
Section VI

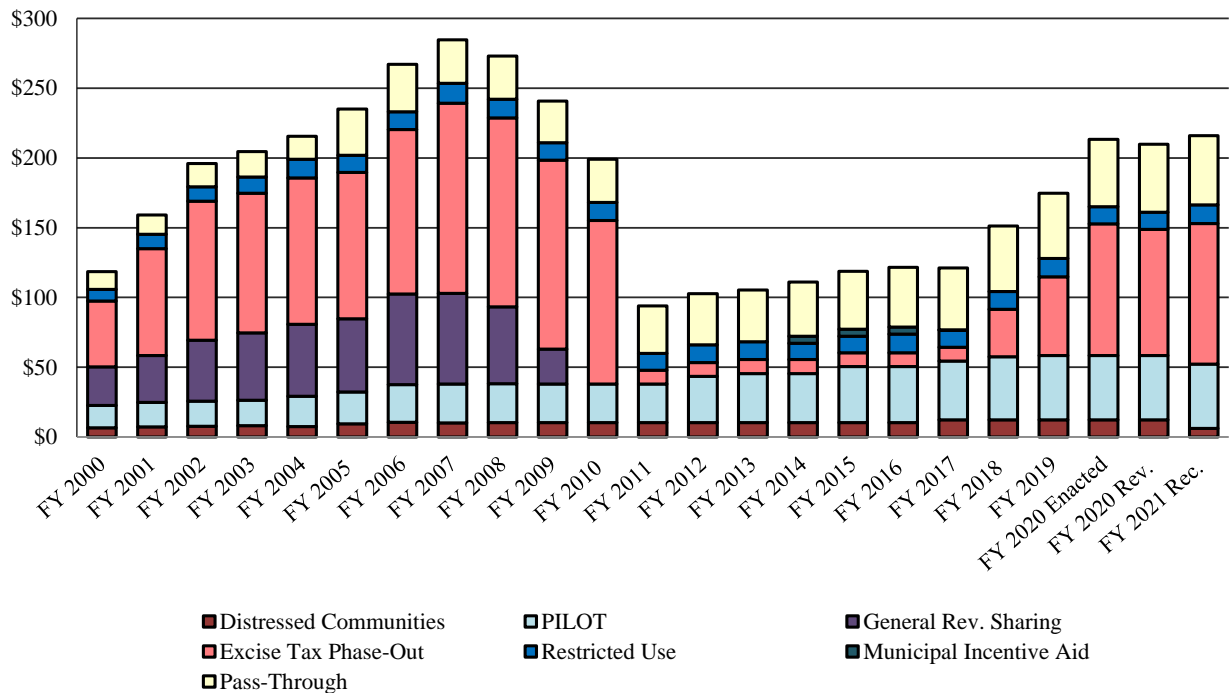
Special Reports

State Aid to Local Governments

Introduction

The Governor recommends state aid to cities and towns totaling \$161.0 million for FY 2020 and \$166.4 million for FY 2021. Revised funding for general aid programs in FY 2020 includes \$148.7 million, which is \$4.0 million less than enacted. Funding for general aid programs in FY 2021 totals \$153.0 million, \$0.3 million more than enacted. The recommendation for restricted use programs includes \$12.3 million for FY 2020, \$0.1 million more than enacted and \$13.4 million for FY 2021. Local communities also receive revenues from other local taxes, which the state collects and passes through to the communities. This includes \$48.7 million for FY 2020 and \$49.5 million for FY 2021, which is \$0.5 million and \$1.2 million more than enacted, respectively.

The following graph shows historical funding data, in millions and includes the allocation by program from FY 2000 through the Governor’s recommendation for FY 2021.



The major changes included in the Governor’s aid proposal are discussed on the following pages, followed by tables that show recommended distribution of general aid and restricted aid programs by community. Though not a state aid program, there are also tables for the public service corporations’ tax collections, a local levy collected at the state level for efficiency purposes and returned to local governments. It should be noted that the FY 2021 recommendation for the Motor Vehicle Excise Tax phase-out will require data updates not reflected in the distributions. Those updates will likely change allocations to each community.

General. The Governor recommends \$148.7 million for FY 2020 and \$153.0 million for FY 2021 for general state aid programs to local governments.

