$9,572.7	\$9,746.4	\$9,970.6	\$397.9

\$ 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 FY2020.

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. The FY2019 Budget as Enacted established centralized accounts for each agency and allows 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	FY2019 Enacted	FY2020 Revised	Change
State Assessed Fringe Benefits	\$41,383,271	\$37,377,620	(\$4,005,651)
Administration Central Utilities	22,910,320	23,055,162	144,842
State Central Mail	6,539,120	6,290,947	(248,173)
State Telecommunications	3,602,419	3,450,952	(151,467)
State Automotive Fleet	12,549,973	12,740,920	190,947
Surplus Property	3,000	3,000	-
Health Insurance	251,953,418	252,444,854	491,436
State Fleet Revolving Loan Fund	273,786	273,786	-
Other Post-Employment Benefits	63,858,483	63,858,483	-
Capital Police	1,395,433	1,479,703	84,270
Corrections Central Distribution Center	6,769,493	6,798,359	28,866
Correctional Industries	8,050,590	8,191,195	140,605
Secretary of State Records Center	947,539	969,729	22,190
Human Resources Internal Service Fund	12,131,620	14,847,653	2,716,033
DCAMM Facilities Internal Service Fund	39,212,184	40,091,033	878,849
Information Technology Internal Service Fund	32,282,229	44,113,005	11,830,776
Total	\$503,862,878	\$515,986,401	\$12,123,523

- **State Assessed Fringe Benefit:** The decrease from current year is the anticipated annualized savings from having Beacon Mutual manage the Worker's Compensation program.
- **Centralized Services:** Other significant changes occur with the Human Resources Internal Service Fund and the Information Technology Internal Service Fund. The reasons for the increase include funding for Microsoft 365 in the Information Technology Internal Service Fund and the COLA/benefit changes initiated in FY2019 that impact all three of the centralized service funds Human Resources Internal Service Fund, DCAMM Facilities Internal Service Fund, Information Technology Internal Service Fund.

FUND TRANSFERS

Article 1 requires transfers from several quasi-public agencies be made to the State Controller by June 30, 2020, to support the General Fund. This includes another \$4.0 million from Rhode Island Infrastructure Bank. The following table illustrates the required transfers for FY2019 and FY2020:

Agency	FY2019 Enacted	FY2019 Revised	FY2020 Enacted	Change
Infrastructure Bank	\$4.0	\$4.0	\$4.0	\$0.0
RI Housing	-	-	1.5	1.5
Quonset Development Corporation	-	-	1.2	1.2
RI Student Loan Authority	-	-	1.5	1.5
DEM - Government Entities - Inceptors Bond Funds	-	1.1	-	-
DEM - Government Water Pollution Control Bond Funds	-	0.1	-	-
DEM - Private Water Pollution Control Facility Bond Funds	-	0.0	-	-
DEM - State Rec. Facilities Development Renovation Bond	-	0.0	-	-
DEM - Local Recreational Facilities Distressed Bond Fund	-	0.0	-	-
DEM - 25 India Street (Shooter's) Bond Fund	-	0.2	-	-
Commerce Corporation - Anchor Institution Tax Credit	0.8	0.8	-	(0.8)
Commerce Corporation - First Wave Closing Fund	-	-	5.0	5.0
Total	\$4.8	\$6.2	\$13.2	\$8.4

\$ in millions

- **Rhode Island Infrastructure Bank:** The Budget requires the Rhode Island Infrastructure Bank (RIIB) to transfer \$4.0 million to the State Controller by June 30, 2020. The transfer in FY2020 would result in RIIB losing \$11.5 million of infrastructure funds over three fiscal years. RIIB transferred \$3.5 million to the State in June 2018, and in accordance with the enacted FY2019 budget, will transfer \$4.0 million to the State in June 2019.
- **Rhode Island Housing and Mortgage Finance Corporation:** Article 1 requires the Rhode Island Housing and Mortgage Finance Corporation (RIHousing) to transfer \$1.5 million to the State Controller for deposit in the General Fund by June 30, 2020.
- **Quonset Development Corporation:** The Budget also includes a \$1.2 million transfer from the reserves of the Quonset Development Corporation (QDC). The Governor had proposed a \$2.0 million transfer from QDC in FY2019, which is not included in the Budget.
- **Rhode Island Student Loan Authority:** The Budget requires the Rhode Island Student Loan Authority (RISLA) to transfer \$1.5 million to the State Controller for deposit in the General Fund by June 30, 2020. RISLA, a non-profit State authority, provides affordable higher education loans.
- **First Wave Closing Fund:** The Budget requires that the RI Commerce Corporation (CommerceRI) transfer \$5.0 million from the First Wave Closing Fund. This Fund is intended to support economic development by providing “gap financing” for certain types of projects. The incentive program has been appropriated \$15.3 million since it was established in FY2016 and has awarded only \$2.4 million. The fund will have a balance of \$7.9 million, inclusive of this transfer.

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 decrease of 135.0 FTE positions from the FY2019 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:

<u>Expense by Function</u>	<u>FY2019 Enacted</u>	<u>FY2020 Enacted</u>	<u>Change to Enacted</u>
General Government	2,438.9	2,406.9	(32.0)
Human Services	3,682.6	3,556.6	(126.0)
Education	3,959.4	3,953.4	(6.0)
Public Safety	3,160.0	3,190.0	30.0
Natural Resources	425.0	424.0	(1.0)
Transportation	755.0	755.0	-
Subtotal	14,420.9	14,285.9	(135.0)
<i>Higher Ed. Sponsored Positions</i>	<i>788.8</i>	<i>788.8</i>	<i>-</i>
<i>Higher Ed. Auxiliary Enterprise Positions</i>	<i>-</i>	<i>-</i>	<i>-</i>
Total FTE Positions	15,209.7	15,074.7	(135.0)

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, 2021, June 30, 2022, June 30, 2023, and June 30, 2024. 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, establishes fiscal oversight measures, reconfigures the telecommunication charges, and amends general law regarding the handling of multi-state initiative or settlement funds. Specifically, the article:

- Amends RIGL 5-20.7-15 regarding the Real Estate Appraisers Registration – CLRA to create a restricted receipt account. The Department of Business Regulation collects and uses funds from this account.
- Amends RIGL 5-20.9-7 to codify the Appraisal Management Company – Registration restricted receipt account. The Department of Business Regulation collects and remits these funds to the federal government.
- Adds language authorizing the State Auditor General to establish a performance investigation division for the purpose of preventing and detecting waste, fraud, abuse, and mismanagement of State funds.
- Establishes a new restricted receipt account for the Healthcare Information Technology and Infrastructure Development Fund to support the development of healthcare technologies designed to improve the quality of healthcare services and provide patient data security.
- Adds language to control state spending with state departments and agencies that demonstrate in a quarterly financial report, that the entity’s obligations, encumbrances, and expenditures will exceed amounts appropriated to the entity.
- Exempts five 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 Health System Transformation Project, Healthcare Information Technology, the De Coppet Estate Fund, and to two new accounts the E-911 Uniform Emergency Telephone System, and the Health Insurance Market Integrity Fund restricted receipt accounts. The Health Insurance Market Integrity Fund (HIMIF) is funded by taxpayer penalty payments for not maintaining minimum essential health insurance coverage. The fund supports the State’s reinsurance program.
- Establishes a new Health System Transformation Project restricted receipt account to record federal financial participation associated with healthcare workforce development activities at the State’s institutions of higher education.
- Repeals in its entirety, RIGL 39-1-62 that authorizes the Geographic Information System (GIS) and technology fund.
- Reconfigures the telecommunication surcharges that support emergency services and first response programs, including the E-911 program.
- Amends RIGL 49-9-19 to change how the Department of the Attorney General handles multi-state initiatives and settlement funds.

FISCAL IMPACT

The proposed exemptions for the Real Estate Appraisers Registration – CLRA fee will shift projected general revenue collection of \$125,000 in FY2020 to restricted receipts, and shift approximately \$50,000 in general revenue collections for the Appraisal Management Company – Registration fee to restricted receipts, based on 50 registrants at \$500 per license fee.

The Budget shifts \$5.1 million in E-911-related expenditures from the general fund to the new E-911 Fund. The Office of Revenue Analysis estimates that the E-911 Surcharge will generate \$6.0 million for the E-911 Fund in FY2020. The First Response Surcharge is estimated to produce \$10.5 million in general

revenue. The Information Technology Investment Fund is estimated to receive \$1.0 million from the First Response Surcharge.

ANALYSIS AND BACKGROUND

This article addresses various restricted receipts accounts. The changes are explained in detail below.

Real Estate Appraisers Registration – CLRA

Section 1 of this article amends RIGL 5-20.7-15 regarding the Real Estate Appraisers Registration – CLRA fee to create a restricted receipt account. Pursuant to general law and federal code, the Department of Business Regulation collects fees on the issuance of a new license and on renewal fees. The amount of the annual fee is \$240 that is collected on a 2-year basis (\$480). The fee, except for the annual \$40, is deposited into the general fund. The department remits the \$40 (\$80 2-year basis) to the federal Appraisal Subcommittee per Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

The Department projects revenue collections of \$124,650 in FY2019 and \$125,000 for FY2020. Passage of this article would shift the revenue to restricted receipts. The account will not be exempt from the indirect cost recovery provision of RIGL 5-4-27.

Appraisal Management Company – Registration

Section 2 amends RIGL 5-20.9-7 concerning the Appraisal Management Company – Registration fee to create restricted receipt account. Pursuant to general law and federal code the Department of Business Regulation collects fees on the issuance of a new license and on renewal fees to appraisal management companies. The revenue is remitted to the federal Appraisal Subcommittee per Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The amount of the annual fee is \$500, which is deposited into the general fund. The department currently deposits the annual fee into the general fund. Since the department essentially acts as a pass-through entity, passage of this article would shift the revenue to restricted receipts. The account will not be exempt from the indirect cost recovery provision of RIGL 5-4-27.

The Department projects revenue collections of \$25,000 in FY2019 and for FY2020 based on 50 registrants at \$500 per license fee.

State Auditor General to Establish a Performance Investigation Division

Section 3 of this article adds language authorizing the State Auditor General to establish a performance investigation division for the purpose of preventing and detecting waste, fraud, abuse, and mismanagement of State funds. The Budget does not include additional funding or FTE positions for the Office of the Auditor General.

Healthcare Information Technology and Infrastructure Development Fund

Section 4 of this article amends RIGL 23-77-2 to clarify that the Healthcare Information Technology and Infrastructure Development Fund is a restricted receipt account. Public Law 2004, Chapter 397 created the Healthcare Information Technology and Infrastructure Development Fund within the Department of Health for the purpose of promoting the development and adoption of healthcare information technologies designed to improve the quality, safety and efficiency of healthcare services. The Health Information Technology (HIT) fund seeks to develop, maintain, expand and improve the State's HIT infrastructure. The current donations have been approved to support EOHHS's contract with Rhode Island Quality Institute PMPM work. The Executive Office of Health and Human Services (EOHHS) has been approved to use HIT Fund contributions as agreed upon by the Director of the Rhode Island Department of Health for state match to support activities in the approved EOHHS Medicaid HITECH Health Information Technology Implementation Advance Planning Document (IAPD).

Control of State Spending

Section 5 adds language to control state spending with state departments and agencies that demonstrate in a quarterly financial report, that the entity's obligations, encumbrances, and expenditures will exceed amounts appropriated to the entity. In such event, the state entity shall provide monthly budget reports to the chairpersons of the Senate and House Finance Committees stating the corrective actions taken to control spending to meet the appropriation. The State Controller will be prohibited to authorize payments for new personnel, purchases, or contracts for any agency unable to stay within the appropriated amounts, unless there is emergency which must be documented and reported to the chairpersons of the Senate and House Finance Committees.

The Director of the Department of Administration shall report to the chairpersons of the Senate and House Finance Committees that when such expenditure excesses occur, if any disciplinary actions or penalty actions are taken, and if not an explanation of why it did not occur. The Budget provides that the Governor may make supplemental appropriations requests at any time of the fiscal year, provided that within the request the budget must remain balanced.

Indirect Cost Recovery Exemptions

Section 6 amends state law permitting the assessment of a 10.0 percent indirect cost recovery charge on most state restricted receipt accounts in order to support the administrative overhead costs associated with the collection of funds and administration of the accounts. RIGL 35-4-27 enumerates those restricted receipts exempted from this assessment. Section 6 of this article expands the list to include the following accounts:

- **Health System Transformation Project:** Section 7 of this article amends RIGL 42-7.2-10 to create the Health System Transformation Project (HSTP) restricted receipt account. The account will record federal financial participation associated with qualifying healthcare workforce development activities at the state's public institutions of higher education. The first round of HSTP from the federal Designated State Health Program (DSHP) matching financing is being initially recorded as a restricted receipt. The purpose of the restricted receipt account is to safeguard residual cash balances year to year, as any unexpended match will remain recognized in the account until they are disbursed. The restricted account would be used to be a "holding place" for federal dollars that have been earned through the quantification and documentation of eligible costs at the state's university and colleges for programs that train healthcare professionals that will ultimately provide services to Medicaid program participants. Those funds will then be subsequently used as the match for the federal reimbursement of the accountable entity payments.
- **Healthcare Information Technology:** Public Law 2004, Chapter 397 created the Healthcare Information Technology and Infrastructure Development Fund within the Department of Health for the purpose of promoting the development and adoption of healthcare information technologies designed to improve the quality, safety and efficiency of healthcare services.
- **De Coppet Estate Fund:** This is a newly created restricted receipt account within the Department of Environmental Management (DEM) that was erroneously subsumed under a pre-existing restricted receipt account that was not exempt from the indirect cost recovery provision. The receipts in the fund relate to a bequest of land (Hillsdale) located in the Town of Richmond. The land consists of 1,825.2 acres was formally accepted as trust to the State in 2014, 75-years after the death of the property owner, Theakston de Coppet and after the passing of his last land tenant in 2010. Resolution 340 in 2014 placed the land in to the state and set that 8/40th of the annual trust income (approximately \$20,000) be used to provide support of the land. This action will exempt the trust income from the indirect cost recovery provisions.
- **E-911 Uniform Emergency Telephone System:** Article 2 establishes a new E-911 \$0.50 surcharge to support the E-911 program. Revenue from the surcharge will be deposited into a new dedicated

restricted receipt account within the Department of Public Safety (DPS) explicitly reserved for the purposes of supporting the E-911 system.

- **Health Insurance Market Integrity Fund:** The Health Insurance Market Integrity Fund (HIMIF) is funded by taxpayer penalty payments for not maintaining minimum essential health insurance coverage. The fund supports the State’s reinsurance program.

Geographic Information System (GIS) and Technology Fund

Section 7 repeals in its entirety, RIGL 39-1-62 that authorizes the Geographic Information System (GIS) and technology fund.

E-911 Fund and New Surcharges

Sections 8, 9, and 12 reconfigure the telecommunication surcharges that support emergency services and first response programs, including the E-911 program.

The State has levied a surcharge, in one form or another, on telecommunication services for the purposes of supporting E-911 since it first became operational in 1988. That year, the Federal Communications Commission (FCC) authorized Rhode Island to assess a \$0.42 per month charge on every telephone line with the requirement that the funds be used to develop, maintain, and improve the State’s emergency response system. The revenue from the surcharge was deposited into a restricted receipt account. In 2000, the General Assembly eliminated this account, directed the revenue to be deposited into the general fund, and began budgeting E-911 system expenditures with general revenue.

In 2002 the surcharge was increased to \$1.00 per month, per line. In 2004 a separate \$0.26 per month, surcharge, on wireless lines only, was established, bringing the total cost State surcharge total \$1.26 per month for cellphone users. Revenue from this surcharge was deposited into a restricted receipt account for the purposes of funding the development and maintenance of the State’s GIS database as well as supporting technology upgrades to enable text messaging 911 service.

In 2015, the General Assembly modified the allocation of the surcharge once again, directing 10.0 percent of the surcharge to the Information Technology Fund. The ITIF is used to acquire information technology hardware, software, consulting services, and ongoing maintenance contracts for state departments and agencies.

In 2018, the FCC began putting pressure on Rhode Island to stop depositing the surcharge into the general fund and reestablish a dedicated account. The General Assembly, however, did not reestablish the account during the 2018 session. Instead, it chose to change the name of the fee from the E-911 surcharge to the Emergency Services and First Response surcharge. The stated objective of the change was to provide consumers with greater clarity as to what the surcharge was being used for. The following timeline summarizes the major changes to how the E-911 program has been funded, inclusive of those made in Article 2.

E-911 Surcharge and Restricted Receipt Timeline							
1986	1988	1996	1997	2000	2002	2004	2015
"911 Emergency Telephone Number Act" becomes law; E-911 Commission established to oversee system	E-911 becomes operational; FCC authorizes RI to assess surcharge; Telephone surcharge = \$0.42	Surcharge = \$0.47	Authority over E-911 System transferred to the Executive Branch	E-911 restricted receipt account eliminated. Surcharge revenue deposited into general fund.	Surcharge = \$1.00	GIS surcharge on cellphones established: \$0.26	10.0% of the E-911 surcharge to the ITIF
2018				2019			
FCC notifies RI that it opposes practice of depositing E-911 surcharge revenue into general fund; E-911 surcharge renamed Emergency Services and First Response surcharge				General Assembly repeals emergency services and first response surcharge and the GIS surcharge,; new First Response surcharge established: \$0.75; new E-911 surcharge established: \$0.50. New E-911 restricted receipt account established. Surcharge revenue is deposited into this account			

Article 2 Changes

Article 2 significantly reconfigures the telecommunication surcharges that support emergency services and first response programs, including the E-911 program. These changes include:

- **Repeal of the Emergency Services and First Response Surcharge:** Article 2 eliminates the \$1.00 per month Emergency Services and First Response surcharge.
- **Repeal of the GIS/Tech Fund/Surcharge:** Article 2 repeals the Geographic Information System (GIS) and Technology Fund and \$0.26 surcharge.
- **E-911 Surcharge and Fund:** Article 2 establishes a new E-911 \$0.50 surcharge to support the E-911 program. Revenue from the surcharge will be deposited into a new dedicated restricted receipt account within the Department of Public Safety (DPS) explicitly reserved for the purposes of supporting the E-911 system.
- **First Response Surcharge:** Article 2 also establishes a new first response surcharge to support first responder services across the state. The surcharge amount varies by telecommunication type and is summarized in the tables below.

The changes made to the telecommunication surcharges are further summarized in the following tables:

Surcharge - Wireline	Current		Article 2	
	Amount	Deposited	Amount	Deposited
Emergency Services and First Response Surcharge	\$1.00	General Fund (90%) / ITIF* (10%)	Repealed	Repealed
E-911 Surcharge	N/A	N/A	\$0.50	E-911 Fund (RR)
First Response Surcharge	N/A	N/A	0.50	General Fund (90%) / ITIF* (10%)
Total	\$1.00		\$1.00	

Surcharge - Wireless	Current		Article 2	
	Amount	Deposited	Amount	Deposited
Emergency Services and First Response Surcharge	\$1.00	General Fund (90%) / ITIF* (10%)	Repealed	Repealed
E-911 Surcharge	N/A	N/A	\$0.50	E-911 Fund (RR)
First Response Surcharge	N/A	N/A	0.75	General Fund (90%) / ITIF* (10%)
GIS/Technology Surcharge	0.26	GIS/Tech Fund (RR)	Repealed	Repealed
Total	\$1.26		\$1.25	

Surcharge - Prepaid	Current		Article 2	
	Amount	Deposited	Amount	Deposited
Emergency Services and First Response Surcharge	2.5% of retail transaction	General Fund	N/A	N/A
E-911 Surcharge	N/A	N/A	2.5% of retail transaction	E-911 Fund (RR)
First Response Surcharge	N/A	N/A	N/A	N/A
GIS/Technology Surcharge	N/A	N/A	N/A	N/A
Total				

*Information Technology Investment Fund

E-911 Surcharge and First Response Surcharge Revenues vs. Expenditures					
Fiscal Year	E-911 Surcharge	First Response Surcharge	E-911 Expenditures	Deposit to ITIF	Net to General Fund
2010	\$17,898,223		\$4,635,901	-	\$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	-	9,798,629
2015	17,640,703		5,320,615	-	12,320,088
2016	16,649,747		5,499,050	1,571,992	9,578,704
2017	16,845,536		5,699,440	1,632,500	8,993,060
2018	17,072,415		5,894,522	1,665,150	9,512,743
2019*	16,786,838		5,899,730	1,678,684	9,208,424
2020^	6,048,138	10,465,100	7,014,261	1,046,510	9,418,590

* FY 2019 revenue estimates are provided by the Budget Office.

^ FY 2020 revenue estimates are provided by ORA. ORA used the Budget Office Estimates for each E911 account under current law, recalculated the revenues based on the proposals, and used the 5-year cash averages through September to estimate the impact of the October 1 implementation date.

Health System Transformation Project

Section 10 of this article creates the Health System Transformation Project (HSTP) restricted receipt account within the Executive Office of Health and Human Services under RIGL 42-7.2-10. The account will record federal financial participation associated with qualifying healthcare workforce development activities at the state's public institutions of higher education. The project is part of the Governor's initiative to reinvent Medicaid. Funds will be used to promote improved access and quality of care for Medicaid beneficiaries in RI by supporting the education and training of the healthcare workforce.

The first round of HSTP from the federal Designated State Health Program (DSHP) matching financing is being initially recorded as a restricted receipt. The purpose of the restricted receipt account is to safeguard residual cash balances year to year, as any unexpended match will remain recognized in the account until they are disbursed. The restricted account would be used to be a "holding place" for federal dollars that have been earned through the quantification and documentation of eligible costs at the state's university and colleges for programs that train healthcare professionals that will ultimately provide services to Medicaid program participants. Those funds will then be subsequently used as the match for the federal reimbursement of the accountable entity payments.