Fiscal Year	2000	2005	2010	2015	2020 Enacted	2020 Gov. Rev.	Rev. Diff.	2021 Gov. Rec.	Rec. Diff.
General Aid - State Sources									
Distressed Communities	\$ 6.6	\$ 9.5	\$ 10.4	\$ 10.4	\$ 12.4	\$ 12.4	\$ -	\$ 6.2	\$ (6.2)
PILOT	16.1	22.7	27.6	40.1	46.1	46.1	-	46.1	-
Excise Tax Phase-Out	47.3	105.0	117.2	10.0	94.3	90.3	(4.0)	100.7	6.5
Municipal Incentive Aid	-	-	-	5.0	-	-	-	-	-
General Rev. Sharing	27.6	52.4	-	-	-	-	-	-	-
Subtotal	\$ 97.5	\$ 189.7	\$ 155.1	\$ 65.5	\$ 152.7	\$ 148.7	\$ (4.0)	\$ 153.0	\$ 0.3
Restricted Use Aid - State Sources									
Library Resource Aid	\$ 5.7	\$ 8.1	\$ 8.8	\$ 8.8	\$ 9.6	\$ 9.6	\$ -	\$ 9.6	\$ -
Library Const. Aid	1.6	2.5	2.6	2.3	1.9	1.9	-	2.7	0.8
Police & Fire Incentive	0.9	1.1	-	-	-	-	-	-	-
Prop. Val. Reimb.	0.0	0.6	1.6	0.7	0.7	0.7	0.1	1.1	0.4
Oversight Reimbursement	-	-	-	0.1	0.1	0.1	-	-	(0.1)
Subtotal	\$ 8.2	\$ 12.3	\$ 13.0	\$ 11.9	\$ 12.2	\$ 12.3	\$ 0.1	\$ 13.4	\$ 1.1
Total - State Sources	\$ 105.7	\$ 202.0	\$ 168.2	\$ 77.4	\$ 165.0	\$ 161.0	\$ (4.0)	\$ 166.4	\$ 1.4
Other Aid - Pass-Through									
Public Service Corp.	\$ 12.8	\$ 14.6	\$ 10.2	\$ 14.3	\$ 13.3	\$ 13.3	\$ -	\$ 13.3	\$ -
Meals and Beverage Tax	-	17.8	19.0	23.9	29.8	30.2	0.3	30.8	0.9
Local Hotel Taxes	\$ -	0.6	1.7	3.4	5.1	5.2	0.1	5.4	0.3
Total - Other Aid	\$ 12.8	\$ 33.1	\$ 30.9	\$ 41.6	\$ 48.3	\$ 48.7	\$ 0.5	\$ 49.5	\$ 1.2

\$ in millions

- **Distressed Communities Relief Fund.** The Governor recommends \$6.2 million, half of the enacted level for the Distressed Communities Relief Fund. Communities' aid distribution is based on updated qualifying tax levies and reflects a total of seven funded communities; there is a redistribution of funding among qualifying communities based on that total.

- **Payment in Lieu of Taxes Program.** The Governor recommends the enacted level of \$46.1 million for FY 2021 for the Payment in Lieu of Taxes program that reimburses municipalities for property taxes that would have been due on real property exempted from taxation by state law, including property owned by private nonprofit higher educational institutions, nonprofit hospitals, or any state-owned hospital, veterans' residential facility, or correctional facility. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced. The enacted budget provides \$46.1 million, a reimbursement rate of 26.6 percent of the value. The FY 2021 recommendation is \$1.5 million less than full funding based on updated data. The proposed reimbursement rate is 26.2 percent.

The Governor's budget includes legislation to provide that portions of non-profit higher education and hospital properties which are not used exclusively for educational or hospital activities, are not exempt from taxation. This creates the possibility of new future tax revenues in some cases for some communities.

- **Motor Vehicle Excise Tax Phase-Out.** The Governor's budget funds the Motor Vehicle Excise Tax Phase-Out program at \$90.3 million for FY 2020 and \$100.7 million for FY 2021. The FY 2020 revised recommendation is \$4.0 million less than enacted based on updated data. For FY 2021, the recommendation is \$11.8 million less than estimated need under current law, and \$10.4 million more than the revised amount. The 2017 Assembly restarted the phase-out, which had been frozen for several years with incremental changes to different elements of the local tax collection. For FY 2021, the rate cap remains at \$35 per \$1,000 assessed, consistent with FY 2020; changes include lowering the assessed value from 85.0 percent to 80.0 percent and raising the minimum exemption by \$1,000 to \$4,000. As of FY 2018, cars older than 15 years old are no longer taxed. The tax is eliminated as of FY 2024.

The Governor's budget includes legislation to extend the phase-out five additional years. It uses the same rate cap for FY 2021, but lowers the assessed value to 82.5 percent, and raises the minimum exemption to \$3,800 for FY 2021.

- ***Municipal Incentive Aid.*** The program has not been funded since FY 2016.
- ***Library Resource Sharing Aid.*** The Governor recommends the enacted amount of \$9.6 million for library aid. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funding level represents a 21.7 percent reimbursement; the enacted budget represents 22.1 percent.
- ***Library Construction Aid.*** The Governor provides \$2.7 million to fully fund library construction aid requirements. The state reimburses libraries up to half of the total costs for eligible projects on an installment basis, for a period of up to 20 years. The payments do not begin until the state fiscal year following the completion, acceptance, and audit of the project.
- ***Property Valuation Reimbursement.*** The Governor recommends \$1.1 million for FY 2021 to reimburse communities conducting property valuation updates. For FY 2020, the recommendation is \$0.7 million to reflect the reappropriation of the unused FY 2019 allocation based on the current schedule of reimbursement.
- ***Oversight Reimbursement.*** The Governor's recommendation excludes \$50,697 provided in the enacted budget for oversight reimbursement. The program provides reimbursements of 50.0 percent of the cost of a financial advisor position to communities no longer under state Fiscal Stability Act oversight. This reflects the anticipated end of oversight for Woonsocket in March 2020.
- ***Public Service Corporation Tax.*** The FY 2021 budget assumes the state will collect and distribute the revenues estimated at \$13.3 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. A final figure will be calculated in spring 2020 when updated data is available. The 2009 Assembly adopted the Governor's recommendation to require the tax rate applied to the tangible personal property of public service corporations not be less than the prior year.
- ***Administrative Fee on Locals.*** The Governor's budget proposes to retain a 2.0 percent administrative fee from tax levies collected at the state level that are passed back to local governments. These include 1.0 percent local Meals and Beverage tax, Hotel taxes, and a portion of the Real Estate Conveyance tax. There is already a 0.75 percent deduction from the Public Service Corporation tax collections the state collects on behalf of municipalities.

State Aid

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

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

Pass-through aid in the form of the Public Service Corporation, 1.0 percent local Meals and Beverage, and 1.0 percent hotel tax are listed as state aid. These funds are not paid from state sources. For efficiency of collections, the Division of Taxation collects this local levy at the state level and returns the collections back to the local governments. The Governor's budget includes legislation permitting the Division of Taxation to retain a 2.0 percent administrative fee from the local hotel, meals and beverage, and Real Estate Conveyance tax revenues collected and passed-through to municipalities. There is already a 0.75 percent deduction from the Public Service Corporation tax collections.

General State Aid

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

Rankings	Central Falls	Cranston	North Providence	Pawtucket	Providence	West Warwick	Woonsocket
FY 2018							
Levy/Full Value	2	8	6	7	3	5	1
Per Capita Income 2015	1	7	9	2	4	5	3
Personal Income/Full Value	1	16	3	4	12	5	2
Full Value Per Capita	1	11	6	3	4	5	2
Qualifying Rankings	4	2	3	4	3	4	4
FY 2019							
Levy/Full Value	2	7	4	8	3	6	1
Per Capita Income 2016	1	7	11	4	3	5	2
Personal Income/Full Value	1	10	3	4	15	6	2
Full Value Per Capita	1	7	6	3	4	5	2
Qualifying Rankings	4	3	3	4	3	4	4
FY 2020							
Levy/Full Value	3	5	6	8	2	4	1
Per Capita Income 2017	1	7	9	3	4	5	2
Personal Income/Full Value	1	9	4	3	11	6	2
Full Value Per Capita	1	7	6	3	4	5	2
Qualifying Rankings	4	3	3	4	3	4	4
FY 2021							
Levy/Full Value	4	5	7	6	3	2	1
Per Capita Income 2018	1	7	9	4	3	5	2
Personal Income/Full Value	1	6	4	3	17	5	2
Full Value Per Capita	1	6	7	3	5	4	2
Qualifying Rankings	4	4	3	4	3	4	4

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

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

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

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

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

The Governor recommends \$6.2 million, half of the enacted level of \$12.4 million for the Distressed Communities Relief program. Communities' aid distribution is based on updated qualifying tax levies.

Most funds are distributed based on the ratio of an eligible municipality's tax levy to the total tax levy of all eligible municipalities. However, when a new community qualifies, that community receives 50.0 percent of current law requirements the first year it qualifies. The remaining 50.0 percent is distributed to the other distressed communities proportionately. When a community falls out of the program, it receives a one-time transition payment of 50.0 percent of the prior year requirement exclusive of any reduction for first year qualification. No community is in transition for FY 2021.