Attorney General Multi-State Initiatives and Settlement Funds:

Section 11 of this article amends RIGL 49-9-19 to change how the Department of the Attorney General handles multi-state initiatives and settlement funds. The article:

- Authorizes the Attorney General to recover attorney fees and costs associated with prosecuting multi-state settlements and consider the recovered funds settlement proceeds.
- Creates a new Attorney General multi-state initiative restricted receipt account for the deposit of settlement funds. The restricted receipt account can be used to fund staff, operational, and litigation costs associated with multi-state initiatives.
- The Office may retain 10.0 percent of such proceeds, up to \$65,000, in any fiscal year, in the restricted receipt account.

- Requires that all settlement proceeds accepted by the Attorney General, as part of the terms of the relevant master settlement agreement, will be subject to the annual appropriation process by the General Assembly.

Article 3: Relating to Government Reform

This article makes several changes to the Rhode Island General Laws regarding permits and licenses, regulatory authority, tax administration, and Injured on Duty benefits. Specifically, the article:

- Eliminates the permit fee required for parking facilities within the Warwick Airport Parking District.
- Consolidates regulatory authority for gas station inspections to the Department of Labor and Training (DLT) and eliminates two gasoline permit fees.
- Amends laws related to tax administration and background checks.
- Authorizes the Director of the Department of Corrections (DOC) to utilize an online application system for Correctional Officer applicants and establish an application fee associated with the system.
- Repeals legislation that required the Department of Revenue and the Division of Municipal Finance to monitor and report the compliance of the Town of Coventry Fire District.
- Amends Injured on Duty requirements for all state employees receiving injured on duty payments.

FISCAL IMPACT

The Budget include general revenue savings of \$1.7 million to account for changes to Injured on Duty benefits for state employees. Savings include \$204,130 in Military Staff, \$1.4 million in the Department of Public Safety, and \$64,672 in the Department of Environmental Management. The Budget eliminates a \$10 fee for a motor carrier fuel license, temporary license, or decal, and a \$5 license fee for the retail sale of gasoline. The elimination of the two fees decreases general revenue by \$50,180. The Department of Revenue collected \$1,250 in FY2018 and \$1,400 in FY2019 in permit fees from the Warwick Airport Parking District. Elimination of the fee is estimated to reduce general revenue collections by \$1,500 in FY2020.

Initiative	Impact
IOD Benefit Changes	\$1,657,068
Gasoline Permit Fees	(50,180)
Airport Parking Permit	(1,500)
Total Fiscal Impact	\$1,605,388

ANALYSIS AND BACKGROUND

Warwick Airport Parking District: The Budget eliminates fees associated with a permit to offer parking in a lot, garage, or other parking facility located within the Warwick Airport Parking District. Currently, this fee is \$10 per space, with a maximum of \$250 per permit. Although the fee is no longer applicable, the permit will still be required.

Gasoline Permit Fees: The Budget eliminates two fees associated with gasoline permits as part of an initiative to ease business ownership in the State. Although permit holders are still required to obtain permits, the associated fee is no longer required.

Transfer of Regulatory Authority: The Budget transfers regulatory authority for the display of gasoline prices and advertising from the Department of Business Regulation (DBR) to the Department of Labor and Training (DLT). Currently, DLT is responsible for inspecting gas pumps, while DBR is responsible for inspecting listed prices and advertisements. DLT has agreed to handle the regulatory responsibility since it already inspects the gas pumps.

Background Checks: Article 3 adds the responsibility and authority to conduct background checks for applicants and current employees in state positions with access to federal tax information.

Tax Administration: The Budget provides the Division of Taxation with authority to prepare a list of entities licensed to collect taxes, such as retail sales tax permit holders, cigarette dealers, and liquor licenses. The Division is also authorized to publish the list online.

Childcare Employment: The article amends RIGL 40-13.2 regarding criminal records checks and qualifications for childcare employment. Specifically the article requires the following obtain criminal background checks:

- Employees of facilities that are required to be licensed or registered with the Department of Human Services (DHS). Employees must also obtain an employment background check and a child abuse and neglect tracking system (CANTS) check. The Director of DHS can regulate which positions require the background checks.
- Persons seeking to operate a facility that is required to be licensed or registered with DHS.
- Those with supervisory or disciplinary power over children.
- Individuals seeking to volunteer at the Training School for Youth.
- Adult household members and volunteers of an operator of a family day-care home, or group family day-care home.
- Individuals seeking employment in a child placing agency, child caring agency, children's behavioral health program, or in foster or adoptive homes.

Correctional Officer Application Fees: Law enforcement agencies across the State are having difficulties with recruitment. While the Department of Corrections (DOC) is able to generate a large number of Correctional Officer applicants, only a small number actually graduate. The Article implements an online application system and associated application fee, intended to generate more serious applicants as well as allow the Department to widen their recruitment opportunities. The actual cost per application will be determined by the vendor and all fees will go directly to the vendor. The Article requires DOC to continue to offer an application that is free of charge in addition to the new online system.

Injured on Duty: The Budget provides mechanisms for terminating IOD benefits and hiring positions that are held by the employees receiving IOD. The inability to fill these positions results in higher overtime spending and problematic scheduling for departments. Presently, there are five individuals who continue to receive long-term IOD benefits, as they were determined to have been injured on duty prior to amendments in 2011 that required certification of improvement to track progress toward returning to work. Specifically, Article 3:

- Requires state employees receiving IOD benefits to apply for accidental disability benefits within 60 days after the treating doctor or independent medical examiner certifies that the patient has reached maximum medical improvement or permanent disability from injury and in any event not later than 18-months after the date of the person's injury. Either finding will require such recipient to apply for accidental disability pension benefit. Any person on IOD prior to July 1, 2019, shall have 90 days to apply for ordinary or accidental disability.
- Requires state employees receiving IOD benefits to apply for accidental disability benefits within 60 days after the treating doctor or independent medical examiner certifies that the patient has reached maximum medical improvement or permanent disability from injury and in any event not later than 18-months after the date of the person's injury.
- Requires state employees receiving IOD benefits with static or incapacitating permanent injuries to apply for accidental disability within 60 days after physician certification of the permanent injury. State employees on IOD prior to July 1, 2019, shall have 90 days to apply for an accidental disability benefit. State employee who fail to comply with these changes within the specified timeframe shall have their IOD benefits terminated.

Article 4: Relating to Government Reorganization

This article makes several changes to the organization of state government. Specifically, this article:

- Consolidates the Contractor’s Registration and Licensing Board and the Building Code Commission into a new State Building Office. The FY2019 Budget as Enacted established the Division of Building, Design and Fire Professionals within the Department of Business Regulation (DBR), consolidating the Building Code Commission, Contractors’ Registration and Licensing Board, the Design Professionals Group, the Office of the State Fire Marshal, and the Fire Safety Code Board of Appeal and Review. The fragmentation of the building and design functions has resulted in redundancies in personnel. These changes will take effect on January 1, 2020.
- Eliminates the requirement that applicants to the Contractors’ Registration and Licensing Board complete a written affidavit subject to perjury, and instead requires a signed statement that they are aware of the provisions and implications of the law.
- Transfers the Small Business Ombudsman from the Office of Regulatory Reform within the Office of Management and Budget to the Department of Business Regulation (DBR).
- Renames the Office of Veterans’ Affairs to the Office of Veterans Services.
- Renames the Division of Elderly Affairs to the Office of Healthy Aging.
- Repeals RIGL 30-27-1 that authorized the General Assembly to appropriate funds in support of the annual encampment of the United Spanish War Veterans. This statute is removed from general law because it is outdated, as there are no surviving veterans from this organization.
- Maintains a technical correction by eliminating the former Department of Elderly Affairs from the list of enumerated departments in state government.
- Requires that the director of elderly affairs be appointed by the Governor with the advice and consent of the Senate. The Budget provides a technical correction by eliminating the former Department of Elderly Affairs from the list of enumerated departments in state government.
- Eliminates the Motor Vehicle Inspection Commission.
- Eliminates the Office of Federal Grants Management from within the Office of Management and Budget (OMB) and transfers the responsibility for federal grants management to the State Controller under the Accounts and Control program.
- Adds language under the general law regarding the merit system to broaden the reporting requirements for the inter-agency transfer of any state employee by amending RIGL 36-4-34.1.
- Establishes the Statewide Planning Program within the Department of Administration “to prepare, adopt, and amend strategic plans for the physical, economic, and social development of the state.” Also the article changes the composition of the Statewide Planning Council.
- Transfers the licensing of child care providers from the Department of Children, Youth, and Families (DCYF) to the Department of Human Services (DHS).

FISCAL IMPACT

Most of the statutory items selected for amendment have no direct savings attached to them.

ANALYSIS AND BACKGROUND

State Building Office

Sections 1 through 3 consolidate the Contractor's Registration and Licensing Board and the Building Code Commission into a new State Building Office. The FY2019 Budget as Enacted established the Division of Building, Design and Fire Professionals within the Department of Business Regulation (DBR), consolidating the Building Code Commission, Contractors' Registration and Licensing Board, the Design Professionals Group, the Office of the State Fire Marshal, and the Fire Safety Code Board of Appeal and Review. The fragmentation of the building and design functions has resulted in redundancies in personnel. These changes will take effect on January 1, 2020.

The article also eliminates the requirement that applicants to the Contractors' Registration and Licensing Board complete a written affidavit subject to perjury, and instead requires a signed statement that they are aware of the provisions and implications of the law.

Office of Veterans Services

Section 5 of the article renames the Office of Veterans' Affairs to the Office of Veterans Services, with the director renamed as the Director of Veterans Services, effective July 1, 2019. The article specifies that all references in general law to the former Office or Director of Veterans' Affairs shall be deemed to mean and refer to the Office and Director of Veterans Services, respectively.

The Budget does not include the Governor's proposal to transfer the administration of the Office from the Department of Human Services (DHS) to the Executive Office of Health and Human Services (EOHHS), due to the impact on EOHHS' cost allocation plan and the loss in federal funding that would have ensued. The newly-renamed Office of Veterans Services shall remain a program within DHS.

United Spanish War Veterans

Section 6 repeals RIGL 30-27-1 that authorized the General Assembly to appropriate funds in support of the annual encampment of the United Spanish War Veterans. This statute is removed from general law because it is outdated, as there are no surviving veterans from this organization.

Motor Vehicle Inspection Commission

Sections 7 and 8 eliminate the Motor Vehicle Inspection Commission. State statute provides for a seven-member panel appointed by the Governor, with the advice and consent of the Senate, to share in the role of overseeing the State's motor vehicle inspection system. The laws establishing the Commission were enacted in their current form in 2006. However, the Commission has never been officially constituted. According to the Division of Motor Vehicle, eliminating the Commission from law will have no operational impact. It will also better align statute with the existing regulatory framework. Inspections stations are currently regulated by DOR, through the DMV, pursuant to other sections of the General Laws contained in Chapters 31-38 and 31-47.1. Inspections are further governed by DMV regulations, 280-RICR-30-15-1 (Rhode Island Motor Vehicle Safety and Emission Control Regulation No. 1) and 280-RICR-30-15-3 (Official Manual for Vehicle Inspection).

Office of Federal Grants Management

Sections 9 and 10 eliminate the Office of Federal Grants Management within the Office of Management and Budget (OMB) and transfers the responsibility for federal grants management to the State Controller under the Accounts and Control program. Currently, there is 1.0 FTE position in the Office of Federal Grants Management. According to the Department, the FTE position and funding will internally transfer between the two offices. According to the Office of Internal Audits, the transfer eliminates a potential conflict of interest because the Office of Federal Grants Management reported administratively to the Office of Internal Audits, thereby prohibiting the audit of the program. Generally accepted audit standards require the auditor to be independent and objective. Since Office of Internal Audit is responsible for oversight of

the federal grants, there is no independence. By moving the responsibility for federal grants management to Accounts and Control, the conflict is avoided.

Merit System

Section 11 adds language to broaden the reporting requirements for the inter-agency transfer of any state employee by amending RIGL 36-4-34.1. This change requires the Director of the Department of Administration or the State Personnel Administrator to file a written report to the President of the Senate, Speaker of the House, and to the chairpersons of the Senate and House Finance Committees within seven days of making a transfer of any state employee. The report shall contain the employee's name, work position and location, purpose and duration of the transfer, and the specific tasks to be assigned to the transferred employee.

Enumeration of Departments

Section 12 provides a technical correction by eliminating the former Department of Elderly Affairs from the list of enumerated departments in state government. The Department of Elderly Affairs was removed as a department and consolidated as a division within Department of Human Services in 2011.

Statewide Planning Program

Section 13 establishes the Statewide Planning Program within the Department of Administration "to prepare, adopt, and amend strategic plans for the physical, economic, and social development of the state." The article changes the composition of the Statewide Planning Council to ensure a broader participation by communities and organizations, and codifies the Transportation Advisory Committee as one of the three principal advisory committees of the Metropolitan Planning Organization (MPO).

Office of Healthy Aging

Section 17 of the article renames the Division of Elderly Affairs to the Office of Healthy Aging effective July 1, 2019. The article specifies that all references in general law to the former Department or Division of Elderly Affairs shall be deemed to mean and refer to the Office of Healthy Aging. The director shall be appointed by the Governor with the advice and consent of the Senate.

Analyst Note: The article does not change the title of the director, who shall continue to be referred to as the Director of Elderly Affairs.

The Budget does not include the Governor's proposal to transfer the administration of the Office from the Department of Human Services (DHS) to the Executive Office of Health and Human Services (EOHHS), due to the impact on EOHHS' cost allocation plan and the loss in federal funding that would have ensued. The newly-renamed Office of Healthy Aging shall remain a program within DHS.

Small Business Ombudsman

Sections 16 and 18 of the article transfer 1.0 FTE and \$158,884 in general revenue to transfer the Small Business Ombudsman from the Office of Regulatory Reform within the Office of Management and Budget to the Department of Business Regulation (DBR). DBR is currently operating under a memorandum of understanding with the Office of Regulatory Reform that allows the Ombudsman to work within DBR. The article formally transfers the position and allows for the Ombudsman to work closely with business owners in the State to navigate regulatory requirements of business ownership.

Child Care Licensing

Sections 14, 15, and 19 through 22 of the article transfer the authority to license child day care providers from the Department of Children, Youth, and Families (DCYF) to the Department of Human Services (DHS) and allows DHS to assess administrative penalties for licensing violations pursuant to RIGL 42-72.11. The article adds chapter 42-12.5 entitled "Licensing and Monitoring of Child Day Care Providers" to place the day care licensing authority with DHS. All child care licensing violations shall be appealed with the Rhode Island Superior Court. Prior to the transfer, these violations were appealed to the Rhode

Island Family Court due to DCYF's extensive involvement with that court. The Superior Court is a more appropriate venue for child care licensing appeals, in accordance with State practice surrounding appeals for other department licensure actions.

The article does not transfer the authority to license child-placing agencies, residential treatment centers, group homes, foster homes, adoptive homes, or children's behavioral health programs. This responsibility remains with DCYF. The article also retains DCYF's authority to investigate reports of abuse or neglect at child day care facilities and retains the Family Court's oversight over such matters. The article amends the title and content of RIGL 42-72.1 to reflect the change in DCYF's authority.

The Budget transfers the child care licensing unit, consisting of 8.0 FTEs, from DCYF to DHS.

Article 5: Relating to Taxes, Revenues, and Fees

This article expands the sales tax to include digitally downloaded content, raises certain professional licensing fees, and makes other changes to revenues. Specifically, Article 5:

- **Hospital License Fee:** Provides for the annual reauthorization of the hospital license fee. The article maintains the fee at 6.0 percent in FY2020 and lowers the fee to 5.0 percent in FY2021. The article also provides a 37.0 percent discount for hospitals located in Washington County (South County and Westerly Hospitals), amounting to a fee of 3.78 percent in FY2020 and 3.15 percent in FY2021.
- **Beverage Containers and Hard-to-Dispose Materials:** Doubles the taxes on hard-to-dispose materials such as oil, antifreeze, and organic solvents. It also doubles the tax on beverage containers from four cents to eight cents.
- **Sales Tax Changes:** Subjects digital downloads of videos, music, and electronic books to the State's sales tax. The article also exempts two new categories of products from the sales tax. Lastly, the article eliminates a statutory provision that would have triggered a reduction in the sales tax if certain criteria were met.
- **DBR Professional Fees:** Increases existing regulatory certifications and licensing fees administered by the Department of Business Regulation.
- **Tax Administration Changes:** Makes several changes to improve the administration of the Division of Taxation and bring Rhode Island personal income and business tax statutes into conformity with new federal law and Internal Revenue Service practices.
- **Historic Preservation Tax Credit:** Extends the term for existing tax credits awarded under the State's Historic Preservation Tax Credit program from December 31, 2019, to December 31, 2022.
- **Hotel Tax Changes:** Changes the distribution of 5.0 percent State hotel tax so that local tourism districts receive a share from rentals of properties facilitated by hosting platforms.
- **DEM Parking Fees:** Freezes the parking fees charged at State beaches through October 1, 2021.
- **DOR Collections Unit:** Adjusts the interest at which the Collections Unit at the Department of Revenue may place upon a delinquent debt referred to it by a State agency.

FISCAL IMPACT

The fiscal impact of Article 5 is summarized below:

Article 5 Fiscal Impact	
Initiative	General Revenue
Hospital License Fee	\$193.8
Beverage Containers and Hard-to-Dispose Materials	3.1
Sales Tax Changes	1.9
DBR Professional License Fee	1.9
Total	\$200.7

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

ANALYSIS AND BACKGROUND

Hospital License Fee

The hospital license fee is a provider tax which the State levies on hospitals. This fee is federally capped at 6.0 percent and requires annual legislative action in order to continue. It is calculated as a percent of gross patient services revenues, which include revenues from patient care activity but exclude revenues from non-patient activity such as research, academic activity, or investment earnings. Hospitals pay the fee in a single payment each July.

Article 5 maintains the hospital license fee at 6.0 percent in FY2020, consistent with the FY2019 Enacted Budget, and lowers the fee to 5.0 percent in FY2021. Both rates are discounted by 37.0 percent for hospitals located in Washington County (South County and Westerly Hospitals), pending approval of a uniformity waiver. Bradley and Butler Hospitals and the Rehabilitation Hospital of Rhode Island are exempt from the fee because their primary services and patient beds are psychiatric in nature. The hospital license fee will generate \$193.8 million in FY2020 and \$161.5 million in FY2021.

In past fiscal years, the hospital license fee has been used as a mechanism to generate State funds, a portion of which are then matched with federal Medicaid funds and returned to hospitals to offset uncompensated care costs through the Disproportionate Share Hospital (DSH) program. Because the State's largest hospitals are non-profit and do not pay corporate income or property taxes, the hospital license fee is a considerable source of revenue for the State.

Hospital License Fee Revenue		
Fiscal Year	Fee	Revenue
2010	5.314%	\$124.9
2011	5.465%	135.8
2012	5.430%	138.0
2013	5.350%	138.5
2014	5.418%	145.9
2015	5.745%	155.3
2016	5.862%	169.1
2017	5.652%	168.0
2018	5.856%	181.0
2019	6.000%	180.8
2020	6.000%	193.8
2021	5.000%	161.5

\$ in millions

Analyst Note: The fee is payable by July 13, 2020, which means that the State will not receive full payment until FY2021. However, the article requires hospitals to report the amount of the fee due by June 15, 2020, allowing the State Controller to book the revenues as a receivable to FY2020.

In past fiscal years, the Budget has authorized a hospital license fee for the budget year only; however, Article 5 authorizes the fee for both FY2020 and FY2021. The State is anticipating a reduction in federal funding for the DSH program in FY2021. If federal funding is reduced, State expenditures for the DSH program will also be significantly lower. Because the State portion of the DSH payment is funded through hospital license fee revenues, the General Assembly authorized a reduced fee for FY2021 accordingly. The FY2021 hospital license fee is subject to change and will be finalized in the FY2021 Budget as Enacted.

Beverage Containers and Hard-to-Dispose Materials

The Taxation of Beverage Containers, Hard-to-Dispose Material, and Litter Control Participation Permittee Act (RIGL 44-44) was enacted in 1984 to provide funding for the litter reduction and recycling program and the hard-to-dispose material – control and recycling program. Collections are deposited as general revenue.

- **Beverage Containers:** A tax of four cents (\$0.04) was originally levied on each case of beverage containers sold by a beverage wholesaler to a beverage retailer or consumer within this State, excluding reusable and refillable beverage containers. The tax is collected by the beverage wholesaler and deposited as general revenue. The tax is applicable to beer, other malt beverages, and all non-alcoholic drinks except for milk. Section 17 of the article doubles the tax to \$0.08, yielding an estimated \$2.1 million in new revenue. The new tax is effective on July 1, 2019.
- **Hard-to-Dispose Materials:** A tax is collected at the point of sale by hard-to-dispose material wholesalers to hard-to-dispose material retailers. Every hard-to-dispose material retailer selling, using, or otherwise consuming any hard-to-dispose material in Rhode Island is liable for the tax imposed by

this Act. The following table outlines the original tax rate for materials subject to collections and shows the changes made under Article 5, Section 17. The new tax is effective on July 1, 2019.

Material	per Unit of Measurement	Article 5		
		Original Rate	Rate	Change
Lubricating Oils	Quart (32.0 ounces)	\$0.05	\$0.10	0.05
	Liter	0.052	0.106	0.054
Antifreeze	Gallon	0.10	0.20	0.1
	Liter	0.0264	0.0528	0.0264
Organic Solvents	Gallon	0.0025	0.005	0.0025
	Liter	0.00066	0.00132	0.00066
Tire	per Tire	0.50	1.00	0.5
Vehicle Title Fee	each New Vehicle Sale	3.00	6.00	3.00
Beverage Containers*	per Case	0.04	0.08	0.04

*Does not include reusable and refillable containers

Sales Tax Changes

Digital Downloads: Rhode Island has taken several steps to modernize the State’s sales and use tax in an effort to align with technological advances in the way commerce is conducted. For example, the 2018 General Assembly defined vendor-hosted prewritten computer software as a “service” that is subject the sales tax. Likewise, the enactment in 2018 of new framework aimed at facilitating tax collections on remote, internet-based sales was an attempt to keep up with modern retail.

FY2020 Revenue - Digital Content	
Video	\$1.5
Music	0.6
Books	0.5
Total	\$2.6

\$ in millions

Article 5 continues this modernization by expanding the sales tax to digitally downloaded content. According to the Office of Revenue Analysis (ORA), half of all states currently tax this content. This includes:

- **Digital Audio-Visual:** Applies to the purchase or rental of, or subscription to, streamed movies and video. Examples include Netflix movies and YouTube channels.
- **Digital Audio:** Applies to podcasts and music, including streaming services such as Spotify and Sirius XM radio.
- **Digital Books:** Applies to e-books.

The Budget assumes \$2.6 million in sales tax collections as a result of this initiative based on an October 1, 2019, start date.

New Exemptions: Article 5 adds two new categories of products to the list of those items exempted from the State’s sales tax. These exemptions are estimated to reduce general revenue by a total of \$692,211.

- **Feminine Hygiene Products:** Article 5 exempts feminine hygiene products from the sales and use tax. The Budget assumes a revenue loss of \$617,211 in FY2020 based on an October 1, 2019, effective date.
- **Urns:** Article 5 also exempts funeral urns and shrouds from the sales and use tax. The Budget assumes a revenue loss of \$75,000 in FY2020 based on an October 1, 2019, start date.

Sales Tax Reduction Trigger: Article 5 repeals provisions in current law that would automatically reduce the sales tax by one-half percent in the event that the federal government was to enact the Marketplace Fairness Act.

The federal Marketplace Fairness Act of 2013 (MFA) was federal legislation that would grant states the authority to compel online and catalog retailers, known as “remote sellers,” no matter where they are located, to collect use tax at the time of a transaction. Local brick and mortar retailers are already required to collect sales tax on these same transactions. The federal legislation derived from the need to simplify sales and use tax rates across all states and enable states to increase collection and enforcement efforts based upon their existing sales and use tax laws.

The MFA would require remote sellers to collect the use tax on behalf of states when completing a taxable transaction with a resident of that state, provided that the state has simplified their local sales and use tax laws. States may meet this requirement by implementing the simplification mandates as listed in the federal legislation, or voluntarily adopt the simplification measures of the Streamlined Sales and Use Tax Agreement (SSUTA). Any state which is in compliance with the SSUTA and that has achieved Full Member status as a SSUTA-implementing state is granted collection authority beginning 180 days after the state publishes notice of intent to exercise the authority under this Act.

In anticipation of the passage of the Agreement, the 2011 General Assembly enacted a sales tax rate reduction that is only triggered upon change in the federal law. In the event that the MFA is enacted, the State sales and use tax would drop from the current 7.0 percent to 6.5 percent; the 1.0 percent local meals and beverage tax would increase to 1.5 percent; and, the 1.0 percent local hotel tax would increase to 1.5 percent.

The MFA has yet to be enacted; however, in June 2018, the Supreme Court of the United States upheld a South Dakota law that required a remote seller to collect and remit sales tax as long as certain conditions were met. In the wake of the *South Dakota vs. Wayfair* decision, the 2019 Rhode Island General Assembly enacted a new remote sellers’ sales tax structure to compel online sales tax collection and remittance.

Because the federal trigger has not occurred, the State has not reduced the 7.0 percent sales tax. Based upon the May 2019 Revenue Estimating Conference sales tax estimate of \$1.2 billion in collections, the fiscal impact of a one-half percent decrease in the sales tax equates to an \$83.8 million revenue loss.

Professional License Fee Increases

Article 5 raises the licensing fees associated with mortgage loan originators and debt collectors. The new fees are estimated to generate a combined \$1.9 million in FY2020.

- **Mortgage Loan Originators:** The previous annual license fee for mortgage loan originators was \$100. Article 5 raises the fee to \$400. The increase is expected to generate \$1.3 million based on approximately 3,119 licensees per year.
- **Debt Collectors:** The previous annual license fee for mortgage loan originators was \$100. Article 5 raises the fee to \$750. The increase is expected to generate \$577,850 based on approximately 1,445 licensees per year.

License	Original Annual License Fee	New Annual License Fee	Enacted Revenue
Mortgage Loan Originator	\$100	\$400	\$1,247,400
Debt Collector	100	750	577,850
Total			\$1,825,250

Tax Administration Changes

Article 5 makes several changes to improve the administration of the Division of Taxation and bring Rhode Island personal income and business tax statutes into conformity with new federal law and Internal Revenue Service practices. Specifically, the article:

- Enables the Director of Lottery to withhold income tax from casino gambling and sports betting winnings, subject to regulations prescribed by the Tax Administrator.
- Amends Business Corporation Tax legislation to be in compliance with federal IRS changes and establishes the authority of the Tax Administrator to assess audited partnerships, direct partners, or indirect partners for owed taxes.

There is no fiscal impact related to these changes.

Historic Preservation Tax Credit

Article 5 extends the term for existing tax credits awarded under the State’s Historic Preservation Tax Credit program from December 31, 2019, to December 31, 2022. The program provides credits between 20.0 and 25.0 percent of certain qualified rehabilitation expenditures on redevelopment projects involving historic structures. Use of credits issued since 2013 is contingent upon funding levels within the State’s Historic Preservation Tax Credit Trust Fund. The Budget provides no additional funding; however, the extension allows additional projects to move forward should funding become available. There is a queue of 37 projects with approximately \$67.1 million in potential credits.

Hotel Tax Distribution

Article 5 changes the distribution of 5.0 percent State hotel tax. Specifically, the article modifies how the portion of the State hotel tax that is collected from “residential units offered for tourist or transient use through a hosting platform” (such as AirBnB or VRBO) is distributed among the entities entitled to a share of the tax.

When the General Assembly first subjected hosting platform rentals to the hotel tax in 2015, local tourism districts and convention center authorities were left out of the distribution of the new revenue at their request. Instead, 25.0 percent of this portion of the State hotel tax goes to the municipality that the property is located in and 75.0 percent is given to the Rhode Island Commerce Corporation (CommerceRI).

Article 5 aligns the distribution of the hosting platform portion of the State hotel tax with the existing formula for the standard hotel room portion of the tax. There is no fiscal impact to municipalities. The changes in the distribution are summarized in the following table:

Location of Room Rental/State Hotel Tax Recipient	Traditional Rooms	Hosting Platform Rooms		
		Original Formula	Article 5	Change
Providence				
Providence Convention Authority	30.0%	0.0%	30.0%	30.0%
City of Providence	25.0%	25.0%	25.0%	-
RI Commerce Corporation	21.0%	75.0%	21.0%	-54.0%
Providence Warwick Convention Visitors Bureau	24.0%	0.0%	24.0%	24.0%
General Revenue	0.0%	0.0%	0.0%	-
Warwick				
Warwick Department of Economic Development	30.0%		30.0%	30.0%
City of Warwick	25.0%	25.0%	25.0%	-
RI Commerce Corporation	21.0%	75.0%	21.0%	-54.0%
Providence Warwick Convention Visitors Bureau	24.0%		24.0%	24.0%
General Revenue	0.0%		0.0%	-
Omni Hotel (Providence)				
Providence Convention Authority	30.0%	N/A	30.0%	-
RI Commerce Corporation	50.0%	N/A	50.0%	-
Providence Warwick Convention Visitors Bureau	20.0%	N/A	20.0%	-
General Revenue	0.0%	N/A	0.0%	-
Statewide District*				
Municipality of Room Rental	25.0%	25.0%	25.0%	-
RI Commerce Corporation	70.0%	75.0%	70.0%	-5.0%
Providence Warwick Convention Visitors Bureau	5.0%	0.0%	5.0%	5.0%
General Revenue	0.0%	0.0%	0.0%	-
All Other Locations in the State				
Regional Tourism District of Room Rental	45.0%	0.0%	45.0%	45.0%
Municipality of Room Rental	25.0%	25.0%	25.0%	-
RI Commerce Corporation	25.0%	75.0%	25.0%	-50.0%
Providence Warwick Convention Visitors Bureau	5.0%	0.0%	5.0%	5.0%
General Revenue	0.0%	0.0%	0.0%	-

*Rooms rentals in Cranston, Foster, Johnston, N. Providence, Scituate, and W. Warwick

DEM Parking Fees

Article 5 freezes the parking fees charged at State beaches through October 1, 2021. The Governor's Budget originally included a proposal to raise parking fees by \$2.00/day or \$10.00/season for residents. The proposal was not included in the FY2020 Enacted Budget. The following table shows the fees through October 1, 2021, based on Article 5:

	Beach Parking Fees	
	Resident	Non-Resident
Weekday	\$6.00	\$12.00
Weekend	7.00	14.00
Season Pass	30.00	60.00

Note: Seniors pay half price.

DOR Collections Unit Interest Rate

The 2018 General Assembly authorized the creation of a dedicated Collections Unit within the Department of Revenue (DOR) for the purposes of assisting State agencies in the collection of debts owed to the State.

The Collections Unit is authorized to enter into 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 agreement, final administrative order, or final judgement from a court or department.

Originally, once a debt was referred to the Collections Unit, it accrued interest at an annual rate determined by adding 2.0 percent to the prime interest rate effective the preceding October 1. The interest rate could not exceed 21.0 percent or be less than 18.0 percent per year.

Article 5 establishes a new calculation that applies the greatest of either 13.0 percent or the annual rate established by statute for the referring agency. There is no specific fiscal impact of changing the interest

rates; however, to the extent that it is effective in incentivizing the payment of delinquent debt, the change should have a positive revenue impact

Analyst Note: This proposal only impacts the interest rate charged by the Collections Unit at the DOR. The interest rate for the overdue taxes remains unchanged.

Article 6: Relating to Debt Management Act Joint Resolutions

This article authorizes the issuance of \$80.5 million in new revenue bonds to finance three projects at the University of Rhode Island (URI), \$50.0 million in revenue bonds to finance projects for the Rhode Island Turnpike and Bridge Authority (RITBA), and \$200.0 million in Grant Anticipation Revenue Vehicle Program (GARVEE) bonds to finance projects included in the State's Transportation Improvement Program administered by the Department of Transportation.

FISCAL IMPACT

The article authorizes \$80.5 million in Rhode Island Health and Educational Building Corporation (RIHEBC) revenue bonds, authorized at up to 6.0 percent interest a period of up to 30 years, yielding a total debt service of \$174.7 million that will be financed primarily through University of Rhode Island unrestricted institutional revenue and auxiliary fee revenues. The article also authorizes the issuance of \$50.0 million in RITBA revenue bonds, authorized at 6.0 percent interest over a period of 30 years, yielding a total debt service of \$109.3 million that will be finance through toll revenues, transfer of motor fuel tax, and other revenues. The article further authorizes the issuance of \$200.0 million in GARVEE bonds, authorized over a 30-year period that will be financed through future Federal Highway Administration appropriations.

Proposed Debt Authorizations

Revenue Bonds	Department	Principal	Interest	Total Debt	Annual Debt	Term of
					Service	Loan (years)
Memorial Union	URI	\$51.5	\$60.8	\$112.3	\$3.7	30.0
Fraternity Circle Master Plan	URI	2.1	1.6	3.7	0.2	20.0
Combined Health & Counseling Center	URI	26.9	31.8	58.7	2.0	30.0
RITBA Project	RITBA	50.0	59.3	109.3	3.6	30.0
Issuance of Garvee Bonds	DOT	200.0	75.0	275.0	n/a	15.0
Total		\$330.5	\$228.5	\$559.0		

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

ANALYSIS AND BACKGROUND

URI Memorial Union (\$51.5 million)

The article provides for the issuance of \$51.5 million in revenue bonds issued through the Rhode Island Health and Educational Building Corporation (RIHEBC) for the renovation and expansion of the Memorial Union. URI has completed an advanced planning study for this renovation. Total debt service is not expected to exceed \$112.3 million over 30 years, with an assumed interest rate of 6.0 percent. Annual payments are anticipated to be \$3.7 million. Debt service will be financed through auxiliary revenue.

URI Fraternity Circle Master Plan (\$2.1 million)

The article provides for the issuance of \$2.1 million in revenue bonds issued through the Rhode Island Health and Educational Building Corporation (RIHEBC) for utility and infrastructure improvements to the Fraternity Circle district of URI. While the first phase of this project (\$5.4 million) focused on utility improvements, the second phase will address streets and pedestrian networks. Fraternity Circle currently accommodates 13 Greek fraternities and sororities, providing housing to over 800 undergraduate students, and it is growing. Total debt service is not expected to exceed \$3.7 million over 20 years, with an assumed interest rate of 6.0 percent. Annual payments are anticipated to be \$183,088. Debt service will be financed through the University's unrestricted general fund.

URI Combined Health & Counseling Center (\$26.9 million)

The article provides for the issuance of \$26.9 million in revenue bonds issued through the Rhode Island Health and Educational Building Corporation (RIHEBC) for the design and construction of a new Combined Health & Counseling Center. This project will create a one-stop center to address the physical, emotional, and mental health needs of URI students. URI has completed an advanced planning study for the new facility. Total debt service is not expected to exceed \$58.7 million over 30 years, with an assumed interest rate of 6.0 percent. Annual payments are anticipated to be \$2.0 million. Debt service will be financed through auxiliary revenue.

Rhode Island Turnpike and Bridge Authority (\$50.0 million)

The article provides for the issuance of \$50.0 million in revenue bonds issued through the Rhode Island Turnpike and Bridge Authority (RITBA) for the renovation, renewal, repair, rehabilitation, upgrading and improvement of the Pell Bridge, Jamestown Verrazzano Bridge, Sakonnet River Bridge, and Mount Hope Bridge. The maintenance and improvement of these bridges is essential to the State's transportation infrastructure. Total debt service is not expected to exceed \$109.3 million over 30 years, with an assumed interest rate of 6.0 percent. Annual payments are anticipated to be \$3.6 million. Debt service will be financed through toll revenues, transfer of motor fuel tax, and other revenues.

GARVEE Bonds (\$200.0 million)

The article provides for the issuance of \$200.0 million in Grant Anticipation Revenue Vehicle (GARVEE) bonds issued through the Rhode Island Commerce Corporation to fund the bridge replacement, reconstruction, and maintenance of the Department of Transportation's (DOT) RhodeWorks program. Total debt service is not expected to exceed \$275.0 million over 15 years. Debt service will be financed through future Federal Highway Administration appropriations.

Analyst Note: The Department of Transportation anticipates issuing the GARVEE bonds in the fall of 2020. As of August 2019, the assumed interest rate and annual debt service payments for the \$200.0 million in GARVEE bonds is not available.

Article 7: Relating to Motor Vehicles

Article 7 makes a number of changes affecting the Division of Motor Vehicles (DMV).

- **License Plate Changes:** Article 7 delays the reissuance of license plates and increases the fee on reissued plates. It also adds a new DMV reporting requirement.
- **Technology Surcharge Fee Increased:** The DMV previously collected a \$1.50 surcharge on every fee transaction to defray costs associated with information technology projects. Article 7 raises the surcharge by an additional \$1.00 to \$2.50 total per transaction.
- **Certificate of Title Required to Register Vehicles over 20 Years Old:** Previously, a certificate of title was not required to register a vehicle over 20 years old. The article eliminates this exemption for vehicle model years 2001 and higher.

FISCAL IMPACT

The Budget provides \$343,000 to the DMV to fund the pre-implementation costs associated with the reissuance of license plates. Article 7 raises the fee for a set of reissued plates from \$6.00 to \$8.00. The Budget does not assume increased revenue related to this initiative in FY2020 due to an effective date of June 1, 2020.

The \$1.00 increase to the technology surcharge on DMV fee transactions is projected to yield an additional \$1.7 million in revenue in FY2020. This revenue will be deposited into a new restricted receipt account at the DMV. Revenue from the existing \$1.50 surcharge will continue to go to the Information Technology Investment Fund (ITIF) and is projected to generate \$2.5 million in FY2020.

ANALYSIS AND BACKGROUND

License Plate Changes

Pursuant to RIGL 31-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every 10 years. Enacted in 2009, the law required the first reissuance in 2011. This requirement has been repeatedly delayed. 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; the FY2018 Budget as Enacted delayed it until January 1, 2019; and the FY2019 Budget as Enacted delayed it until January 1, 2020.

The purpose of the reissuance includes the reduction in motor vehicle registration fraud, revenue generation, and improving law enforcement's ability to identify vehicles. However, each of the delays has been accompanied by a different, overriding rationalization (see table).

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
2019	1/2020	6/2020	Governor's Budget proposed to eliminate reissuance. Article 7 provides sufficient time to implement reissuance

As part of the FY2020 Budget, the Governor had recommended that the reissuance requirement be eliminated altogether. This recommendation was rejected by the General Assembly and Article 7 lays the ground work for a full reissuance in 2020. This includes:

- **Reissuance Delay:** The DMV requires a significant amount of time to prepare for a full reissuance. Given the Governor’s proposal to eliminate the requirement, the DMV had not been actively preparing for the project, which was supposed to begin in January 2020. For example, as of July 31, 2019, the process of selecting a plate design had yet to begin. Because of this lack of preparedness, the Budget delays the mandated start time for reissuance by five months to June 1, 2020.
- **Fee Increase:** A fee for new plates required by a statutorily-mandated reissuance was first established in 1995. At that time, the General Assembly set the fee for a set of reissued license plates at \$6.00. This price has remained unchanged for 24 years. The Budget increases the fee for the first time to \$8.00 total for a set of plates.
- **Reporting Requirement:** Beginning August 15, 2019, the article requires the DMV to provide a monthly report to the General Assembly outlining the previous month’s activity and progress towards the implementation of the license plate reissuance. The reporting is required through August 15, 2020.

Technology Surcharge Fee Increased

For many years the DMV has been authorized to charge a \$1.50 surcharge on every DMV fee transaction.

Surcharge Collections	
Fiscal Year	Amount
2016	\$2,186,713
2017	2,201,946
2018	2,183,401
2019*	2,339,398
2020*	2,533,970
Total	\$11,445,428

*Estimated, not inclusive of fee increase

Source: Department of Revenue

Surcharge revenue is deposited into the State’s Information Technology Infrastructure Fund (ITIF). Funds generated through the surcharge are specifically used to pay the original and ongoing costs associated with the DMV’s information technology system, known as the Rhode Island Modernization System, or RIMS. Collection of the surcharge was previously authorized through June 30, 2022.

Article 7 makes several changes related to the technology surcharge. The surcharge is increased by \$1.00, for a total of \$2.50 per DMV fee transaction. Revenue from the additional \$1.00 is to

be deposited in a new restricted receipt within the DMV to pay for IT project-related payments and/or ongoing maintenance of and enhancements to the DMV’s computer system. The remaining \$1.50 is deposited into the ITIF. The article removes the existing sunset and shifts the remaining \$1.50 from the ITIF to the DMV account beginning on July 1, 2022.

Based on DOR projections, \$4.2 million in surcharge revenue, inclusive of the fee increase, will be generated in FY2020. The ITIF will receive \$2.5 million of this revenue and \$1.7 million will be deposited into the DMV restricted receipt account.

Analyst Note: The RIMS contract is set to expire June 30, 2020, and will have to be renegotiated. Hewlett Packard Prospecta is the current sole source vendor. According to DMV officials, the ongoing maintenance of RIMS, including upgrading to new releases, is typically more expensive than the costs of the initial system implementation. DOR indicates that the additional resources (represented by the \$1.00 surcharge increase) will help pay for what it anticipates will be a more expensive contract going forward.

Certificate of Title Required to Register Vehicles Over 20 Years Old

Historically, Rhode Island has not required a title to register vehicle models 20 years or older. Article 7 eliminates this exemption for vehicle models 2001 and later. DMV officials indicate that establishing titles for old vehicles has historically been difficult and therefore was not required as condition for vehicle registration. It is less difficult for later vehicle models given better record keeping technology. Additionally, Rhode Island has required a title as a condition of registration for newer vehicle models for almost 20 years. Establishing title to a vehicle ensures that the individual who is registering a vehicle is its proper owner.

Article 8: Relating to Transportation

This article makes a number of changes to transit-oriented departments, including the Department of Transportation, the Rhode Island Public Transit Authority, and the Division of Motor Vehicles. Specifically, Article 8:

- Increases the per-trip fee for overweight and oversize vehicle permits (OOVP). The fee for non-divisible loads exceeding 80,000 lbs. increases from \$20.00 to \$40.00, and the fee for non-divisible loads exceeding 130,000 lbs. increases from \$20.00 to \$300.00.
- Increases the annual OOVP fee for non-divisible loads up to 130,000 lbs. from \$300.00 to \$400.00.
- Extends RIPTA's \$5.0 million annual appropriation to support the Free-Fare program indefinitely.
- Amends RIGL 38-18.1-4 to decrease the amount of the funds collected that are deposited into the Highway Maintenance Account (HMA) from 100.0 percent to 95.0 percent. The remaining 5.0 percent will be retained by the Division of Motor Vehicles as general revenues and be used to partially offset the costs of fee collections.

FISCAL IMPACT

The changes to the overweight and oversize vehicle permit fees included in this article would increase general revenues within the Division of Motor Vehicles by \$501,840.