Payment in Lieu of Taxes (PILOT). This program reimburses cities and towns for property taxes, which would have been due on real property owned by private nonprofit higher educational institutions or nonprofit hospitals, or any state-owned hospital, veterans' residential facility or correctional facility, which is exempt from taxation by state law. Municipalities may be reimbursed up to 27.0 percent of the tax that would have been collected if the property had been taxable, subject to appropriation. The state makes one payment to communities in July of each year. If the appropriation is less than the necessary amount, the reimbursements are ratably reduced. The Governor recommends the enacted amount of \$46.1 million for FY 2021, which is \$1.5 million less than full funding based on updated data, and reflects a reimbursement rate of 26.2 percent; the FY 2020 reimbursement is equivalent to 26.6 percent.

The Governor's budget includes legislation to specify that portions of non-profit higher education and hospital properties which are not exclusively used for educational or hospital activities are not exempt from taxation; this includes vacant lots regardless of improvements. This creates the possibility of new future tax revenues in some cases for some communities. The legislation also provides that if an institution has made a voluntary payment to a municipality in lieu of taxation, its liability shall be reduced by that amount; or that municipalities are empowered to waive or reduce the amount levied pursuant to a payment in lieu of taxes, or establish a minimum filing threshold. With the removal of tax exempt status of some properties, future payments under this aid program will be affected. The program only allows for aid on tax exempt properties, but uses data from prior years.

Motor Vehicle Excise Tax Phase-Out. The 1998 General Assembly enacted legislation to eliminate the motor vehicles excise tax over a period of seven years. The exemption is a reduction in the assessed value subject to taxation. Cities and towns are paid by the state for the lost taxes due to the exemptions and local vehicle tax rates were frozen to the FY 1998 level. Annually, the state makes four quarterly payments to the communities in the months of August, November, February and May.

The 2010 Assembly provided \$117.2 million to fund the program at 88.0 percent of the amount that would have been due in FY 2010. It also enacted legislation that mandates a \$500 exemption for which the state will reimburse municipalities an amount subject to appropriation for FY 2011 and thereafter. It had been funded at \$10.0 million until FY 2018. Municipalities could provide an additional exemption which was not subject to reimbursement. The Assembly removed the prohibition on taxing the difference when the

value of a vehicle is higher than assessed in the prior fiscal year, and allowed motor vehicle rates and ratios of assessment to be less than earlier levels, which were frozen. The Assembly also restored fire districts' authority to levy a motor vehicles excise tax and excluded them from reimbursements.

The 2017 Assembly enacted legislation to restart the phase-out. Over time, the law incrementally reduces the maximum tax rate levied and percentage of assessed value, while increasing the minimum exemption. The legislation also exempts cars older than 15 years from taxation, a change from the prior exemption of 25 years. For FY 2021, the rate cap remains at \$35 per \$1,000 assessed; changes include lowering the assessed value from 85.0 percent to 80.0 percent and raising the minimum exemption by \$1,000 to \$4,000. Cars older than 15 years are no longer taxed. Under current law the tax is eliminated as of FY 2024.

The Governor's budget includes legislation to complete the phase-out a different way. It uses the same rate cap for FY 2021, but lowers the assessed value to just 82.5 percent, and raises the minimum exemption to only \$3,800 for FY 2021. It extends the phase-out through FY 2028, delaying the elimination five years. The recommended budget provides \$100.7 million for FY 2021 which is \$11.8 million less than estimated to be required under current law. For FY 2020, it includes \$90.3 million, \$4.0 million less than enacted based on updated data; the FY 2021 recommendation is \$10.4 million more than the revised amount. Proposed changes by component are shown in the table below.

Fiscal Year	No Tax After Age	Current Law			2020-H 7171			Change to Current Law		
		% of Retail Value	Cap on Rate per \$1,000	Exemption Floor	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor	% of Retail Value	Cap on Rate per \$1,000	Exemption Floor
2017	25	100.0%	\$ -	\$ 500	100.0%	\$ -	\$ 500	-	\$ -	\$ -
2018	15	95.0%	\$ 60	\$ 1,000	95.0%	\$ 60	\$ 1,000	-	\$ -	\$ -
2019	15	90.0%	\$ 50	\$ 2,000	90.0%	\$ 50	\$ 2,000	-	\$ -	\$ -
2020	15	85.0%	\$ 35	\$ 3,000	85.0%	\$ 35	\$ 3,000	-	\$ -	\$ -
2021	15	80.0%	\$ 35	\$ 4,000	82.5%	\$ 35	\$ 3,800	2.5%	\$ -	\$ (200)
2022	15	75.0%	\$ 30	\$ 5,000	80.0%	\$ 33	\$ 4,000	5.0%	\$ 3	\$ (1,000)
2023	15	70.0%	\$ 20	\$ 6,000	77.5%	\$ 31	\$ 4,500	7.5%	\$ 11	\$ (1,500)
2024	15				75.0%	\$ 27	\$ 5,000	75.0%	\$ 27	\$ 5,000
2025	15				72.5%	\$ 23	\$ 5,500	72.5%	\$ 23	\$ 5,500
2026	15	<i>No Tax Levied</i>			70.0%	\$ 19	\$ 6,000	70.0%	\$ 19	\$ 6,000
2027	15				67.5%	\$ 15	\$ 7,000	67.5%	\$ 15	\$ 7,000
2028	15				65.0%	\$ 10	\$ 7,500	65.0%	\$ 10	\$ 7,500
2029		<i>No Tax Levied</i>								