The Budget allows the DMV to retain 5.0 percent of funds that are deposited into the HMA to support personnel costs. The FY2020 Budget includes \$97.0 million in HMA funding, the DMV would retain about \$4.9 million.

The Article also extends RIPTA's annual appropriation of \$5.0 million from the Highway Maintenance Account indefinitely. This funding is used to support RIPTA's free-fare program which provides transportation to low-income seniors and disabled residents.

ANALYSIS AND BACKGROUND

Overweight and Oversize Vehicle Permit Fees

Prior to FY2020, all vehicles exceeding 80,000 lbs. paid a flat per-trip fee of \$20.00 for overweight and oversize vehicle permits (OOVP). Article 8 establishes a new per-trip fee tier for vehicles exceeding 130,000 lbs. and increases the per-trip fee for non-divisible loads exceeding 80,000 lbs. but less than 130,000 lbs. The fee for non-divisible loads exceeding 80,000 lbs. increases from \$20.00 to \$40.00, and the per-trip fee for non-divisible loads exceeding 130,000 lbs. increases from \$20.00 to \$300.00.

The article also increases the annual fee for non-divisible loads of less than 130,000 lbs. from \$300.00 to \$400.00. The operator of the overweight/oversize vehicle may pay the annual fee in lieu of individual per-trip fees.

The DOT issues OOVPs, but the Division of Motor Vehicles (DMV) collects the associated fees. The fee changes are estimated to generate an additional \$501,840 which will be payable to the DMV and deposited as general revenue.

Overweight, Oversize Vehicle Permit Fees	Trips	Original Fee	Fee Increase	Proposed Fee Total	Additional Revenue
Single Trip (80,000 - 130,000 lbs.)	8,181	\$20.00	\$20.00	\$40.00	\$163,620
Single Trip (over 130,000 lbs.)	1,164	20.00	280.00	300.00	325,920
Annual Trip Fee (under 130,000 lbs.)	123	300.00	100.00	400.00	12,300
Total					\$501,840

Source: RI Dept. of Transportation

DMV to Retain HMA Funds

Section 2 amends RIGL 39-18.1 to allow the Division of Motor Vehicles (DMV) to retain 5.0 percent of the funds that are deposited into the Highway Maintenance Account. These funds may be used by the DMV to offset the costs of personnel who collect the fees that are deposited into the HMA. The FY2020 Budget includes \$97.0 million in funding that will be deposited into the HMA; the DMV will retain \$4.9 million.

Allocation to RIPTA for Free-Fare Program

RIPTA operates the Free-Fare Bus Pass Program which allows eligible, low-income seniors (age 65+) or persons with a disability to ride a RIPTA bus free of charge. Federal law mandates that all persons who are over 65 or have a disability, regardless of income, be allowed to ride Federal Transit Administration (FTA) funded services for half-fare during off-peak hours.

In 2017, the General Assembly allowed RIPTA to implement a 50 cent fee for these rides, this change was part of a new fare structure intended to help RIPTA decrease their deficit. The General Assembly provided RIPTA with \$5.0 million annually in FY2018 and FY2019 to fund the Free-Fare program, and the 50 cent fee was rescinded.

The General Assembly also required RIPTA to convene a coordinating council charged with developing recommendations for the sustainable funding of the Free-Fare Program. The council was due to report their recommendations to the Governor, Speaker of the House, and Senate President by November 1, 2018; however, due to internal conflicts RIPTA did not present their findings until December 31, 2018. The major finding in the report determined that an additional penny of the gas tax allocated to RIPTA would adequately fund the Free-Fare program.

Article 8 extends \$5.0 million in funding for the Free-Fare program to RIPTA indefinitely.

Article 9: Relating to Education

This article makes the following changes to education:

- Provides a procedure to adjust aid should another error occur in the calculation of the state share.
- Shifts oversight of the University of Rhode Island (URI) from the Board of Education, Council of Postsecondary Education (Council), and the Commissioner of Postsecondary Education to the newly established Board of Trustees (Board).
 - Transfers all the duties and responsibilities pertaining to employees, debt service, and property from the Council to the newly created Board.
- Reduces the allocation of the need-based scholarships and grants to private, non-profit institutions in Rhode Island from \$2.0 million to \$1.5 million, or 20.0 percent of the total amount appropriated, whichever is less.
- Expands the use of Collegebound revenues to include the dual/concurrent enrollment program.
- Provides that the expenditure of restricted receipts provided by the Rhode Island Health and Educational Building Corporation (RIHEBC) to support personnel expenses for the SBA are subject to annual appropriation and approval by the General Assembly.
- Clarifies that the administration fee Rhode Island Health and Educational Building Corporation may levy on cities, towns, and local education agencies limit is based on the original principal amount.

FISCAL IMPACT

The article does not have any determinable fiscal impact. While an error in the state share ratio may increase costs, the administration indicated that new processes has been put in place to prevent such errors. The need-based grant program is not funded from general revenue but is dependent on the revenue generated by the Collegebound fund, which historically funds only about 60.0 percent of the program. The article does create more competition for these limited revenues.

ANALYSIS AND BACKGROUND

Errors in Determination of State Education Aid Share Ratio: The article provides that the Commissioner of Elementary and Secondary Education (Commissioner) shall notify affected local education agencies (LEAs), the Senate President, and the Speaker of the House within 15 days of the determination of any errors in the computation of the state's share of education aid for any local education agency discovered after the enactment of the state budget for that fiscal year. Realignment of aid payments will occur in the following fiscal year with any aid owed to the LEA paid in equal monthly installments.

If the LEA was overpaid, the amount to be withheld will be prorated to the number of full months remaining in the fiscal year when the LEA was notified of the error. Consequently, some of the overpayment will be recaptured.

If an error is found in the certified assessed valuations from a city or town, the Division of Property Valuation and the Commissioner must inform the LEA, the Senate President, and the Speaker of the House of the error within 5 days of determination.

University of Rhode Island (URI) Board of Trustees: The article shifts oversight of the University of Rhode Island (URI) from the Board of Education, Council of Postsecondary Education (Council), and the Commissioner of Postsecondary Education to the newly established Board of Trustees (Board). The article transfers all the duties and responsibilities pertaining to employees, debt service, and property from the Council to the Board.

Initially, the Board consists of following:

- 17 members appointed by the Governor, with the advice and consent of the Senate, for terms varying from one to three years.
 - In making the appointments, the Governor will give due consideration to recommendations from the President of URI.
 - At least three of these members must be residents of Rhode Island.
 - At least one shall be selected from a list of at least five names submitted by the Speaker of the House.
 - At least one shall be selected from a list of at least five names submitted by the President of the Senate.
 - Six members will serve a three-year term; seven members a two-year term, including the members from the lists provided by the Speaker and the President of the Senate; and, four will serve a one-year term.
 - 13 voting members shall constitute a quorum, and the vote of a majority of those present and voting is required for action.
- One faculty member appointed by the president of URI, in a non-voting, ex officio capacity for a single two-year term.
- One full-time student appointed by the president of URI, in a non-voting, ex officio capacity for a single two-year term.
- The Chair of the Board of Education and the Chair of the Council on Postsecondary Education, in a non-voting, ex officio capacity.

After the initial terms of appointment have expired,

- Nine members will be appointed by the Governor, with the advice and consent of the Senate, including one member from each list submitted by the Speaker of the House and the President of the Senate.
 - Two members will serve a three-year term, and two members a two-year term, including the members from the lists provided by the Speaker and the President of the Senate; and, two will serve a one-year term.
 - Three of these members must be residents of the State.
- Eight voting members will be self-perpetuating members appointed by the Board pursuant to rules adopted by the Board, with due consideration to recommendation from the President of URI.

A majority of the voting members of the Board shall elect the chair of the Board, and public members of the Board may only be removed by the appointing authority of the member for cause. This section of the article will take effect on February 1, 2020.

Need-Based Grants: The article reduces the allocation of the need-based scholarships and grants to private, non-profit institutions in Rhode Island from \$2.0 million to \$1.5 million, or 20.0 percent of the total amount appropriated, whichever is less. Furthermore, the article expands the use of Collegebound revenues to include the dual/concurrent enrollment program, which allows high school students to take courses for college and high school credit at the URI, Rhode Island College, or the Community College of Rhode Island.

Analyst Note: Historically, the need-based grants are funded from Collegebound revenues (\$6.0 million) and Guaranty Agency Reserves (\$4.0 million); however, as revenues from the Collegebound fund are projected to decline and the reserves are being depleted, the resources may be diverted to the dual/concurrent enrollment program, which is not need based, at the expense of the need-based scholarship program.

School Building Authority (SBA): The article provides that the expenditure of restricted receipts provided by the Rhode Island Health and Educational Building Corporation (RIHEBC) to support personnel expenses for the SBA are subject to annual appropriation and approval by the General Assembly. Furthermore while current law allows RIHEBC to levy an administration fee of cities, towns, and local education agencies in an amount not to exceed one tenth of one percent (0.001) of the principal amount, the article clarifies that the limit is based on the original principal amount.

Article 10: Relating to Making Revised Appropriations in Support of FY2019

Article 10 outlines the appropriation amounts from all fund sources for the FY2019 Supplemental Budget. 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; expenditure limits for internal service funds; and, disbursements of Lottery, Temporary Disability Insurance, Employment Security, and University and College Funds. The Budget includes \$173.7 million in additional general revenue spending compared to the FY2019 Budget as Enacted, and is \$62.3 million less than the Governor's proposed revised appropriation.

APPROPRIATIONS

Article 10 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	FY2018 Final	FY2019 Enacted	FY2019 Revised	Change to Enacted
General Revenue	\$3,798.7	\$3,908.2	\$3,933.8	\$25.6
Federal Funds	2,996.5	3,208.2	3,334.5	126.3
Other Funds	1,978.4	2,174.5	2,191.0	16.5
Restricted Receipts	258.6	281.8	287.1	5.3
Total	\$9,032.2	\$9,572.7	\$9,746.4	\$173.7

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

In addition, Article 10 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 10 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. The FY2019 Budget as Enacted established centralized accounts for each agency and allows 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	FY2019 Enacted	FY2019 Revised	Change
State Assessed Fringe Benefits	\$41,383,271	\$40,889,406	(\$493,865)
Administration Central Utilities	22,910,320	23,049,565	139,245
State Central Mail	6,539,120	6,284,172	(254,948)
State Telecommunications	3,602,419	3,402,220	(200,199)
State Automotive Fleet	12,549,973	12,657,336	107,363
Surplus Property	3,000	3,000	-
Health Insurance	251,953,418	252,581,059	627,641
State Fleet Revolving Loan Fund	273,786	273,786	-
Other Post-Employment Benefits	63,858,483	63,858,483	-
Capital Police	1,395,433	1,434,314	38,881
Corrections Central Distribution Center	6,769,493	6,790,952	21,459
Correctional Industries	8,050,590	8,089,263	38,673
Secretary of State Records Center	947,539	983,402	35,863
Human Resources Internal Service Fund	12,131,620	13,377,854	1,246,234
DCAMM Facilities Internal Service Fund	39,212,184	38,693,072	(519,112)
Information Technology Internal Service Fund	32,282,229	39,077,346	6,795,117
Total	\$503,862,878	\$511,445,230	\$7,582,352

Analyst Note: The most significant change occurs within the Human Resources Internal Service Fund and the Information Technology Internal Service Fund. The Budget Office states that there are a number of reasons for the increases, including funding for Microsoft 365 in the Information Technology Internal Service Fund and the COLA/benefit changes initiated in FY2019 that impact all three of the centralized service funds Human Resources Internal Service Fund, DCAMM Facilities Internal Service Fund, Information Technology Internal Service Fund.

FUND TRANSFERS

Article 10 transfers \$1.4 million from several unexpended bond proceeds to the General Fund. The following table illustrates the required transfers:

Agency	FY2019 Enacted	FY2019 Governor	FY2019 Revised	Change from Enacted	Change from Governor
Health and Educational Building	\$0.0	\$2.0	\$0.0	\$0.0	(\$2.0)
Infrastructure Bank	4.0	4.0	4.0	-	-
RI Housing	-	2.5	-	-	(2.5)
Quonset Development Corporation	-	2.0	-	-	(2.0)
RI Resource Recovery	-	5.0	-	-	(5.0)
RI Student Loan Authority	-	1.5	-	-	(1.5)
DEM - Oil Spill Prevention, Administration Response Fund	-	1.0	-	-	(1.0)
DEM - Underground Storage Tank Trust Fund	-	1.0	-	-	(1.0)
DEM - Government Entities - Interceptors Bond Funds	-	1.1	1.1	1.1	-
DEM - Government Water Pollution Control Bond Funds	-	0.1	0.1	0.1	-
DEM - Private Water Pollution Control Facility Bond Funds	-	0.0	0.0	0.0	-
DEM - State Recreational Facilities Development Renovation Bond	-	0.0	0.0	0.0	-
DEM - Local Recreational Facilities Distressed Bond Fund	-	0.0	0.0	0.0	-
DEM - 25 India Street (Shooter's) Bond Fund	-	0.2	0.2	0.2	-
Commerce Corporation - Anchor Institution Tax Credit	0.8	0.8	0.8	-	-
Total	\$4.8	\$21.2	\$6.2	\$1.4	(\$15.0)

\$ in millions

Unexpended General Obligation Bond Proceeds: The article transfers certain unexpended bond proceeds on six general obligation bond issuance for projects under the Department of Environmental Management to the State Controller for deposit in the General Fund by June 30, 2019. According to the Office of Management and Budget (OMB), per Internal Revenue Service Code any pooled bond funds are to be used within three years of issuance or else the funding can go towards debt servicing. OMB also stated that although the funds will be transferred to the general fund and assigned to pay off the outstanding debt related to these projects. The following table lists the unexpended bonds transferred to the General Fund.

Year Authorized	Bond Project	Unexpended Funds
1986	DEM - Government Entities - Interceptors Bond Funds	\$1,111,661
2010	DEM - 25 India Street (Shooter's) Bond Fund	160,028
1986	DEM - Government Water Pollution Control Bond Funds	107,267
1986	DEM - Private Water Pollution Control Facility Bond Funds	35,094
2000	DEM - State Recreational Facilities Development Renovation Bond	11,908
2000	DEM - Local Recreational Facilities Distressed Bond Fund	1,226
Total		\$1,427,184

FTE POSITION CAP AND APPROVAL

Article 10 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 includes a net increase of 12.0 FTE positions from the FY2019 Budget as Enacted, and a net decrease of 9.0 FTE positions from the Governor's proposed budget. Following are the changes included in the Budget:

Expense by Function	FY2019 Enacted	FY2019 Governor	Change to Enacted	FY2019 Revised	Change to Enacted	Change to Governor
General Government	2,438.9	2,441.9	3.0	2,438.9	0.0	(3.0)
Human Services	3,682.6	3,698.6	16.0	3,695.6	13.0	(3.0)
Education	3,959.4	3,699.2	(260.2)	3,959.4	-	260.2
Public Safety	3,160.0	3,160.0	-	3,159.0	(1.0)	(1.0)
Natural Resources	425.0	425.0	-	425.0	-	-
Transportation	755.0	755.0	-	755.0	-	-
Subtotal	14,420.9	14,179.7	(241.2)	14,432.9	12.0	253.2
<i>Higher Ed. Sponsored Positions</i>	<i>788.8</i>	<i>606.0</i>	<i>(182.8)</i>	<i>788.8</i>	<i>-</i>	<i>182.8</i>
<i>Higher Ed. Auxiliary Enterprise Positions</i>	<i>-</i>	<i>445.0</i>	<i>445.0</i>	<i>-</i>	<i>-</i>	<i>(445.0)</i>
Total FTE Positions	15,209.7	15,230.7	21.0	15,221.7	12.0	(9.0)

This article makes appropriations for general revenues, federal, restricted, and other funds, and authorizes FTE levels for each agency and department. Article 10 also:

- Maintains the airport impact aid formula at \$1.0 million.
- Authorizes 15,221.7 FTE positions reflecting an increase of 12.0 FTE positions as compared to the authorized level set in the FY2019 Budget as Enacted.
- Requires that all unexpended or unencumbered balances relating to the University of Rhode Island, Rhode Island College, and the Community College of Rhode Island, be reappropriated to FY2020. In addition, the University of Rhode Island shall allocate \$350,000 to the Small Business Development Center and shall allocate \$50,000 to Special Olympics Rhode Island. The Office of Postsecondary Commissioner shall allocate \$355,000 to the Rhode Island College Crusade, \$60,000 shall be allocated to the Best Buddies Rhode Island, \$5.6 million to the RI Promise Scholarship program, and \$147,000 shall be used to support the State's membership in the New England Board of Education.
- Limits the amount the Judiciary may charge 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 \$1.3 million. It requires Judiciary to provide \$230,000 Rhode Island Coalition Against Domestic Violence for domestic abuse court advocacy and requires \$90,000 be provided to the Rhode Island Legal Services to provide housing and eviction defense to indigent individuals.

Article 11: Relating to Healthcare Market Stability

This article establishes several initiatives to promote stability in the health insurance market in the State of Rhode Island. Specifically, the article:

- Amends the definition of health insurance coverage within the Individual Health Insurance Coverage Act to include short-term limited duration (STLD) policies.
- Establishes a state-level Shared Responsibility Payment Penalty to be assessed when an applicable individual fails to maintain minimum essential coverage.
- Creates the Health Insurance Market Integrity Fund (HIMIF), funded through restricted receipts gained from the shared responsibility penalty and federal funds through a Medicaid Innovation Waiver, to act as a reinsurance program for health insurance carriers in the state.
- Disassociates the state carrier assessment fee on qualified health and dental plans sold through Healthsource RI from the federally facilitated exchanges.

FISCAL IMPACT

This article increases general revenue expenditures by \$400,000 within the Rhode Island Health Benefits Exchange (HealthSource RI) in FY2020 for administrative costs associated with implementing the Shared Responsibility Payment Penalty (SRPP). In FY2021 and thereafter, penalty revenue will fund the administrative costs of both the SRPP and the reinsurance program. The penalty takes effect in calendar year 2020, and the assessment on applicable individuals begins with tax filings in the calendar year 2021.

The Health Insurance Market Integrity Fund (HIMIF) is funded through restricted receipts raised from the SRPP and the State has applied for a State Relief and Empowerment Waiver for additional funds. The restricted receipt account established for the Shared Responsibility Payment Penalty will be exempt from the indirect cost recovery provision of RIGL 35-4-27. The exclusion of the Health Insurance Market Integrity Fund from indirect cost recovery requirements prevents 10.0 percent of the fund's balance from being deposited as general revenues.

ANALYSIS AND BACKGROUND

Short Term Limited Duration Policies

This article amends the definition of health insurance coverage to include short-term limited duration (STLD) policies, requiring STLD plans to meet the same regulations as other health insurance policies sold in the state. Under federal law, STLD policies are not required to comply with the requirements of the Affordable Care Act, allowing STLD plans to deny coverage of preexisting conditions or health benefits such as emergency services, hospitalization, maternity care, preventive care, prescription drugs, and behavioral health services. The plans can have lifetime or plan dollar limits on benefits. STLD plans do not qualify as “minimum essential coverage” under the Affordable Care Act.

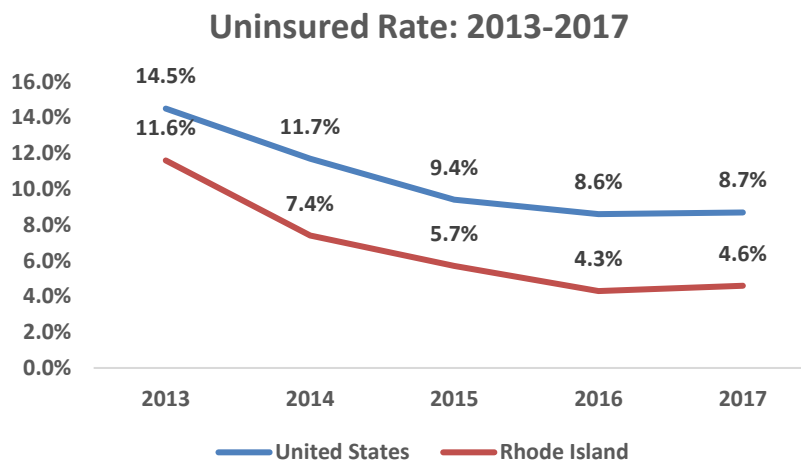
On August 3, 2018, the federal government issued a final rule on STLD policies. Pursuant to the terms of the final rule, short-term plans can provide coverage for up to twelve months and can be renewed for up to thirty-six months. Previously, short-term plans were limited to a maximum duration of three months and were non-renewable. STLD plans have lower premiums, and the extension of the maximum duration makes plans more appealing and could cause healthy individuals who do not have subsidized premiums to leave the individual health insurance market, reducing market stability.

The article codifies the requirement that STLD policies must meet the same standards of coverage as other policies sold in the state. STLD plans are heavily marketed in Rhode Island but have not been approved for sale by the Office of the Health Insurance Commissioner (OHIC). Currently, California, Hawaii,

Massachusetts, New Jersey, New York, and Vermont have blocked the sale of STLD plans through legislation or state regulations.

Shared Responsibility Payment Penalty

This article establishes a state Shared Responsibility Payment Penalty (SRPP), or individual mandate, to assess a penalty on applicable taxpayers who fail to maintain minimum essential coverage. General revenue expenditures increase by \$400,000 in FY2020 to fund implementation of the penalty. Penalty payments begin with the 2020 tax filing season and will be deposited as restricted receipts into the Health Insurance Market Integrity Fund. The Shared Responsibility Payment Penalty is designed to keep the uninsured rate low. Rhode Island's uninsured rate is currently 4.6 percent, down from 11.6 percent in 2013. A low uninsured rate mitigates uncompensated care costs which, according to the March 2017 Medicaid and CHIP Payment and Access Commission (MACPAC) report to Congress, uncompensated care, as a percentage of operating costs, has decreased by 60.0 percent from 2013 to 2015.