Municipal Incentive Aid. The Municipal Incentive Aid program, which encouraged sustainable funding of retirement plans and reduction of unfunded liabilities was conceived as a three-year program. FY 2016 was the third and final year. For FY 2016, Johnston did not meet the funding requirements for eligibility and its payment was reappropriated to FY 2017. The final FY 2017 budget included the reappropriated FY 2016 Johnston aid but as Johnston remained ineligible, its share was redistributed amongst the other communities in May 2017.

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

General Revenue Sharing. Beginning in FY 1994, a portion of total state tax revenues from the second prior fiscal year have been earmarked as state aid to cities and towns and distributed based on per capita

income and local tax burdens for public purposes. The FY 1999 budget began increasing the percentage of shared revenues as a mechanism for reimbursing municipalities for lost local revenues from the ten-year phase-out of the inventory tax. Legislation in 2005 and 2006 dedicated a portion of video lottery net terminal income, up to \$10.0 million, would be dedicated to the program for non-distressed communities. The 2009 Assembly adopted the Governor's recommendation to subject the program to appropriation. It has not been funded since FY 2009.

Restricted Use State Aid

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

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

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

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

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

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

The Governor recommends the enacted amount of \$9.6 million for state support of public libraries. Current law allows 25.0 percent reimbursement of second prior year expenditures, subject to appropriation. The funds represent a 21.7 percent reimbursement; the enacted budget represents 22.1 percent.

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

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

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

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

The 2011 Assembly adopted legislation to impose a three-year moratorium on the acceptance of applications for library construction aid projects through July 1, 2014. The Governor recommends \$2.7 million for FY 2021 based on expected reimbursements, \$0.8 million more than the enacted amount.

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

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

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

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

Property Revaluation Reimbursement. Section 44-5-11.6 of the Rhode Island General Laws requires that municipalities update property valuations using statistical techniques every third and sixth year after a full revaluation. The statute also requires that the state reimburse municipalities for 100 percent of the cost of the first update, not to exceed \$20 per parcel. Reimbursements for subsequent updates are 80.0 percent for the second statistical update and 60.0 percent for the third and all subsequent updates. A distressed

community will receive 80.0 percent reimbursement for the second and all subsequent updates. The reimbursement is made upon receipt of bills for completion of the revaluation.

The Governor recommends \$1.1 million for FY 2021, \$0.4 million more than enacted to reflect anticipated expenses for maximum allowable reimbursements for communities scheduled to complete revaluations. For FY 2020, the recommendation is \$0.7 million including \$0.1 million more to reflect the reappropriation of the unused FY 2019 allocation based on the current schedule of reimbursement. The state does not reimburse non-distressed municipalities for complete revaluations, only for updates. Expenditures fluctuate annually and distributions for the last five fiscal years are shown in the following table.

Fiscal Year	Expenditures
2019	\$ 1,023,245
2018	\$ 732,812
2017	\$ 446,302
2016	\$ 1,300,849
2015	\$ 681,508

Oversight Reimbursement. Rhode Island General Law, Sections 45-9-10 and 45-9-10.1 require that the state reimburse 50.0 percent of the cost of an official to act as a financial advisor to municipalities no longer subject to state Fiscal Stability Act oversight. For FY 2020, the Governor recommends \$50,697 for a partial year of reimbursement to Woonsocket, anticipated to exit oversight in March 2020. For FY 2021, the Governor excludes this funding.

Pass-Through Revenues

Public Service Corporation Tax. The recommended budget assumes the state will collect \$13.3 million of property taxes from public service corporations on behalf of municipalities and pass that back to them. A final figure will be calculated in spring 2020 when updated data is available. The 2009 Assembly adopted the Governor's recommendation to require the tax rate applied to the tangible personal property of public service corporations not be less than the prior year. Annual tax collections had dropped from \$16.6 million in FY 2004 to \$10.2 million in FY 2010. The statute allows for the use of up to 0.75 percent for administrative expenses; these funds are deposited as general revenues.

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

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

Other Local Revenues

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

Fiscal Year	Total Collections
2019	\$ 28,297,063
2018	\$ 28,896,727
2017	\$ 26,337,072
2016	\$ 25,683,737
2015	\$ 23,901,840

While not a direct appropriation, the Governor's budget assumes these revenues will total \$30.2 million for FY 2020, and \$30.8 million for FY 2021 based on current estimates. For FY 2021, consistent with proposed legislation, the estimate assumes the Division of Taxation retains a 2.0 percent administrative fee from these revenues collected on behalf of, and passed-through to municipalities, estimated at approximately \$628,000.

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

Fiscal Year	Total Collections
2019	\$ 5,072,891
2018	\$ 5,070,279
2017	\$ 4,415,901
2016	\$ 4,057,884
2015	\$ 3,413,541

While not a direct appropriation, the Governor's budget assumes the local revenues will total \$5.2 million for FY 2020, and \$5.4 million for FY 2021 based on current estimates. For FY 2021, consistent with proposed legislation, the estimate assumes the Division of Taxation retains a 2.0 percent administrative fee from these revenues collected on behalf of, and passed-through to municipalities, estimated at approximately \$110,000.

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

Distribution by Community

General Aid Total

Includes Distressed Communities, PILOT, and Motor Vehicles Excise Tax

<i>City or Town</i>	<i>FY 2019</i>	<i>FY 2020 Enacted</i>	<i>FY 2020 Gov. Rev.*</i>	<i>Revised Difference</i>
Barrington	\$ 893,647	\$ 2,169,738	\$ 2,139,017	\$ (30,721)
Bristol	1,896,402	2,385,515	2,343,371	(42,143)
Burrillville	1,225,095	2,150,241	2,080,634	(69,607)
Central Falls	721,222	1,329,215	1,279,434	(49,781)
Charlestown	243,559	335,999	307,354	(28,645)
Coventry	1,513,027	2,080,041	2,003,870	(76,171)
Cranston	12,553,218	18,569,870	18,023,552	(546,318)
Cumberland	1,435,030	1,985,458	1,848,417	(137,041)
East Greenwich	1,095,921	1,177,863	1,184,478	6,616
East Providence	2,250,374	3,311,853	2,822,510	(489,343)
Exeter	564,536	752,546	708,094	(44,452)
Foster	439,626	645,551	598,827	(46,724)
Glocester	584,144	798,968	772,464	(26,504)
Hopkinton	440,403	590,572	566,002	(24,570)
Jamestown	104,445	129,966	114,788	(15,178)
Johnston	3,676,138	5,142,608	4,814,705	(327,903)
Lincoln	910,043	1,094,910	1,066,857	(28,053)
Little Compton	66,928	82,117	74,338	(7,779)
Middletown	297,982	363,064	363,454	390
Narragansett	303,733	373,742	337,688	(36,054)
Newport	1,813,586	1,992,611	2,044,906	52,296
New Shoreham	52,106	138,397	64,044	(74,353)
North Kingstown	733,454	915,669	790,294	(125,375)
North Providence	3,663,820	5,583,930	5,523,219	(60,712)
North Smithfield	965,888	1,577,186	1,619,876	42,690
Pawtucket	7,235,052	11,459,229	11,165,689	(293,540)
Portsmouth	361,091	592,217	561,293	(30,924)
Providence	50,766,420	59,179,351	58,846,383	(332,969)
Richmond	366,909	496,496	471,437	(25,059)
Scituate	285,902	370,648	345,690	(24,958)
Smithfield	1,738,081	2,963,766	2,742,712	(221,054)
South Kingstown	860,612	994,608	981,337	(13,271)
Tiverton	304,343	377,613	371,977	(5,636)
Warren	542,910	738,124	695,612	(42,512)
Warwick	5,951,041	8,429,734	7,949,647	(480,087)
Westerly	1,380,133	2,020,795	1,896,940	(123,855)
West Greenwich	283,021	566,150	382,106	(184,044)
West Warwick	2,249,768	2,592,797	2,677,104	84,307
Woonsocket	3,916,147	6,188,614	6,063,268	(125,346)
Subtotal	\$ 114,685,755	\$ 152,647,771	\$ 148,643,393	\$ (4,004,378)
MV Phase Out - Fire Districts	70,714	101,654	97,327	(4,327)
Total	\$ 114,756,469	\$ 152,749,425	\$ 148,740,720	\$ (4,008,705)

*FY 2020 enacted MV figures reflect value of FY 2019 levy; the FY 2020 Gov. Rev. reflects updated data.