Source: US Census Bureau

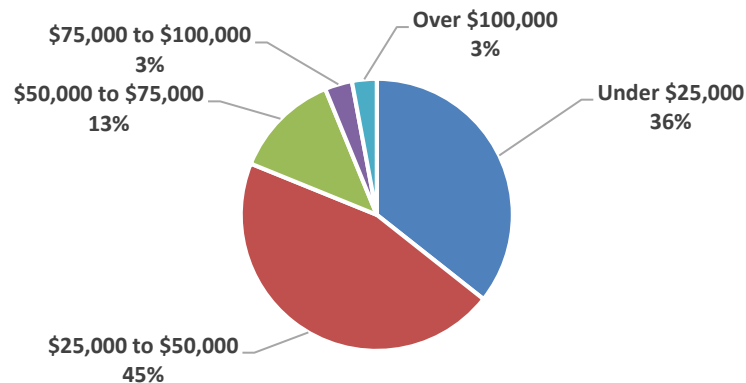
Under the Patient Protection and Affordable Care Act, federal law required a Shared Responsibility Payment Penalty beginning in calendar year 2014. The national and state uninsured rate decreased while the payment penalty was in effect. However, beginning in calendar year 2019, the federal government eliminated the financial penalties associated with failing to maintain minimum essential health insurance coverage. Without a financial penalty, the uninsured rate was expected to rise in the state of Rhode Island. This risks driving the healthy population away from the individual market (the market that offers health insurance coverage without a connection to group health insurance plans) which would have resulted in increased premiums in the individual market.

The State's penalty amount is set at the greater amount of \$695 per adult and \$348 per child, or 2.5 percent above the tax filing threshold, each tax year. A family's payment is limited to two adults and two children, and the overall maximum penalty is the statewide average cost of a bronze plan. Bronze plans are the marketplace plans with the lowest premiums and the highest copays and coinsurance requirements. In 2019, the average cost of a Rhode Island bronze plan was \$2,388 for a single person and \$9,522 for a family of four.

Those who have an income below the tax filing threshold, set at \$12,000 for a single filer in 2018, are not required to pay the penalty. Exemptions to the penalty are to be regulated by HealthSource RI and modeled after the federal exemptions to include an affordability exemption and a hardship exemption. Within sixty days after the penalty is assessed, the taxpayer shall be offered a special enrollment period to enroll in health insurance through the marketplace to avoid future penalties.

In 2016, prior to the repeal of federal financial penalties, taxpayers in the State of Rhode Island paid \$11.3 million in shared responsibility penalty payments. Because the proposed penalty is modeled after the federal mandate, the revenue generated by the mandate is expected to be comparable. If a comparable penalty were to be reinstated at the federal level, or if federal premium tax credits were eliminated, the state penalty would not be assessed.

Percentage of Shared Responsibility Payments in RI by Individual Income: 2016



Source: IRS Data, 2016.

Massachusetts was the first state to enact a state-based Shared Responsibility Payment Penalty in 2006 and has the lowest uninsured rate in the country. New Jersey, Washington D.C., and Vermont have all enacted mandates since the elimination of financial penalties at the federal level.

Reinsurance Program

The Health Insurance Market Integrity Fund (HIMIF) is funded through restricted receipts raised from the SRPP and the State has applied for a State Relief and Empowerment Waiver for additional funds to support the program. The reinsurance program will pay for a portion of an insurance carrier's claims after they surpass a specified dollar amount, set annually by the Director of Healthsource RI. The program is designed to mitigate individual market premium increases that are associated with high-cost insured individuals. The program would offset costs associated with providing coverage for sicker individuals, allowing insurers to reduce premiums in the individual market.

Currently, eight states have received approval for State Relief and Empowerment Waivers for reinsurance programs including Alaska, Hawaii, Maine, Maryland, Minnesota, New Jersey, Oregon, and Wisconsin. Three additional states have pending applications. States fund their programs through premium taxes and assessments, provider taxes, and general revenues. New Jersey is the only state that funds a reinsurance program through a shared responsibility payment, which has resulted in a 9.3 percent reduction in premium rates in the state, on average.

Over 44,000 individuals (4.0 percent of the insured population) receive their coverage through the individual market in Rhode Island. Approximately 40.0 percent of this population is unsubsidized, which means it is the most susceptible to rising premium costs, which a reinsurance program would mitigate. The reinsurance program would be funded by the aforementioned Health Insurance Market Integrity Fund.

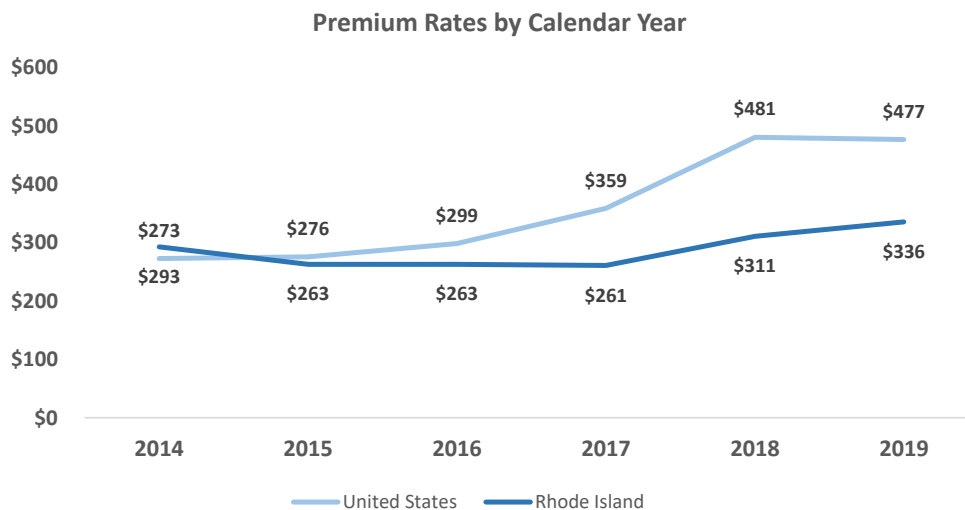
Marketplace Insurer Participation Fee

Health insurance marketplaces, or exchanges, were established with the enactment of the Patient Protection and Affordable Care Act, enacted into federal law on March 23, 2010. Rhode Island state law previously required that the marketplace insurer participation assessment not exceed the federal assessment. The Centers for Medicare and Medicaid Services released a final rule decreasing the user fee from 3.5 percent

to 3.0 percent, which would have limited the State’s fee to 3.0 percent beginning in the calendar year 2020. The article eliminates the limitation and sets the insurer participation fee at 3.5 percent, the rate that it has been since the exchanges were established.

The United States Department of Health and Human Services justified the decrease in the participation fee under the assumption that in the calendar year 2020, insurance premiums will rise and exchange enrollment levels will fall. However, Rhode Island has not seen increases in premiums and lower enrollments as the federal government has. Since FY2016, enrollments in the federal exchange have declined by 33.7 percent, but total enrollments in insurance plans sold by Healthsource RI have only declined 3.1 percent.

The State has also not seen rising premiums growing at the same pace as the federal government, and has significantly lower rates on average than the federal exchange. The second-least expensive plan on the federal has an average annual cost of \$477. A similar plan in Rhode Island cost \$336. The federal government concludes that, since the assessment is a percentage of premium rates, and premium rates have risen, the assessment rate can be decreased.



Source: Kaiser Family Foundation

The rate proposed by the federal government would raise \$171.72 per plan, per year, based on the average cost of a plan for the operational costs of the federal exchanges. In Rhode Island, due to lower costing premiums, the proposed 3.0 percent assessment would only raise \$120.96 per plan, per year. The decreased assessment fee in the federal exchange would allow the federal exchanges to continue to raise more funds per plan as compared to when the exchanges were first established. However, in Rhode Island, there would be a decrease in assessment fees per plan, causing a reduction in funding for Healthsource RI.

The article eliminates language in state statute that restricts Healthsource RI from collecting assessment fees at a rate higher than the rate set by the federal government and sets an assessment rate of 3.5 percent of the annual premium cost of plans sold through Healthsource RI. This allows Rhode Island to separate the State’s assessment from the federal assessment and set a rate into law.

Article 12: Relating to Economic Development

Article 12 introduces new or amends existing economic development incentives. The changes include:

- **Rebuild RI – New Program Limits:** The article raises the maximum aggregate number of credits from \$150.0 million to \$210.0 million and subjects the program’s sales tax exemption option to the same aggregate and per projects caps as the tax credits.
- **Qualified Jobs Incentive – Program Changes:** The article tightens the limit on the amount of credits that a company may receive.
- **Motion Picture/Theatrical Production Tax Credits:** Article 12 extends the sunset on the State Motion Picture tax credit program from July 1, 2024, to July 1, 2027. It also increases the aggregate limit on the value of annually-issued tax credits from \$15.0 million to \$20.0 million
- **Reauthorization of Incentives:** Article 12 extends the authorization of twelve incentives by pushing their sunsets out five months to December 31, 2020.

Article 12 also authorizes several new economic development tools, including:

- **New Rhode Island Opportunity Zones Incentive:** The article allows investors claiming the new federal tax deduction to receive a Rhode Island benefit for investments made in designated Rhode Island opportunity zones after seven years instead of ten years.
- **Special Economic Development Districts (SEDD):** Article 12 authorizes a new type of geographic-based zones with various legal and financial characteristics to incentivize economic development. These Special Economic Development Districts consist of contiguous parcels of State-owned land over 20 acres that have distinct permitting authority separate from the municipality. This definition is meant to include the I-195 Redevelopment District.
- **Small Business Development Funds:** The article authorizes a new economic development tool specifically aimed at providing financing to small businesses Rhode Island. Article 12 authorizes the creation of multiple private capital funds designed to invest in small, Rhode Island-based businesses. The funding is targeted at the gap in financing that exists for many small businesses and start-ups. The program is to be administered by CommerceRI.

FISCAL IMPACT

The FY2020 Budget includes a \$10.0 million general revenue appropriation for the Rebuild RI fund, bringing total appropriations to date to \$59.7 million. The following table summarizes appropriations and awards:

Budget	Rebuild RI Tax Credit		
	Appropriation	Awarded	Balance
2016 Enacted (Final)	\$1,000,000	\$23,779,498	(\$22,779,498)
2017 Enacted (Final)	25,000,000	57,582,554	(55,362,052)
2018 Enacted (Final)	12,500,000	3,050,000	(45,912,052)
2019 Enacted (Final)	11,200,000	25,048,333	-
<i>Subtotal - Activity to Date</i>	<i>\$49,700,000</i>	<i>\$109,460,385</i>	<i>(45,912,052)</i>
2020 Enacted	10,000,000	-	(37,212,052)
Total	\$59,700,000	\$109,460,385	(\$49,760,385)

Rebuild RI Cash Flow: The following table provides the estimated obligations and annual drawdowns by fiscal year. It also shows an appropriation scenario that sufficiently covers planned draw down activity, keeps annual appropriations below \$25.0 million, and leaves a reasonable annual ending balance for the following fiscal year.

Estimated Cash Flow Summary for Rebuild RI											
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Beginning Balance	\$48.3	\$50.1	\$41.5	\$14.8	\$9.4	\$2.5	\$1.5	\$6.0	\$6.9	\$2.9	\$1.2
Combined Draw Downs*	(8.2)	(18.6)	(46.8)	(30.3)	(31.9)	(26.0)	(15.6)	(9.1)	(9.0)	(6.7)	(1.7)
Estimated Appropriation [^]	10.0	10.0	20.0	25.0	25.0	25.0	20.0	10.0	5.0	5.0	1.0
Ending Balance	50.1	41.5	14.8	9.4	2.5	1.5	6.0	6.9	2.9	1.2	0.5

\$ in millions

*Includes tax credits and sales tax exemptions. Amounts takes into consideration all projects in pipeline as of July, 2019, including Fane Tower.

[^]Appropriation levels for FY2021 through FY2030 have been chosen for demonstration purposes only. Consideration was given to keeping annual appropriations below \$25.0 million, while covering the draw downs, and leaving a reasonable ending balance (Senate Fiscal Staff estimates).

The Budget does not assume a fiscal impact in FY2019 or FY2020 for any of the other initiatives within Article 12.

ANALYSIS AND BACKGROUND

Rebuild RI

Program Background: Established in FY2016, the Rebuild Rhode Island program uses both tax credit and sales tax exemption incentives. The tax credit is administered by the Commerce Corporation and is designed to promote investment in real estate development for commercial and/or residential use. Commerce RI can 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 the credit exceeds a 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. Prior to assignment of the credit, the State has the right to redeem (purchase) the credits at 90.0 percent of the credit value. Sales and use tax exemptions may be permitted at the discretion of the Secretary of Commerce.

The Rebuild RI Fund, a restricted receipt account, was established in FY2016 to fund the program. The account is funded by general revenue appropriations. 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 to award new tax credits. Each year, the Director of Revenue requests the amounts necessary to pay for the redemption of tax credits.

Commerce RI has the authority to provide qualifying projects with sale tax exemptions on certain qualified purchases that are related to the project's development. These purchases can include construction materials and services as well as furnishings and other interior improvements. To receive these exemptions, the developer must apply with Commerce RI and if approved, will receive a rebate for those expenditures certified by Commerce RI. Most of the current Rebuild RI projects have a sales tax rebate incentive in addition to the Rebuild RI tax credits. The 34 current projects have a combined \$40.9 million in sales tax rebates that have been approved as part of the development.

Article 12 makes numerous changes to the Rebuild RI program, including:

- **Program Limits:** When the Rebuild RI tax credit program was first established by the General Assembly in 2016, several limits were instituted on the program to prevent awarded credits from outpacing general revenues and to ensure program performance. These checks included a \$150.0 million cap on the total amount of credits permitted to be issued, a \$15.0 million per-project limit, and an initial sunset date of December 31, 2018. These limits ensured that the General Assembly had an opportunity to evaluate the effectiveness of the program over time and, based on its analysis, either reauthorize the program or curtail it. In 2018, the General Assembly chose to extend the sunset date to June 30, 2020; however, it did not change the cap. To date, the RI Commerce Corporation (CommerceRI) has awarded \$109.5 million, or 73.0 percent of the original cap (71.6 percent of the new cap authorized under Article 12).
- **Sunset Extension:** Article 12 extends the sunset for the Rebuild RI tax credit program from June 30, 2020, to December 31, 2020.

- **Sales Tax Exemption Limit:** The Rebuild RI tax credit program allows CommerceRI to provide sales tax exemptions to Rebuild RI projects on certain qualifying, project-related purchases. Of the 34 current Rebuild RI-awarded projects, 28 have also received sales tax exemption approvals, ranging in value from \$100,000 to \$2.7 million. Electric Boat is an outlier, having received approval for an estimated \$18.0 million in sales tax exemptions. CommerceRI has approved \$40.9 million in sales tax exemptions in total.

Originally there was no limit (per project or in the aggregate) on the amount of sales tax exemptions that CommerceRI may approve. Article 12 establishes both a per-project and an aggregate limit by folding the total amount of sales tax exemptions under the same program caps that the Rebuild RI tax credits are subjected to. The combined value of tax credits and sales tax exemptions is calculated retroactively to the beginning of the program for purposes of the overall program cap. Qualified projects awarded combined tax credits and sales tax exemptions in excess of the \$15.0 million per project threshold prior to the enactment of Article 12 are not subject to the new limit.

- **New Cap:** Article 12 increases the maximum number of aggregate Rebuild RI tax credits and sales tax exemptions allowed to be issued to \$210.0 million. The original limit was \$150.0 million and pertained only to the tax credits. CommerceRI has approved \$109.5 million in tax credits and \$40.9 million in sales tax exemptions across 34 projects, for a total of \$150.4 million, or 71.6 percent of the total cap authorized by the article.
- **Per-Project Tax Credit and Sales Tax Exemption Limit:** Article 12 also provides a special exemption to the \$15.0 million per-project cap on the combined amount of tax credits and sales tax exemptions that may be issued. This special exemption is applicable only to the project that the I-195 Redevelopment District has been authorized to enter into a purchase and sale agreement for parcels 42 and P4 (Fane Tower). The exemption allows combined credits and exemptions up to \$25.0 million. This project also does not count towards the overall program cap of \$210.0 million.
- **Historic Structure Rebuild Projects:** Article 12 charges CommerceRI with developing streamlined application processes for the issuance of Rebuild RI tax credits for projects involving certified or recognized historic structures, manufacturers, or affordable or workforce housing. The article further requires the Division of Taxation to contact, at CommerceRI's expense, the developers who are currently in the queue to receive Historic Preservation tax credits should the program be recapitalized and extended. There are currently 37 projects in the queue with approximately \$67.1 million in potential credits under the historic preservation program.

Rebuild RI Projects: The following table shows the current projects which have been awarded Rebuild RI tax credits:

Project	Date Approved	Amount	Sales Tax	Total
			Rebate Estimate	Investment Leveraged
45 Pike	9/26/2016	\$2.5	\$0.4	\$23.2
78 Fountain Street	3/28/2016	6.1	0.9	48.4
A.T. Cross	5/9/2016	0.4	0.1	2.1
Agoda	2/27/2017	1.0	-	5.1
Aloft Hotel	1/28/2019	0.1	1.5	1.0
Bristol Belvedere	2/27/2017	1.0	0.2	9.4
Case Mead	2/22,2016, 5/1/2017	1.6	0.2	11.0
Chestnut Commons	12/19,2016, 10/30/2017	3.5	0.6	32.9
Downcity	1/27/2017, 12/28/2017	11.9	0.4	39.7
Edge II	11/19/2018	6.0	1.3	59.2
Electric Boat	5/21/2018	2.0	18.0	792.1
Finlay	8/10/2016	0.3	0.3	54.3
Gotham Greens	11/20/2017	1.3	-	12.2
Hope Artiste	9/26/2016	3.6	0.8	38.9
Immunex RI Corporation	4/10/2018	3.5	3.3	165.1
Infinity Meat Solutions	5/21/2018	1.9	1.8	110.2
Infosys	12/18/2017	0.8	0.1	8.5
Innovate Newport	11/21/2016, 12/17/2018	2.4	0.0	8.3
Lippitt Mill	8/22/2016	2.1	0.2	15.2
Louttit Laundry	1/25/2016	2.7	0.3	10.1
Ocean State Job Lot	6/27/2016	3.1	1.5	49.1
ONE MetroCenter	11/19/2018	3.0	0.5	19.0
Pontiac Mills	5/23/2016	3.6	0.5	34.6
Prospect Heights	3/28/2016	3.7	-	12.2
Providence Commons	1/25/2016	5.6	-	54.4
R&W Phase II	1/22/2018	1.0	0.2	7.2
Residence Inn	2/22/2016, 5/22/2017	0.1	1.3	59.8
River House	5/1/2017	8.4	0.7	61.9
Rubius Therapeutics	6/28/2018	2.8	2.7	188.0
The Edge	5/22/2017	3.0	1.0	56.9
Union Trust	3/28/2016	1.1	-	14.6
Virgin Pulse	12/19/2016	3.2	0.3	10.8
Warwick Hyatt Hotel	6/27/2016	1.4	0.3	23.8
Wexford Innovation Center	5/1/2017	15.0	1.6	104.7
Total		\$109.5	\$40.9	\$2,198.3

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

Note: Multiple dates refer to original board approval dates and dates award was amended.

Qualified Jobs Incentive

Article 12 modifies the tax credit amount per job created under the Qualified Jobs Incentive Act. Businesses seeking Qualified Jobs Incentive Act tax credits must demonstrate the creation of a minimum number of new full-time jobs based on a graduated scale depending on the number of existing full time employees (FTEs) the business employs in the state at the time of application. The maximum credit per new job is \$7,500.

Incentive Status: There are currently 27 companies that have been awarded qualified jobs incentives, with agreements totaling \$64.9 million. The incentives are paid out over a 14-year period from FY2019 through FY2032, at an average of \$4.6 million per year. The incentives are based upon commitments to create 3,191 jobs.

Article 12 Changes: Article 12 establishes a new limit on the State's New Qualified Jobs Incentive program. The program allows CommerceRI to award tax credits to companies that grow their workforce in Rhode Island. The base amount of the credit is up to \$2,500 annually per job created. The amount of the credit can be increased up to \$7,500 depending on whether the company meets certain criteria. In addition to these base limits, the amount of credits per company cannot exceed the value of the reasonable W-2 withholding received by the State for each new full-time job. Article 12 tightens this latter limit by setting the cap at 75.0 percent of the reasonable W-2 withholding.