General Aid Total

Includes Distressed Communities, PILOT, and Motor Vehicles Excise Tax

<i>City or Town</i>	<i>FY 2020 Enacted</i>	<i>FY 2021 Gov. Rec.*</i>	<i>FY 2021 Rec. to Enacted</i>	<i>FY 2021 Rec. to FY 2020 Rev.</i>
Barrington	\$ 2,169,738	\$ 2,355,092	\$ 185,354	\$ 216,075
Bristol	2,385,515	2,260,273	(125,242)	(83,099)
Burrillville	2,150,241	2,282,247	132,006	201,613
Central Falls	1,329,215	1,280,432	(48,783)	998
Charlestown	335,999	352,034	16,035	44,680
Coventry	2,080,041	2,261,441	181,400	257,571
Cranston	18,569,870	16,990,355	(1,579,515)	(1,033,197)
Cumberland	1,985,458	2,112,960	127,502	264,543
East Greenwich	1,177,863	1,286,904	109,042	102,426
East Providence	3,311,853	4,607,620	1,295,767	1,785,110
Exeter	752,546	797,067	44,521	88,972
Foster	645,551	665,553	20,002	66,726
Glocester	798,968	873,383	74,415	100,919
Hopkinton	590,572	635,970	45,398	69,968
Jamestown	129,966	123,206	(6,760)	8,418
Johnston	5,142,608	4,660,631	(481,977)	(154,075)
Lincoln	1,094,910	1,330,542	235,632	263,684
Little Compton	82,117	79,230	(2,887)	4,892
Middletown	363,064	458,356	95,292	94,902
Narragansett	373,742	361,074	(12,668)	23,386
Newport	1,992,611	2,094,468	101,857	49,562
New Shoreham	138,397	69,920	(68,477)	5,876
North Kingstown	915,669	1,061,914	146,246	271,620
North Providence	5,583,930	5,460,338	(123,592)	(62,880)
North Smithfield	1,577,186	1,791,666	214,480	171,790
Pawtucket	11,459,229	10,624,248	(834,982)	(541,442)
Portsmouth	592,217	671,814	79,597	110,521
Providence	59,179,351	58,378,837	(800,514)	(467,546)
Richmond	496,496	532,466	35,970	61,029
Scituate	370,648	372,898	2,250	27,208
Smithfield	2,963,766	3,146,966	183,201	404,254
South Kingstown	994,608	1,185,924	191,316	204,587
Tiverton	377,613	395,519	17,906	23,542
Warren	738,124	788,472	50,348	92,860
Warwick	8,429,734	8,957,647	527,913	1,008,000
Westerly	2,020,795	2,160,308	139,513	263,368
West Greenwich	566,150	437,832	(128,318)	55,726
West Warwick	2,592,797	2,548,279	(44,518)	(128,825)
Woonsocket	6,188,614	6,449,805	261,191	386,537
Subtotal	\$ 152,647,771	\$ 152,903,691	\$ 255,920	\$ 4,260,298
MV Phase Out - Fire Districts	101,654	123,979	22,325	22,325
Total	\$ 152,749,425	\$ 153,027,670	\$ 278,245	\$ 4,286,950

*FY 2020 enacted MV figures reflect value of FY 2019 levy; the FY 2020 Gov. Rec. reflects updated data.

Distressed Communities Relief

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

Distressed Communities Relief

<i>City or Town</i>	<i>FY 2020 Enacted</i>	<i>FY 2021 Gov. Rec.</i>	<i>FY 2021 Rec. to Enacted</i>	<i>FY 2021 Rec. to FY 2020 Rev.</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Bristol	-	-	-	-
Burrillville	-	-	-	-
Central Falls	201,648	110,055	(91,593)	(91,593)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	2,547,805	1,335,630	(1,212,176)	(1,212,176)
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	-	-	-	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	532,972	-	(532,972)	(532,972)
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	-	-	-	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	914,169	480,580	(433,589)	(433,589)
North Smithfield	-	-	-	-
Pawtucket	1,400,733	731,357	(669,376)	(669,376)
Portsmouth	-	-	-	-
Providence	5,155,694	2,689,318	(2,466,376)	(2,466,376)
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	-	-	-	-
South Kingstown	-	-	-	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	-	-	-	-
Westerly	-	-	-	-
West Greenwich	-	-	-	-
West Warwick	859,102	460,708	(398,394)	(398,394)
Woonsocket	772,334	384,581	(387,753)	(387,753)
Total	\$ 12,384,458	\$ 6,192,229	\$ (6,192,229)	\$ (6,192,229)