Company	New Jobs	Total Incentive amount
Infinity Meat Solutions, LLC.	702	\$9,484,000
Infosys Limited	500	8,500,000
Amgen	146	6,000,000
General Electric Company	100	4,591,700
Johnson & Johnson Services, Inc.	75	4,425,860
Rubius Therapeutics, Inc.	154	3,715,000
Ocean State Jobbers, Inc.	125	3,230,190
eMoney Holdings, LLC	100	3,162,196
Agoda Travel Operations USA, Inc.	200	3,039,390
Virgin Pulse, Inc.	292	2,501,072
VistaPrint Corporate Solutions, Inc.	125	2,244,546
Magellan HRSC, Inc.	75	2,138,660
United Natural Foods, Inc.	150	1,873,802
Finlay Extracts & Ingredients USA, Inc.	73	1,354,105
Collette Travel Service, Inc.	50	1,300,000
Epiq Systems, Inc.	25	1,210,000
iXblue Defense Systems, Inc.	22	1,032,000
Gotham Greens Holdings, LLC	68	934,610
Xeros, Inc.	25	784,970
Granite Telecommunications, LLC	50	779,464
Trade Area Systems, Inc.	28	521,507
Greystone of Lincoln, Inc.	25	459,720
Surplus Solutions, LLC	16	454,681
Ivory Ella, LLC.	11	362,055
Alliance Paper Company, Inc.	20	296,790
Advertising Ventures	10	260,000
Lexington Lighting Group, LLC	24	218,831
Total	3,191	\$64,875,148

Motion Picture and Musical/Theatrical Production Tax Credits

Rhode Island offers a tax credit to motion picture and theatrical production companies equal to 30.0 percent of qualified production costs attributable to expenditures from to activity within the State. Article 12 extends the sunset on the State Motion Picture tax credit program from July 1, 2024, to July 1, 2027. It also increases the aggregate limit on the value of annually-issued tax credits from \$15.0 million to \$20.0 million

Reauthorization of Incentives

Article 12 reauthorizes the following incentives for another five months:

- 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

These programs were set to expire on June 30, 2020. The General Assembly originally established a two-year authorization for these incentives, calling for a sunset date of December 31, 2018, which was extended by the FY2019 Budget as Enacted. Article 12 establishes a new sunset date of December 31, 2020.

New Rhode Island Opportunity Zones Incentive

The federal Tax Cuts and Jobs Act of 2018 (TCJA) provided a federal tax incentive for private investors to direct capital gains into equity investments in development projects located in certain defined low income communities, or “opportunity zones”. Rhode Island has 25 census track-designated opportunity zones. Article 12 provides for an additional incentive to those taxpayers who choose to invest in Rhode Island opportunity zones.

TCJA Tax Incentive: Under the existing federal program, taxpayers may defer, reduce, or potentially eliminate tax liability on capital gains by making timely investments in opportunity funds which, in turn, invest in opportunity zone projects. There are three levels of the incentive. The first is immediate tax deferral on eligible capital gains invested in an opportunity fund. The second is a 10.0 percent reduction in the capital gain liability if the deferred-gain investment is held in the fund for five years, 15.0 percent if held for seven years. The third is, for investments made by the fund in qualifying opportunity zone projects, the elimination of any tax liability on gains related to the project if the investment in the project is held for ten years.

Rhode Island Incentive: Rhode Island, like many states, conforms its state tax laws to the federal law. The State, therefore, treats capital gains invested in Rhode Island opportunity zones similarly to the TCJA for purposes of state tax liability. Article 12 accelerates the time period in which the entire capital gains liability is eliminated, from ten years down to seven. There is no fiscal impact of the incentive until at least FY2026.



Source: RI Commerce Corporation

Analyst Note: According to the EOC, the incremental difference in terms of impact between seven years and ten is minimal because hard-asset development such as buildings and equipment usually occurs early in a project’s timeline. These types of investments are usually in place by year seven and represent the bulk of any new development in an opportunity zone. EOC further argues that an accelerated elimination of tax liability provides a competitive advantage in the market for opportunity zone investment.

Special Economic Development Districts

Article 12 provides for the creation of a new geographic-based economic development districts.

- **Authorization:** Article 12 authorizes the General Assembly to establish “Special Economic Development Districts” (SEDD) for contiguous parcels of State-owned land over 20 acres, which are developable or blighted State-owned tracts or parcels of land. Properties owned or controlled by the Department of Environmental Management cannot be part of a SEDD.
- **Commissions:** The article also authorizes the creation of a separate commission for each established district to adopt, implement, and administer a plan for development. Each district commission shall consist of seven voting members. Members are to be appointed by the Governor with the advice and consent of the Senate.
- **Planning:** Districts shall adopt plans of development which regulate and restrict the construction, reconstruction, alteration, repair, or use of buildings, structures, or land in a uniform, consistent, and non-discriminatory manner that is rationally related to the purpose of these districts.

The plan can only be adopted or amended after a public hearing before the commission, at which all interested parties have an opportunity to be heard. All abutting owners of property within 200 feet of the perimeter of the district will be notified at least seven days before the date of the hearing. The notice will also be in the newspaper at least once a week for three consecutive weeks before the hearing.

Before any structure can be touched, the person proposing construction has to file an application with the commission, together with all plans and specifications and all that may be required by the regulations of the commission.

Each commission has the authority to grant variations from the district plan where the use granted by special exception is reasonably necessary for the convenience or welfare of the public and does not substantially or permanently injure the value of the neighboring property or where a variance will not be contrary to the public interest and the spirit of the plan will be observed.

I-195 Redevelopment District: Article 12 specifically designates the I-195 Redevelopment District Commission as a SEDD and conveys to it all the powers of a special economic development district. The I-195 Redevelopment District will, therefore, be exempt from much of the City of Providence's development oversight and checks. The Budget accomplishes this by repealing the requirement that the I-195 Redevelopment District oversee, plan, implement, and administer the development of areas within the district consistent with and subject to the City of Providence's comprehensive plan and the City's ordinances. Similarly, the Budget repeals the requirement that the District exercise its powers in a manner consistent with the comprehensive plan and ordinances.

Small Business Development Funds

Article 12 authorizes a new economic development tool specifically aimed at providing financing to small businesses Rhode Island. Specifically, the article authorizes the creation of multiple private capital funds designed to invest in small, Rhode Island-based businesses. The funding is targeted at the gap in financing that exists for many small businesses and start-ups. The program is to be administered by CommerceRI.

The Small Business Development Funds program model includes the following features:

- **Fund Approval:** Investment companies apply to CommerceRI for authorization to form a Rhode Island Small Business Development Fund (SBDF). Applicants would have to meet certain federal and State criteria in order to qualify.
- **Raising Capital:** Once approved, fund managers are awarded the authority to raise money for their designated SBDF. Private investors provide capital to the funds in exchange for investment returns. A portion of these returns come from delayed, at-risk State tax credits. Article 12 requires that at least 45.0 percent of the capital raised comes from sources other than the investor awarded the tax credit. SBDF fund managers must provide at least 10.0 percent.
- **Capital Investment:** CommerceRI is permitted to authorize up to \$65.0 million in capital investments, with no more than \$20.0 million to any one SBDF. These funds must be invested in small, Rhode Island-based businesses within three years.
 - Small businesses are defined as those with less than 250 employees and less than \$15.0 million in net income.
 - The businesses must be within one of the State's target growth sectors.
 - Investments may take the form of debt or equity.
- **Tax Credit Incentive:** Upon making an investment in a SBDF, an investor earns a vested right to a non-transferable credit against the investor's State insurance premium tax liability. The credit is equal to the applicable percentage for the credit allowance date multiplied by the purchase price paid to the small business fund for the capital investment. The credit may not be taken within the first three years

or prior to the deployment of 100.0 percent of a fund's capital. The aggregate number of credits that can be claimed per year is capped at approximately \$14.0 million per year. Credits may only be carried forward seven years.

- **Reporting Requirements:** The article requires significant reporting requirements for the program, including:
 - Requiring small business funds to provide a report to the CommerceRI on the first, second, and third anniversary of the fund's establishment. The report must contain information on the fund's financial information and job creation data related to the fund's investments.
 - Requiring CommerceRI to provide a report to the Speaker of the House, President of the Senate, House and Senate Finance Chairs, and the General Treasurer, no later than September 30th each year. The reports must contain information on program implementation, investments made, fund performance, and economic impact of the investment.

Article 13: Relating to Human Services

This article modifies the financing and delivery of the Medicaid program and a number of other human services programs administered by the Executive Office of Health and Human Services (EOHHS) and its subordinate agencies. Specifically, the article:

- Modifies the lifetime limit for RI Works beneficiaries.
- Implements a tiered reimbursement system for infant and toddler family child care providers.
- Expands eligibility for the State's enhanced Supplemental Security Income (SSI) payment.
- Modifies payments to a number of Medicaid providers, including hospitals, nursing facilities, hospice and home care providers, and managed care organizations (MCOs).
- Directs EOHHS to increase enrollment in RIte Share, Rhode Island's premium assistance program.
- Provides for the accreditation of the Department of Children, Youth, and Families (DCYF) by the national Council on Accreditation.
- Enables the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to increase wages for direct support professionals (DSPs) who care for individuals with developmental disabilities on October 1, 2019.
- Establishes an Opioid Stewardship program.

FISCAL IMPACT

This article increases general revenue expenditures by \$2.2 million (\$3.8 million all funds) in FY2020. Several proposals also adversely affect revenue collections, resulting in a net revenue loss of \$379,328. This includes revenues generated by the 2.0 percent insurance premium tax and 5.5 percent nursing home provider tax.

ANALYSIS AND BACKGROUND

Rhode Island Works

The article amends RI Works legislation to clarify the definition of the lifetime limit. Previously, beneficiaries were not allowed to receive cash assistance for more than 24 months (consecutive or not) within 60 continuous months. Article 13 eliminates this constraint, but retains the 48-month lifetime limit beneficiaries are eligible for cash assistance. The lifetime limit includes Temporary Assistance for Needy Families (TANF) cash assistance paid to the beneficiary in other states. Cash assistance provided to a child will not be counted toward their lifetime limit should they need to apply for benefits as adults. The Budget includes \$189,000 from federal TANF funds to support the anticipated increase in caseload.

The Rhode Island Works program (RI Works) is the State's TANF federal block grant program. Each state receives TANF block grant funds and operates their own cash assistance program for low-income families. The May 2019 Caseload Estimating Conference estimated a caseload of 9,250 persons using RI Works in FY2020, with an average monthly cost of \$188.00 per person and a total cost of \$23.1 million.

Child Care Assistance

Article 13 increases the amount of liquid resources a family may have while still qualifying for child care assistance from \$10,000 to \$1.0 million. Liquid resources include any financial instruments or accounts that are easily converted into cash such as stocks, bonds, mutual funds, or savings accounts. The increase in allowable liquid resources corresponds to the limits set by the federal Office of Child Care in the Child Care and Development Fund Plan. In addition, the article amends the child support conditions for child care assistance. Previously, the parent or guardian of a child receiving child care assistance was required to work

with the Department of Human Services (DHS) to establish paternity and work to enforce child and medical support for all children in the family, regardless of whether all children received child care assistance. The article amends this condition to only apply to children who receive child care through the child care assistance program. These modifications to the child care assistance program do not have a fiscal impact.

Child Care Rates

Article 13 alters the child care reimbursement rate structure for licensed family child care providers caring for infants and toddlers. Pursuant to the article, a provider’s reimbursement shall be based their quality rating as determined under the State’s Tiered Quality Rating and Improvement System (TQRIS). Previously, family child care providers were provided rate increases based on four steps as outlined in their collective bargaining agreement.

Step	Requirments	% Increase	FY2019 Weekly Rates Infants/Toddlers
1	Has not achieved requirements of Steps 2-4 A high school diploma or GED, or 10+ years or related experiences and enrolled in a diploma/GED program.	1.0%	\$180.34
2	A Child Development Associates (CD) Credential, or completion of 3 college credits in child development or related field.	2.0%	\$182.12
3	Complete RI Early Childhood Education & Training Program at CCRI, or earned an Associate's Degree or higher.	3.0%	\$183.91
4		4.0%	\$185.69

Source: SEIU 1199NE Collective Bargaining Agreement

Note: FY2019 Infant/Toddler rates are based on a previous rate of \$178.55

A TQRIS is used by states to assess, improve, and communicate the level of quality in child care programs. Rhode Island’s TQRIS is known as BrightStars. 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. Pursuant to the article, the tiered reimbursement rate system will be applied in addition to family child care providers’ existing step increases. The Budget includes \$150,000 from general revenues to fund rate increases as follows:

Star Rating	Step 1	Rate	Step 2	Rate	Step 3	Rate	Step 4	Rate	Total Percent Increase
	1%	\$180.34	2%	\$182.12	3%	\$183.91	4%	\$185.69	
1 Star	+		+		+		+		2%
2 Stars	1%	\$182.14	0%	\$182.12	0%	\$183.91	0%	\$185.69	2%
3 Stars	4%	\$187.55	3%	\$187.58	2%	\$187.58	1%	\$187.55	5%
4 Stars	10%	\$198.37	9%	\$198.51	8%	\$198.62	7%	\$198.69	11%
5 Stars	13%	\$203.78	12%	\$203.98	11%	\$204.14	10%	\$204.26	14%
	22%	\$220.01	21%	\$220.37	20%	\$220.69	19%	\$220.97	23%

Note: Based on a base rate of \$178.55

Supplemental Security Income

Article 13 amends RIGL 40-6-27 to expand eligibility for Category F, which provides an enhanced State Supplemental Security Income (SSI) payment for certain residents in assisted living facilities. Previously, the higher payment was only provided to individuals enrolled in managed care plans. This article allows the State to also provide the higher payment for individuals enrolled in “an alternative, successor, or substitute program,” which includes fee-for-service Medicaid. This expansion is specifically targeted at the population of dual-eligible beneficiaries who were transitioned from managed care to fee-for-service as part

of the Rhody Health Options (RHO) redesign which occurred on October 1, 2018. The change allows those individuals who were previously enrolled in managed care and received the higher payment through RHO to maintain their SSI benefit in fee-for-service. The Budget includes \$293,000 from general revenues to provide the enhanced payment to an estimated 53 individuals in FY2020.

The article also requires the Department of Human Services to provide monthly enrollment data to members of the Caseload Estimating Conference regarding the number of individuals who receive the Category F payment, broken down by delivery type (managed care or fee-for-service).

Medicaid Provider Payments

Article 13 modifies payments to hospitals, limits rate increases for long-term care providers, and allows EOHHS to amend its contracts with Medicaid managed care organizations (MCOs). These changes reduce general revenue expenditures by a net \$2.2 million relative to the May 2019 Caseload Estimating Conference (CEC) adopted estimate as follows:

Hospitals: The Budget increases general revenue payments to hospitals by \$6.9 million (\$19.2 million all funds) relative to the May 2019 Caseload Estimating Conference adopted estimate.

Hospitals	General Revenue	All Funds
Hospital Rates	\$8,938,819	\$25,325,767
Inpatient Upper Payment Limit	(3,296,645)	(8,748,429)
Disproportionate Share Hospital Payment	1,223,787	2,601,035
Total	\$6,865,961	\$19,178,373

- Hospital 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 and make adjustments based on factors such as hospital costs, hospital coding, and availability of services. Increases may not exceed the Prospective Payment System Hospital Input Price Index, an inflation-based index published by the federal Centers for Medicare and Medicaid Services (CMS). The May 2019 CEC adopted estimate includes inflators of 3.2 percent for inpatient and 1.3 percent for outpatient services.

Hospital Rate Changes by Fiscal Year		
Fiscal Year	Inpatient	Outpatient
FY2013	2.7%	1.9%
FY2014	0.0%	0.0%
FY2015	0.0%	0.0%
FY2016	-2.5%	-2.5%
FY2017	3.0%	1.9%
FY2018	2.4%	2.4%
FY2019	2.8%	1.8%
FY2020	7.2%	7.2%

The article increases both inpatient and outpatient hospital rates by 7.2 percent in FY2020. This includes the inflator as well as a supplemental rate increase to adjust for rate freezes and reductions that occurred in prior fiscal years. This represents a general revenue increase of \$8.9 million compared to the May 2019 CEC adopted estimate. This requires two State Plan Amendments, one each for inpatient and outpatient rates, which were submitted to CMS on June 28, 2019.

Although this initiative significantly increases expenditures, it also positively impacts revenue collections. Of the \$25.3 million in additional expenditures, \$23.5 million will be subject to the 2.0 percent insurance premium tax. Therefore, by increasing hospital rates, the State will receive an additional \$469,777 in revenue relative to the May 2019 Revenue Estimating Conference.

- Inpatient Upper Payment Limit:** Upper Payment Limit (UPL) payments compensate hospitals for the difference between what hospitals receive for services to Medicaid patients and what they are paid under Medicare reimbursement principles. In past fiscal years, the State has made UPL payments to hospitals, matched by federal funds, to bring its total Medicaid expenditures up to 100.0 percent of the Medicare UPL. The article eliminates UPL payments for inpatient hospital services in FY2020. This requires a State Plan Amendment, which was submitted to CMS on June 28, 2019. The State will continue providing outpatient UPL payments.

The May 2019 CEC adopted estimate includes a total of \$8.7 million in inpatient UPL payments in FY2020, of which \$3.3 million is from general revenues. The Budget reduces expenditures by the equivalent amount.

Inpatient UPL	
Hospital	FY2020 Adopted
Butler	-
Kent	780,483
Memorial	-
Women and Infants	3,344,332
Care New England	\$4,124,815
Bradley	-
Miriam	533,878
Newport	147,477
Rhode Island Hospital	2,797,457
Lifespan	\$3,478,812
Roger Williams	259,301
St. Joseph	645,496
Prospect - CharterCARE	\$904,797
Landmark	164,488
South County	51,056
Westerly	24,461
Rehabilitation	-
Other	\$240,005
Total	\$8,748,429

- Disproportionate Share Hospital Payment:** Federal law requires that state Medicaid programs make Disproportionate Share Hospital (DSH) payments to qualifying community hospitals which serve a large number of uninsured, underinsured, or Medicaid patients. The DSH program subsidizes hospitals with high uncompensated care costs, which include certain expenses which are not covered out-of-pocket or by Medicaid or other insurance. DSH payments are lump-sum disbursements issued in July of each fiscal year and are subject to the applicable Federal Medical Assistance Percentage (FMAP) at the time of issuance. The State share is funded through revenues generated by the hospital licensing fee authorized in Article 5 of the FY2020 Enacted Budget.

The FY2019 Budget as Enacted authorized a maximum all funds DSH payment of \$139.7 million in FY2020. The May 2019 CEC adopted estimate includes \$139.7 million, accordingly, including \$66.3 million from general revenues. Article 13 increases the aggregate DSH payment to \$142.3 million, consistent with the maximum allowed by the federal government. This represents a general revenue increase of \$1.2 million (\$2.6 million all funds) compared to the May 2019 CEC adopted estimate.

Long-Term Care: The Budget reduces general revenue payments to long-term care providers by \$6.1 million (\$13.0 million all funds) relative to the May 2019 Caseload Estimating Conference adopted estimate.

Long-Term Care	General Revenue	All Funds
Nursing Home COLA	(\$3,514,967)	(\$7,454,861)
Limit Hospice Rate Increase	(2,592,700)	(5,500,000)
Home Care Rates	-	-
Total	(\$6,107,667)	(\$12,954,861)

- Nursing Home COLA:** Each October, pursuant to RIGL 40-8-19, nursing homes are to receive a cost-of-living adjustment (COLA) rate increase based on the national nursing home inflation index. The May 2019 CEC adopted nursing home payments assuming a 3.0 percent price increase in FY2020. The article limits the rate increase to 1.0 percent, saving \$3.5 million in general revenues (\$7.5 million all funds). This requires a State Plan Amendment, which was submitted to CMS on June 28, 2019.

Fiscal Year	Date	Adopted	Index
FY2013	10/1/2012	3.1%	3.1%
FY2014	10/1/2013	0.0%	2.9%
FY2015	10/1/2014	0.0%	3.5%
	4/1/2015	3.2%	0.0%
FY2016	8/1/2015	-2.5%	0.0%
	10/1/2015	0.0%	3.2%
FY2017	10/1/2016	3.3%	3.3%
FY2018	10/1/2017	0.0%	2.8%
FY2019	7/1/2018	1.5%	0.0%
	10/1/2018	1.0%	2.7%
FY2020	10/1/2019	1.0%	3.0%

Although this initiative will significantly reduce expenditures, it is important to note that revenue collections will also be negatively impacted. Of the \$7.5 million in estimated savings, \$6.4 million is projected within fee-for-service nursing home expenditures, which would otherwise be subject to the 5.5 percent nursing home provider tax, and \$1.1 million is projected within managed care, which would otherwise be subject to the 2.0 percent insurance premium tax. Therefore, by limiting the nursing facility COLA, the State will forego approximately \$390,450 in revenues relative to the estimate adopted by the May 2019 Revenue Estimating Conference.

- Limit Hospice Rate Increase:** The FY2019 Budget as Enacted provided rate increases of 10.0 percent for home care and hospice providers delivering personal care attendant services and 20.0 percent for home care and hospice providers delivering skilled nursing and therapeutic services. For hospice providers delivering skilled nursing services, EOHHS applied a 20.0 percent increase to all components of the hospice rate, including room and board which is passed through to nursing facilities. This was not the intent of the rate increase, as it resulted in a discrepancy between the room and board rates paid for hospice care and non-hospice care in nursing facilities. The article corrects this issue by excluding room and board from the rate increase. This initiative is expected to reduce general revenue expenditures by \$2.6 million (\$5.5 million all funds) in FY2020. This requires a State Plan Amendment, which was submitted to CMS on June 28, 2019.

This rate reduction will negatively impact revenues generated by the nursing home provider tax. The \$5.5 million all funds expenditures saved through this initiative would otherwise be subject to this 5.5 percent tax. Therefore, the State will forego approximately \$302,500 related to this initiative.

- Home Care Rates:** As noted above, the FY2019 Budget as Enacted provided rate increases for home care providers of either 10.0 percent or 20.0 percent, depending on the level of care provided. The FY2019 Enacted Budget also included a provision to provide an inflation-based rate increase beginning in FY2020 and applied annually thereafter. The inflator is similar to that which is provided to hospitals and nursing facilities. Article 13 of the FY2020 Enacted Budget maintains the inflator, but includes clarifying language to indicate the specific providers which shall be entitled to the rate increase. This includes providers of personal care attendant services, skilled nursing and therapeutic services, and hospice care. The language specifies the targets of the rate increase in order to clarify intent and to prevent the possibility of a broader (or more stringent) application of the inflator, as occurred in FY2019. The May 2019 CEC adopted estimate already includes a 2.0 percent inflator for these providers; therefore, there is no fiscal impact from including the clarifying language.

Managed Care: The Budget reduces general revenue payments to managed care organizations (MCOs) by \$2.9 million (\$10.7 million all funds) relative to the May 2019 Caseload Estimating Conference adopted estimate.

Managed Care	General Revenue	All Funds
FQHC In-Plan	(\$1,895,747)	(\$5,300,000)
Performance Goal Program	(890,828)	(5,137,916)
C-Section Births	(134,349)	(285,000)
Total	(\$2,920,924)	(\$10,722,916)

- FQHC In-Plan:** Federally Qualified Health Centers (FQHCs) are organizations that provide comprehensive and affordable care to vulnerable populations in underserved areas. State Medicaid programs are required by the federal government to cover the preventive and primary care services offered by FQHCs. Medicaid payment rules for FQHCs are governed by a federal prospective payment system (PPS) which prescribes rates for each patient encounter. In Rhode Island, a significant number of Medicaid beneficiaries are enrolled in managed care plans, which are not required to use the same payment system. Managed care organizations (MCOs) negotiate a rate with the FQHCs, which is typically lower than the encounter rate under the PPS. Therefore, FQHCs are often paid less for providing care to managed care beneficiaries compared to other individuals. When this happens, EOHHS pays the difference through a supplemental payment called a wraparound (or wrap) payment.

Historically, EOHHS has seen an upward trend in Medicaid member usage at FQHCs which has resulted in consistently higher wrap payments. FQHCs have little incentive to control costs if EOHHS continues to provide these payments. The Budget eliminates the wraparound payments and, instead, builds the payments into the rates paid through managed care. This will encourage the MCOs to work with FQHCs to manage costs and strengthen procedures on billable encounters. The Budget assumes that this initiative would impact utilization of other managed care services, thereby generating \$1.9 million in general revenue savings (\$5.3 million all funds) in FY2020.

- Performance Goal Program:** The Budget eliminates the Performance Goal Program (PGP) in FY2020. The Medicaid Performance Goal Program has operated in Rhode Island since 1998. The program established standards for quality and performance within managed care while focusing on eight domains: utilization, access to care, prevention and screening, women's health, chronic care, behavioral health, compliance, and total cost of care. The PGP provides financial incentives to health plans for meeting specific performance benchmarks. Based on estimates adopted by the May 2019 CEC, eliminating the PGP will reduce general revenue expenditures by \$890,828 (\$5.1 million all funds) in FY2020. This proposal will also negatively impact revenues generated through the insurance premium tax, reducing collections by approximately \$102,758.
- C-Section Births:** The Budget includes a goal to reduce C-Section births from the current level of 30.0 percent of all Medicaid births to the national best practice of 20.0 percent. The Budget assumes general revenue savings of \$134,350 (\$285,000 all funds) by achieving a 10.0 percent reduction in the incidence of C-Section births in FY2020, slightly offset by an estimated \$5,700 loss in revenue collections.

Medicaid Resolution

Article 13 includes a joint resolution allowing the Executive Office of Health and Human Services (EOHHS) to undertake various reforms within the Medicaid program. The annual appropriations bill passed by the General Assembly typically includes an article which makes the statutory changes required to achieve Medicaid budget initiatives. In recent years, this article has also included a series of resolutions that describe changes to the Medicaid program underlying the appropriations bill that do not necessarily require changes to General Law but do require amendments to the Medicaid State Plan, Section 1115 Waiver, rules/regulations, or contracts with the State's Medicaid managed care organizations (MCOs). Specifically:

- Medicaid Provider Payments:** The resolution seeks authority to adjust Medicaid payments to hospitals, long-term care providers, and managed care organizations. These adjustments are discussed separately in the foregoing section.

- **Direct Support Professional Wage Increase:** The resolution enables a wage increase for Direct Support Professionals (DSPs) who support individuals with intellectual or developmental disabilities (I/DD). Historically, I/DD service providers have struggled to recruit, train, and retain this crucial workforce because they are unable to offer competitive wages. The Budget includes \$4.5 million in general revenues (\$9.5 million all funds) within the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH) to support a wage increase on October 1, 2019. According to BHDDH, this addition would equate to a raise of \$0.82 per hour based on a current average hourly wage of \$12.27.
- **Federal Financing Opportunities:** The resolution allows EOHHS to pursue any changes to the Medicaid program which improve quality, access, and cost-effective delivery, so long as the changes do not have an adverse impact on beneficiaries or increase expenditures beyond appropriations for FY2020.

RItE Share Enrollment

The article requires EOHHS to promote enrollment in RItE Share, the State's premium assistance program for Medicaid-eligible individuals with access to employer-sponsored health insurance. Article 13 requires that EOHHS submit a plan by October 1, 2019, to increase enrollment in the program. Beginning January 1, 2020, EOHHS must include RItE Share enrollment and expenditure data in the monthly reports provided to the members of the Caseload Estimating Conference.

The RItE Share program is an alternative enrollment option to RItE Care, the State's managed care plan for children and families. Rather than enrolling individuals in RItE Care, the program pays all or a portion of the eligible family's monthly premium on an employer-sponsored plan, provided that the premium is less than the monthly premium for RItE Care (\$250.95). RItE Share participants are also eligible to receive any RItE Care benefits that are not covered by the employer's plan.

The Budget includes general revenue savings of \$1.1 million (\$2.4 million all funds) in the Medicaid program related to this initiative. The estimate assumes that 2,000 individuals will move from RItE Care, at \$250.95 per member per month, to RItE Share, at \$52.21 per member per month, on January 1, 2020.

Average Enrollment, Children and Families	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
RItE Share	10,139	9,442	8,752	7,122	7,278	6,820	5,183	3,722
<i>Change from Prior Year</i>		-6.9%	-7.3%	-18.6%	2.2%	-6.3%	-24.0%	-28.2%
RItE Care	116,243	118,070	132,942	137,430	143,257	150,615	158,023	157,881
<i>Change from Prior Year</i>		1.6%	12.6%	3.4%	4.2%	5.1%	4.9%	-0.1%

Average enrollment of children and families in the RItE Share program has steadily declined over the last decade, although overall participation in Medicaid, including RItE Care, has increased. The FY2019 monthly average enrollment of 3,722 RItE Share members represents a 28.2 percent reduction relative to FY2018. This initiative will bring enrollment figures closer to historical levels.

Although this initiative will significantly reduce expenditures, it is important to note that the proposal will also negatively impact revenue collections. The \$2.4 million all funds expenditures saved through this initiative would otherwise be subject to the 2.0 percent insurance premium tax. Therefore, by moving 2,000 individuals from RItE Care to RItE Share, the State will forego approximately \$47,698.

Patient-Centered Medical Home Program

The Patient-Centered Medical Home (PCMH) is a coordinated care delivery model. Through the PCMH, treatment is coordinated through a patient's primary care physician to ensure the timely and appropriate delivery of services. The objective is to have a centralized setting that facilitates partnerships between individuals and their personal physicians. Care is facilitated by registries, information technology, health information exchanges, and other means to assure that patients get the indicated care in a culturally and linguistically appropriate manner.

This article amends RIGL 42-14.6-4 to repeal the sunset provision for the State’s PCMH program, which was supposed to end on July 1, 2016. This would align State law with the actual state of the program. According to EOHHS, this program is very successful and all parties involved seek to continue the program indefinitely. The article also allows the Secretary of EOHHS to implement an alternative payment methodology (APM) for the program, which currently operates on a fee-for-service basis. These alternatives may include partial or full capitation. Capitation is a payment arrangement which provides a fixed rate per patient per unit of time (typically per member per month) to cover a specific list of services.

Section 1115 Waiver

On December 20, 2018, the Executive Office received approval from the Centers for Medicare and Medicaid Services (CMS) for an extension of the Rhode Island Comprehensive Demonstration, also known as the Section 1115 Waiver, which was set to expire on December 31, 2018. This waiver constitutes the legal authority for the State to pursue innovations designed to improve health care access, quality, and outcomes that further the mission of the Medicaid program. The special terms and conditions (STCs) of the waiver act as a contract which allows the State to deviate from the Medicaid State Plan. This is the second extension of the Comprehensive Demonstration; the General Assembly directed the State to apply for the initial waiver in 2008. Rhode Island’s Medicaid program now operates almost entirely under the 1115 Waiver. The extension allows for continued flexibility through December 2023.

The extension alters the way in which EOHHS may amend the waiver. Under the previous terms, there were three categories of changes. RIGL 42-12.4-6 required EOHHS to notify and receive approval from the General Assembly if it planned to make a Category II or III change. The new waiver eliminates the enumerated categories. Instead, EOHHS will seek a State Plan Amendment (SPA) for changes which previously would have qualified as Category II and a “formal waiver amendment” for changes which would have qualified as Category III. Article 13 specifies that SPAs and formal amendments must be approved by the General Assembly, thereby maintaining legislative oversight over the same types of changes.

Before January 1, 2019

Category	Type of Change	Approval Process
I	Administrative	Notify CMS
II	Payments/optional benefits	Assembly and CMS approval
III	Eligibility rules/new benefits	Assembly and CMS approval

After January 1, 2019

Old Cat.	New Process	Approval Process
II	State plan amendment	Assembly and CMS approval
III	Formal waiver amendment	Assembly and CMS approval

DCYF Accreditation

The article requires that the Department of Children, Youth, and Families (DCYF) seek accreditation by the Council on Accreditation (COA), a national human service accrediting organization. In light of ongoing challenges at the Department, the General Assembly included language in Article 13 to require that the Department seek accreditation in order to establish how its operations compare to national best practices and highlight where improvements can be made. The Budget includes \$500,000 from general revenues in the DCYF budget to support the process. If instated, the accreditation would be effective for four years and DCYF would be required to certify continued compliance with COA standards on an annual basis.

The article requires that the Department initiate the application process by September 1, 2019, with a final accreditation plan due to the Governor and General Assembly by October 1, 2020. This plan would inform the budget process by identifying the changes that need to be made to obtain and maintain accreditation along with the resources that would need to be provided in FY2021 in order to do so. The \$500,000 included in FY2020 will cover the application fee, site visits by COA staff, and incidental personnel and operating costs. The funding will not address the potential costs associated with remediating any structural barriers

that the Department would have to overcome in order to achieve accreditation, such as the addition or reorganization of staff.

The General Assembly first required DCYF to seek accreditation through the COA in 2010. The legislature added RIGL 42-72-5.3 to initiate the process on July 1, 2011, with an accreditation plan due to the Governor, Speaker of the House, President of the Senate, and several legislative committees by July 1, 2012. The FY2012 Budget as Enacted included approximately \$450,000 from general revenues to support the application process. The General Assembly shifted the funding to FY2013. The Department conducted a readiness assessment, as recommended by the COA, which determined that undergoing the accreditation process would be worthwhile. At the time, the Department reported that it would pursue accreditation in FY2015 and requested that the \$450,000 be shifted from FY2013 to FY2015. Ultimately, the funding was not included and DCYF was never accredited.

Home and Community Based Services Final Rule

This article amends two sections of Chapter 40.1 of the Rhode Island General Laws, which delineate the powers and duties of the Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals (BHDDH). The article modifies language to promote compliance with the Home and Community Based Services (HCBS) final rule and the requirements of the Centers for Medicare and Medicaid Services (CMS) State Plan Amendment which expand certain rights of persons with developmental disabilities. These include access, at any time, to visitors, telephone communication, personal finances, newspapers, and other media. Without this language change, individuals are granted “reasonable” access to these items.

Opioid Stewardship

The article establishes a restricted, \$5.0 million Opioid Stewardship Fund within the Department of Health (DOH) and requires all licensed manufacturers, distributors, and wholesalers to contribute towards the fund through a registration fee. Licensed manufacturers, distributors, and wholesalers are required to report the details of all opioids sold or distributed in the State for the purposes of calculating their liability. Registration payments are due annually on December 31. The first payment is due in on December 31, 2019, based on 2018 data.

Under federal law, manufacturers, distributors, and wholesalers are required to report controlled substance transactions through the Automated Reports and Consolidated Ordering System (ARCOS). Pursuant to the article, registrants are now required share this reported data with DOH. This transaction data will allow DOH to calculate each registrant’s market share, or percentage of total opioid sales in Rhode Island. Some transactions are excluded from the market share calculation, including opioids sold to opioid treatment programs, epidurals, and anesthesia. The calculated market share will determine the required registration fee, with the total Opioid Stewardship Fund equaling \$5.0 million annually. Therefore, the fee paid by a registrant is subject to change annually, depending on the registrant’s level of sales relative to all other registrants. In fact, a registrant may pay more in a given year, even if their total sales decrease. This type of situation is illustrated for Registrant A in the example below.

Registrant	Year 1			Year 2			Δ in Fee
	Total Sales	Market Share	Registration Fee	Total Sales	Market Share	Registration Fee	
A	\$10,000,000	14.3%	\$714,286	\$9,000,000	16.7%	\$833,333	\$119,048
B	15,000,000	21.4%	1,071,429	15,000,000	27.8%	1,388,889	317,460
C	20,000,000	28.6%	1,428,571	20,000,000	37.0%	1,851,852	423,280
D	25,000,000	35.7%	1,785,714	10,000,000	18.5%	925,926	(859,788)
Total	\$70,000,000		\$5,000,000	\$54,000,000		\$5,000,000	-

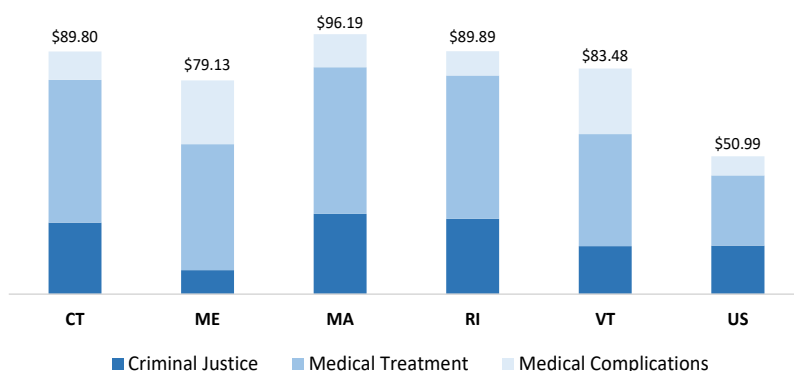
Note: For example purposes only. Figures are not representative of actual opioid sales in Rhode Island.

The registration fee is intended to pressure registrants to monitor the prescription opioids they produce and distribute and to provide accountability for the role that pharmaceuticals have had in the opioid crisis. Over 1,500 individuals have died from overdoses in Rhode Island over the last five years, and 17.5 percent of these fatal overdoses directly resulted from prescription opioids. Evidence shows that opioid use disorders

frequently begin with the misuse of prescriptions. Studies estimate that approximately 80.0 percent of heroin users first misused prescription opioids.

The opioid epidemic has been declared a national public health crisis and has social and economic costs, which the Opioid Stewardship Fund would help alleviate. Opioid use disorders and overdoses place a burden on the criminal justice system and the healthcare system in the State. According to the New England Public Policy Center at the Federal Reserve Bank of Boston, the costs of the opioid crisis in Rhode Island is \$89.89 per capita, excluding the impacts of lost wages, homelessness, increased child welfare cases, and other incidental costs.

Per Capita Fiscal Impact of the Opioid Epidemic



Source: New England Public Policy Center, Federal Reserve Bank of Boston

Note: NH data was incomplete and is not included in this graphic.

The Opioid Stewardship Fund is only to be used for opioid addiction treatment, recovery, prevention, education services, and other related programs. Fund allocations must be approved by both the Director of DOH and the Director of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH). The Enacted Budget does not account for expenditures from the Opioid Stewardship Fund in FY2020. The Budget assumes the restricted revenues will be deposited in FY2020; however, funds will not be expended until FY2021.

New York and Minnesota have passed similar legislation, expected to generate annual revenues of \$100.0 million and \$20.9 million respectively. New York’s FY2020 Budget established an opioid excise tax imposed on opioid manufacturers and distributors. Minnesota law requires opioid manufacturers and distributors of opioids to pay a registration fee of \$55,000, while New York requires an excise tax based on the morphine milligram equivalent and wholesale costs.

Article 14: Relating to Lease Agreements

This article reports new lease or rental provisions as required by RIGL 37-6-2(d), which provides legislative oversight on State lease or rental agreements.

FISCAL IMPACT

Specifically, the article authorizes four lease agreements:

State Agency	New Location	Lease Term	Aggregate Rent	Max. Annualized
Transportation	288 Allens Avenue, Providence	5-years	\$2,988,288 - \$3,000,000	\$600,000
Corrections	249 Roosevelt Avenue, Pawtucket	5-years	\$515,000 - \$520,000	104,000
Human Services	249 Roosevelt Avenue, Pawtucket	5-years	\$2,375,000 - \$2,700,000	540,000
Elections	2000 Plainfield Pike, Cranston	10-years	\$6,000,000 - \$6,500,000	650,000
Total				\$1,894,000

ANALYSIS AND BACKGROUND

This article authorizes various lease agreements that are explained in detail below.

Department of Transportation – 288 Allens Avenue, Providence

Authorizes the Department of Transportation (DOT) to renew a lease agreement with 288 Allens Avenue, LLC, for a five-year period. The DOT currently holds a lease agreement with 288 Allens Avenue, LLC, for 33,000 square feet of garage and maintenance space. The article provides that the aggregate rent for a five-year lease term in the lease agreement will be \$3.0 million.

Department of Corrections – 249 Roosevelt Avenue, Pawtucket

Authorizes the Department of Corrections (DOC) to renew a lease agreement with PUI O, Inc., for a five-year period. The DOC currently holds a lease agreement with PUI O, Inc., for a 4,200 square foot space located at 249 Roosevelt Ave in Pawtucket. The DOC uses this space as a regional Adult Probation and Parole location to provide probation and parole services to Pawtucket and the surrounding communities. Annual all-inclusive rent for the property in FY2019 is \$99,734. The article provides that the aggregate all-inclusive rent for a five-year lease term in the lease agreement will be \$515,000 to \$520,000.

Department of Human Services – 249 Roosevelt Avenue, Pawtucket

Authorizes the Department of Human Services to renew the lease with PUI O, Inc., for a five-year period. DHS currently holds a lease agreement with PUI O, Inc., for a 24,400 square foot space located at 249 Roosevelt Ave in Pawtucket. DHS uses this space as a regional location to provide services to Pawtucket and the surrounding communities. The article provides that the aggregate rent for a five-year lease term to be \$2.4 million to \$2.7 million.

Board of Elections – 2000 Plainfield Pike, Cranston

Authorizes the Board of Elections to sign a lease with Dean Warehouse Services, Incorporated, and Berkeley Acquisition, Incorporated, for office and warehouse space located at 2000 Plainfield Pike in the City of Cranston. The article provides that the aggregate rent for a ten-year lease term will be within the range of \$6.0 million to \$6.5 million.

Article 15: Relating to Marijuana

This article makes a number of changes to the regulation of medical marijuana and cannabidiol (CBD) products. Specifically, Article 15:

- Establishes the Office of Cannabis Regulation (OCR) within the Department of Business Regulation. OCR will provide oversight for the licensing of the existing medical marijuana program and cannabidiol (CBD) products.
- Establishes a licensing structure for the growth, handling, and sale of CDB products.
- Increases the number of medical marijuana compassion centers from three to nine.
- Raises compassion center application fees from \$250 to \$10,000 and license fees from \$250,000 to \$500,000.
- Clarifies medical protections for cardholders, providing exceptions in cases of workplace safety, collective bargaining units, and in cases of federal law and regulations.
- Permits the administration of non-smokable, non-vaporized medical marijuana to patients in school settings.
- Changes become effective July 5, 2019.

FISCAL IMPACT

The opening of six new compassion centers will generate \$3.0 million in licensing fees. Expected revenues exclude application fees and increases in sales tax revenue and surcharges since there is uncertainty regarding the volume of these revenues. Any funds that remain after expenditures will be deposited into the general fund.

The following table summarizes the known revenue impact of Article 15:

Change	Impact
New Compassion Center License Fee	\$3,000,000
Increased Compassion Center License Fee (Existing Centers)	750,000
Total	\$3,750,000

ANALYSIS AND BACKGROUND

Cannabidiol Products: The Hemp Farming Act of 2018, passed by the federal government, removed hemp, cannabis with tetrahydrocannabinol (THC) levels less than 0.3 percent, from the controlled substance list, allowing states to create a regulatory structure for hemp products. Article 15 provides a licensing structure for hemp-derived cannabidiol (CBD) products. The Article establishes the Office of Cannabis Regulation (OCR), within the Department of Business Regulation (DBR) to regulate CBD growth, distribution, and sales.

All distributors and retailers of consumable CBD products in the state must have a license. Current CBD grower or handler license holders may apply for one retail license at no additional cost. Applicants who do not hold grower or handler licenses, or who wish to get additional retail licenses are subject to an annual \$500 license fee per license. Consumable CBD products are taxed at the standard sales tax rate, and are not subject to any additional excise taxes.

In 2017, Massachusetts legalized the growth of hemp products for commercial or research purposes. Massachusetts requires a grower and processor license to cultivate industrial hemp. The application fee for each is \$100 and \$300 for a license fee. A dual-license can be obtained with a license fee of \$500.

Connecticut legalized industrial hemp in 2015 but has not legalized the cultivation of industrial hemp in the state.

Medical Marijuana: The State currently has three compassion centers located in Providence, Warwick, and Portsmouth. Article 15 increases the number of compassion centers to nine and transfers the regulation of medical marijuana licenses from the Department of Health to the Office of Cannabis Regulation within the Department of Business Regulation. The new compassion centers are able to cultivate medical marijuana and sell medical marijuana in their establishments. The Article prohibits special interested parties from opening one of the new compassion centers, including owners, members, officers, directors, managers, investors, agents, or key persons with a direct or indirect interest in another compassion center or licensed cultivator. Also included are those sharing management companies or agreements, and familial or business relationships.

The Article allows for patients to act as their own primary caregiver, however patients are not required to demonstrate need. Individuals may not be the caregiver for more than five patients. The Article limits qualifying patient cardholders to possess no more than twelve mature marijuana plants and twelve immature plants at any time. Previously, patients were limited to twelve plant tags for mature plants only. The number of plants a patient or caregiver can possess remains otherwise unchanged.

Qualifying patients must apply for a medical marijuana registration identification cards. The Article no longer allows out-of-state physicians to provide written certification for medical marijuana cardholder applications. The Article no longer requires that certifying practitioners supply the patient's medical records as written certification, but practitioners may include it if they choose to do so.

Employers continue to be prohibited from denying individuals employment based solely on their cardholder status. The Article provides exceptions for certain employers and clarifies what activities are protected. Employers subject to collective bargaining units or federal laws are not covered by the protections. The protections do not allow for a patient to possess, use, or be under the influence of marijuana at any workplace. In addition, patients are not protected when undertaking tasks that could risk workplace safety or result in negligence or malpractice while under the influence of marijuana, including the operation of machinery, firearms, or vehicles.

Article 16: Relating to Central Falls Retirees' Beneficiaries

Article 16 clarifies that a beneficiary of a Central Falls retiree is entitled to receive 67.0 percent of the retiree's base pension amount as of July 31, 2011.

FISCAL IMPACT

Under RIGL 45-21-67, the State has been providing Central Falls with supplemental funding in support of its pension system to mitigate the impact of pension reductions resulting from the City's bankruptcy. These supplemental payments are deposited into a restricted receipt account held by Central Falls. The account received an initial infusion of \$2.6 million from the State in FY2012 and has periodically been supplemented by the General Assembly. The account currently has \$305,018, which is sufficient to cover the State's FY2020 statutorily-required pension obligations, inclusive of the Article 16 changes. Therefore, the article has no impact on expenditures in FY2020.

According to the State's actuary, the marginal supplemental payment that the State would be required to pay in FY2020, based on changes made in Article 16, will be \$3,456 and is covered by existing funds in the account. Marginal payments will average \$16,735 per year over the next five years. Final payments will be made in FY2078.

ANALYSIS AND BACKGROUND

Background

In 2010, the City of Central Falls declared insolvency and entered State receivership as a result of significantly underfunded retiree pension and healthcare liabilities. As part of the City's financial restructuring while under bankruptcy, municipal employees and retirees entered into an agreement with the State-appointed receiver that significantly reduced pensions. The deal, known as the Settlement and Release Agreement, was approved by the Bankruptcy Court in 2012 and became a key component of the City's plan for debt adjustment.

Retirees: The Settlement and Release Agreement limited most Central Falls retiree pension benefits to 55.0 percent of the base pension amount they were receiving as of July 31, 2011. To mitigate the impact on retirees, the State agreed to provide funding to the City to supplement pensions. Under the Agreement, which was initially only for five years (ending July 1, 2016), the State provided supplemental funding each year in an amount that ensured Central Falls retirees received no less than 75.0 percent of their original pension. The FY2012 Budget as Enacted included an initial State appropriation of \$2.6 million which was deposited into a restricted receipt account held by Central Falls, out of which supplemental payments to retirees were made. The amount of the supplemental pension payments were calculated by an independent actuary and took into account annual cost-of-living adjustments of up to 2.0 percent annually, not compounded.

The 2014 General Assembly reauthorized the State-funded supplemental pension payments for the duration of the lives of Central Falls retirees and their beneficiaries.

Beneficiaries: Section 2.2 of the Settlement and Release Agreement outlines how pension payments to the beneficiaries of Central Falls retirees are treated. The agreement affirms that a spousal benefit is provided upon the death of a participating retiree. The benefit is paid to the surviving spouse until he or she dies or remarries. Dependent children receive the benefit in the event that there is no surviving spouse or if the spouse remarries.

The Agreement indicates that the benefit is paid at the "rate of Sixty Seven and 50/100 Percent (67.5%) of what was being paid to the deceased Participating Retiree *at the time of his or her death.*" (Italics added) When the Agreement went into effect, Central Falls retirees were receiving 75.0 percent of their base

pension. Based on Section 2.2, beneficiaries are to receive approximately two-thirds of this reduced amount (67.5 percent of 75.0 percent of the base pension, or roughly half of the base pension amount).

Article 16 Changes

Article 22 of the FY2012 Budget as Enacted codified the Settlement and Release Agreement, including the benefit rates and supplemental payment calculation methods, and provided the original statutory basis for beneficiaries to receive 67.5 percent of the reduced pension amount.

In 2014, the General Assembly permanently required the supplemental pension payments. The authorizing legislation (H-7776 Sub A) directed the State, beginning July 1, 2017, to supplement pension payments in order to provide, “to the extent applicable, sixty-seven and one-half percent (67.5%) of the *base pension benefit*, after taking into account all applicable cost-of-living adjustments, to their [Central Falls retirees] beneficiaries for their [beneficiaries] lifetime.” (Italics added).

This 2014 legislation supersedes both Article 22 and the Settlement and Release Agreement. Therefore, Central Falls retirees’ beneficiaries should have been receiving 67.5 percent of the base pension amount since FY2018. The State, however, continued to make supplemental pension payments to beneficiaries based on the original formula of 67.5 percent of the reduced amount.

Article 16 adds language to R.I.G.L. 45-21-67 that explicitly States that beneficiaries shall receive 67.0 percent of the retiree’s base pension benefit. This would be a 0.5 percent decrease based on current statute, but is a 32.3 percent increase over the amounts that have been being paid. This is illustrated in the following example:

Central Falls Retiree/Beneficiary Pension Rates

	Original	Article 16
Base Pension (July 1, 2011)	100.0%	N/A
	\$1,000	\$1,000
Retiree Benefit Rate (post bankruptcy)	75.0%	75.0%
Reduced Pension Amount	\$750	\$750
Beneficiary Benefit Rate*	67.5%	67.0%
Amount to Beneficiary	\$506.25	\$670.00

*Article 16 assesses this entitlement against the base pension amount whereas the State had assessed this entitlement against the reduced pension amount previously.

Note: Dollar amounts are for example purposes only.

Article 17: Relating to Effective Date

This article provides that the Act will take effect on July 1, 2019, except as otherwise provided herein.



APPENDIX

GENERAL REVENUE SURPLUS STATEMENT

	FY2017	FY2018	FY 2019	FY 2020
Opening Surplus				
Free Surplus	\$167,818,206	\$61,660,230	\$52,525,379	\$25,464,117
Reappropriated Surplus	7,848,853	10,338,899	10,057,409	-
Subtotal	\$175,667,059	\$71,999,129	\$62,582,788	\$25,464,117
Revenues				
Enacted/Actual/Estimated	3,675,827,389	3,908,384,435	3,998,485,298	3,950,250,000
Governor			10,786,873	248,637,451
Assembly			9,585,014	(20,158,780)
Total Revenues	\$3,684,357,619	\$3,908,384,435	\$4,018,857,185	\$4,178,728,671
To Cash Stabilization Fund	(115,565,275)	(119,101,340)	(122,141,477)	(126,125,784)
From Cash Stabilization Fund				
Expenditures				
Actual/Enacted/Current Svcs.	3,686,469,015	3,798,699,436	3,908,207,061	4,107,591,973
Reappropriations			10,057,409	
Governor			28,787,783	(32,498,834)
Assembly			(13,217,874)	2,501,852
Total Expenditures	\$3,672,460,275	3,798,699,436	\$3,933,834,379	\$4,077,594,991
Total Surplus	71,999,128	62,582,788	25,464,117	472,013
Reappropriations		(10,057,409)		
Free Surplus	\$71,999,128	52,525,379	\$25,464,117	\$472,013
<i>Operating Surplus/(Deficit)</i>	<i>(95,819,078)</i>	<i>922,558</i>	<i>(27,061,262)</i>	<i>(24,992,104)</i>
Rainy Day Fund	\$192,608,791	\$198,502,233	\$203,619,128	\$210,083,139

ALL FUNDS EXPENDITURES

General Government	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from	FY2020 Enacted	Change from
				Enacted		Enacted
Administration	\$314,552,373	\$284,663,464	\$302,359,961	\$17,696,497	\$327,880,776	\$43,217,312
Business Regulation	14,702,783	24,509,397	24,749,917	240,520	26,363,657	1,854,260
Labor and Training	425,495,185	458,214,237	447,449,239	(10,764,998)	449,014,095	(9,200,142)
Revenue	512,595,161	584,033,516	601,015,646	16,982,130	643,187,244	59,153,728
Legislature	39,282,079	45,412,322	50,769,941	5,357,619	45,636,115	223,793
Lieutenant Governor	1,001,557	1,114,597	1,107,847	(6,750)	1,147,816	33,219
Secretary of State	9,385,527	12,300,162	12,253,563	(46,599)	11,001,157	(1,299,005)
General Treasurer	43,076,635	43,122,580	44,134,422	1,011,842	42,655,641	(466,939)
Board of Elections	1,505,698	5,252,516	4,461,999	(790,517)	2,748,855	(2,503,661)
Ethics Commission	1,637,934	1,812,237	1,748,039	(64,198)	1,845,298	33,061
Office of the Governor	5,481,059	5,633,047	5,633,047	0	6,093,211	460,164
Commission for Human Rights	1,683,010	1,833,011	1,803,028	(29,983)	1,917,005	83,994
Public Utilities Commission	9,014,227	9,934,831	10,623,497	688,666	11,382,980	1,448,149
Executive Office of Commerce	49,869,458	56,449,152	54,935,746	(1,513,406)	59,996,451	3,547,299
Total	\$1,429,282,686	\$1,534,285,069	\$1,563,045,892	\$28,760,823	\$1,630,870,301	\$96,585,232
Human Services						
Office of Health and Human Services	\$2,519,428,247	\$2,606,962,740	\$2,655,661,086	\$48,698,346	\$2,690,732,762	\$83,770,022
Children, Youth, and Families	237,549,998	227,918,654	249,217,527	21,298,873	229,859,090	1,940,436
Health	159,561,445	174,111,689	187,409,262	13,297,573	186,637,844	12,526,155
Human Services	599,252,725	632,830,659	621,109,194	(11,721,465)	638,343,380	5,512,721
BHDDH	415,736,505	422,451,955	439,879,413	17,427,458	463,195,456	40,743,501
Governor's Commission on Disabilities	710,175	1,387,275	1,344,308	(42,967)	1,558,659	171,384
Governor's Commission on the Deaf	500,346	603,178	566,745	(36,433)	663,338	60,160
Office of the Child Advocate	947,705	1,195,963	967,647	(228,316)	1,234,057	38,094
Office of the Mental Health Advocate	629,731	653,260	567,389	(85,871)	602,411	(50,849)
Total	\$3,934,316,877	\$4,068,115,373	\$4,156,722,571	\$88,607,198	\$4,212,826,997	\$144,711,624
Education						
Elementary and Secondary Education	\$1,379,739,520	\$1,444,249,758	\$1,453,599,327	\$9,349,569	\$1,491,082,208	\$46,832,450
Public Higher Education	1,173,310,319	1,207,574,517	1,212,082,820	4,508,303	1,247,926,398	40,351,881
Council on the Arts	2,912,159	3,132,046	3,404,592	272,546	3,438,248	306,202
Atomic Energy Commission	1,356,380	1,496,787	1,374,254	(122,533)	1,495,094	(1,693)
Historical Preservation and Heritage Comm.	1,984,028	2,454,026	2,636,108	182,082	2,595,330	141,304
Total	\$2,559,302,406	\$2,658,907,134	\$2,673,097,101	\$14,189,967	\$2,746,537,278	\$87,630,144
Public Safety						
Attorney General	\$47,731,960	\$41,602,976	\$41,862,159	\$259,183	\$33,287,718	(\$8,315,258)
Corrections	236,737,230	251,419,419	248,088,192	(3,331,227)	257,611,700	6,192,281
Judiciary	116,192,558	124,433,984	121,532,937	(2,901,047)	127,492,559	3,058,575
Military Staff	26,801,747	30,292,314	43,274,603	12,982,289	41,148,960	10,856,646
Emergency Management	14,217,508	20,325,241	24,428,455	4,103,214	13,622,589	(6,702,652)
Public Safety	116,848,270	124,504,718	133,050,288	8,545,570	138,208,356	13,703,638
Public Defender	11,646,848	12,676,516	12,134,977	(541,539)	12,900,536	224,020
Total	\$570,176,121	\$605,255,168	\$624,371,611	\$19,116,443	\$624,272,418	\$19,017,250
Natural Resources						
Environmental Management	\$80,400,399	\$108,689,507	\$95,381,431	(\$13,308,076)	\$102,118,898	(\$6,570,609)
Coastal Resources Management Council	5,297,030	6,468,424	8,047,732	1,579,308	5,220,930	(1,247,494)
Total	\$85,697,429	\$115,157,931	\$103,429,163	(\$11,728,768)	\$107,339,828	(\$7,818,103)
Transportation						
Transportation	\$453,459,721	\$591,021,131	\$625,688,700	\$34,667,569	\$648,773,516	\$57,752,385
Grand Total	\$9,032,235,240	\$9,572,741,806	\$9,746,355,038	\$173,613,232	\$9,970,620,338	\$397,878,532

GENERAL REVENUE EXPENDITURES

General Government	FY2018 Actual	FY2019 Enacted	FY2019 Revised	Change from		
				Enacted	FY2020 Enacted	
Administration	\$189,889,755	\$177,080,380	\$172,478,396	(\$4,601,984)	\$206,638,425	\$29,558,045
Business Regulation	10,534,356	17,430,457	16,503,698	(926,759)	17,896,681	466,224
Labor and Training	12,876,544	14,464,955	15,848,041	1,383,086	14,679,932	214,977
Revenue	148,430,073	178,831,507	176,581,494	(2,250,013)	216,254,237	37,422,730
Legislature	37,831,305	43,691,627	49,000,993	5,309,366	43,804,101	112,474
Lieutenant Governor	1,001,557	1,114,597	1,107,847	(6,750)	1,147,816	33,219
Secretary of State	8,832,367	9,875,734	9,800,081	(75,653)	9,533,255	(342,479)
General Treasurer	2,819,265	2,973,776	2,953,922	(19,854)	3,037,551	63,775
Board of Elections	1,505,698	5,252,516	4,461,999	(790,517)	2,748,855	(2,503,661)
Ethics Commission	1,637,934	1,812,237	1,748,039	(64,198)	1,845,298	33,061
Office of the Governor	5,481,059	5,633,047	5,633,047	-	6,093,211	460,164
Commission for Human Rights	1,273,387	1,335,441	1,335,441	-	1,353,591	18,150
Public Utilities Commission	-	-	-	-	-	-
Executive Office of Commerce	32,403,452	30,289,375	30,226,612	(62,763)	28,181,129	(2,108,246)
Total	\$454,516,752	\$489,785,649	\$487,679,610	(\$2,106,039)	\$553,214,082	\$63,428,433
Human Services						
Office of Health and Human Services	\$950,301,335	\$982,916,072	\$975,564,715	(\$7,351,357)	\$1,002,282,411	\$19,366,339
Children, Youth, and Families	173,652,189	161,614,041	177,445,681	15,831,640	165,124,585	3,510,544
Health	26,323,503	28,963,829	30,324,530	1,360,701	30,968,921	2,005,092
Human Services	100,775,120	97,999,785	114,018,408	16,018,623	92,178,627	(5,821,158)
BHDDH	190,690,753	188,091,966	193,925,853	5,833,887	196,381,240	8,289,274
Governor's Commission on Disabilities	444,657	1,002,537	906,410	(96,127)	1,055,069	52,532
Governor's Commission on the Deaf	428,285	523,178	455,902	(67,276)	533,338	10,160
Office of the Child Advocate	703,984	969,922	805,811	(164,111)	986,701	16,779
Office of the Mental Health Advocate	629,731	653,260	567,389	(85,871)	602,411	(50,849)
Total	\$1,443,949,557	\$1,462,734,590	\$1,494,014,699	\$31,280,109	\$1,490,113,303	\$27,378,713
Education						
Elementary and Secondary Education	\$1,161,321,686	\$1,188,639,908	\$1,187,182,301	(\$1,457,607)	\$1,239,252,258	\$50,612,350
Public Higher Education	220,928,014	230,093,700	233,661,033	3,567,333	243,650,858	13,557,158
Council on the Arts	1,919,769	2,007,993	1,977,819	(30,174)	2,004,748	(3,245)
Atomic Energy Commission	982,299	1,078,908	1,018,455	(60,453)	1,059,094	(19,814)
Historical Preservation and Heritage Comm.	1,031,076	1,210,054	1,225,069	15,015	1,488,293	278,239
Total	\$1,386,182,844	\$1,423,030,563	\$1,425,064,677	\$2,034,114	\$1,487,455,251	\$64,424,688
Public Safety						
Attorney General	\$25,296,491	\$27,959,192	\$25,604,213	(\$2,354,979)	\$28,675,203	\$716,011
Corrections	231,528,875	237,063,223	235,747,418	(1,315,805)	242,088,059	5,024,836
Judiciary	97,037,829	101,994,888	100,208,208	(1,786,680)	105,213,960	3,219,072
Military Staff	2,976,112	3,081,090	3,097,681	16,591	3,219,493	138,403
Emergency Management	1,881,904	2,043,945	2,208,219	164,274	2,364,647	320,702
Public Safety	100,929,838	103,337,018	104,032,363	695,345	105,918,952	2,581,934
Public Defender	11,583,210	12,575,531	12,059,312	(516,219)	12,824,871	249,340
Total	\$471,234,259	\$488,054,887	\$482,957,414	(\$5,097,473)	\$500,305,185	\$12,250,298
Natural Resources						
Environmental Management	\$40,345,594	\$41,841,215	\$41,450,676	(\$390,539)	\$43,623,975	\$1,782,760
Coastal Resources Management Council	2,470,459	2,760,157	2,667,303	(92,854)	2,883,195	123,038
Total	\$42,816,053	\$44,601,372	\$44,117,979	(\$483,393)	\$46,507,170	\$1,905,798
Grand Total	\$3,798,699,465	\$3,908,207,061	\$3,933,834,379	\$25,627,318	\$4,077,594,991	\$169,387,930

FTE POSITIONS

	FY2019 Enacted	FY2019 Revised	Change from Enacted	FY2020 Enacted	Change from Enacted
General Government					
Administration	655.7	655.7	-	647.7	(8.0)
Business Regulation	161.0	161.0	-	161.0	-
Executive Office of Commerce	16.0	16.0	-	14.0	(2.0)
Labor and Training	409.7	409.7	-	390.7	(19.0)
Revenue	604.5	604.5	-	602.5	(2.0)
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	13.0	13.0	-	13.0	-
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	53.0	53.0	-	52.0	(1.0)
Total	2,438.9	2,438.9	-	2,406.9	(32.0)
Human Services					
Office of Health and Human Services	192.0	192.0	-	186.0	(6.0)
Children, Youth, and Families	631.5	629.5	(2.0)	621.5	(10.0)
Health	514.6	517.6	3.0	499.6	(15.0)
Human Services	1,020.1	1,030.1	10.0	1,038.1	18.0
BHDDH	1,302.4	1,304.4	2.0	1,189.4	(113.0)
Office of the Child Advocate	10.0	10.0	-	10.0	-
Governor's Commission on the Deaf	4.0	4.0	-	4.0	-
Governor's Commission on Disabilities	4.0	4.0	-	4.0	-
Office of the Mental Health Advocate	4.0	4.0	-	4.0	-
Total	3,682.6	3,695.6	13.0	3,556.6	(126.0)
Education					
Elementary and Secondary Education	321.1	321.1	-	325.1	4.0
Public Higher Education	3,605.5	3,605.5	-	3,595.5	(10.0)
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	3,959.4	3,959.4	-	3,953.4	(6.0)
Public Safety					
Attorney General	237.1	237.1	-	239.1	2.0
Corrections	1,416.0	1,416.0	-	1,411.0	(5.0)
Judiciary	723.3	723.3	-	726.3	3.0
Military Staff	92.0	92.0	-	92.0	-
Emergency Management	32.0	32.0	-	32.0	-
Public Safety	564.6	563.6	(1.0)	593.6	29.0
Public Defender	95.0	95.0	-	96.0	1.0
Total	3,160.0	3,159.0	(1.0)	3,190.0	30.0
Natural Resources					
Environmental Management	395.0	395.0	-	394.0	(1.0)
Coastal Resources Management Council	30.0	30.0	-	30.0	-
Total	425.0	425.0	-	424.0	(1.0)
Transportation					
Transportation	755.0	755.0	-	755.0	-
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	622.8	622.8	-	622.8	-
Total	788.8	788.8	-	788.8	-
Higher Education Auxiliary Enterprise					
Auxiliary Enterprise	-	-	-	-	-
Grand Total	15,209.7	15,221.7	12.0	15,074.7	(135.0)

Senate Fiscal Office

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Administration
Board of Elections
Commission on Disabilities
Convention Center Authority
Ethics Commission
General Treasurer
Governor
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
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

Executive Office of Commerce
Legislature
Public Safety
Revenue
RI Commerce Corporation
RIHMFC (RI Housing)

Emily W. Tumber
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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

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Behavioral Health, Developmental Disabilities,
and Hospitals
Business Regulation
Commission on Deaf and Hard of Hearing
Health
HealthSource RI
Mental Health Advocate