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2019</i>	<i>FY 2020 Enacted</i>	<i>FY 2020 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 17,514	\$ 16,308	\$ 16,308	\$ -
Bristol	1,335,274	1,502,180	1,502,180	-
Burrillville	98,273	100,313	100,313	-
Central Falls	895	775	775	-
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,403,870	5,386,022	5,386,022	-
Cumberland	-	-	-	-
East Greenwich	659,856	645,955	645,955	-
East Providence	244,237	246,077	246,077	-
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,431,152	1,590,280	1,590,280	-
New Shoreham	-	-	-	-
North Kingstown	1,762	1,136	1,136	-
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	575,928	579,677	579,677	-
Portsmouth	-	-	-	-
Providence	33,497,659	33,187,319	33,187,319	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	763,295	751,793	751,793	-
South Kingstown	207,011	208,804	208,804	-
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,687,863	1,704,861	1,704,861	-
Westerly	164,915	168,006	168,006	-
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	-	-	-
Total	\$ 46,089,504	\$ 46,089,504	\$ 46,089,504	\$ -

Payment in Lieu of Taxes

<i>City or Town</i>	<i>FY 2020 Enacted</i>	<i>FY 2021 Gov. Rec.</i>	<i>FY 2021 Rec. to Enacted</i>	<i>FY 2021 Rec. to FY 2020 Rev.</i>
Barrington	\$ 16,308	\$ 16,530	\$ 222	\$ 222
Bristol	1,502,180	1,280,619	(221,561)	(221,561)
Burrillville	100,313	99,316	(997)	(997)
Central Falls	775	-	(775)	(775)
Charlestown	-	-	-	-
Coventry	-	-	-	-
Cranston	5,386,022	4,815,713	(570,309)	(570,309)
Cumberland	-	-	-	-
East Greenwich	645,955	719,030	73,076	73,076
East Providence	246,077	254,226	8,149	8,149
Exeter	-	-	-	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	-	-	-	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	1,590,280	1,609,854	19,575	19,575
New Shoreham	-	-	-	-
North Kingstown	1,136	1,086	(49)	(49)
North Providence	-	-	-	-
North Smithfield	-	-	-	-
Pawtucket	579,677	3,521	(576,156)	(576,156)
Portsmouth	-	-	-	-
Providence	33,187,319	34,077,915	890,595	890,595
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	751,793	865,716	113,923	113,923
South Kingstown	208,804	210,219	1,415	1,415
Tiverton	-	-	-	-
Warren	-	-	-	-
Warwick	1,704,861	1,536,665	(168,196)	(168,196)
Westerly	168,006	162,421	(5,585)	(5,585)
West Greenwich	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	-	436,673	436,673	436,673
Total	\$ 46,089,504	\$ 46,089,504	\$ -	\$ -

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2019</i>	<i>FY 2020 Enacted</i>	<i>FY 2020 Gov. Rev.*</i>	<i>Revised Difference</i>
Barrington	\$ 876,133	\$ 2,153,430	\$ 2,122,709	\$ (30,721)
Bristol	561,128	883,335	841,192	(42,143)
Burrillville	1,126,822	2,049,928	1,980,321	(69,607)
Central Falls	502,570	1,126,792	1,077,011	(49,781)
Charlestown	243,559	335,999	307,354	(28,645)
Coventry	1,513,027	2,080,041	2,003,870	(76,171)
Cranston	5,915,970	10,636,043	10,089,725	(546,318)
Cumberland	1,435,030	1,985,458	1,848,417	(137,041)
East Greenwich	436,065	531,908	538,524	6,616
East Providence	2,006,137	3,065,776	2,576,433	(489,343)
Exeter	564,536	752,546	708,094	(44,452)
Foster	439,626	645,551	598,827	(46,724)
Glocester	584,144	798,968	772,464	(26,504)
Hopkinton	440,403	590,572	566,002	(24,570)
Jamestown	104,445	129,966	114,788	(15,178)
Johnston	2,610,194	4,609,636	4,281,733	(327,903)
Lincoln	910,043	1,094,910	1,066,857	(28,053)
Little Compton	66,928	82,117	74,338	(7,779)
Middletown	297,982	363,064	363,454	390
Narragansett	303,733	373,742	337,688	(36,054)
Newport	382,434	402,331	454,627	52,296
New Shoreham	52,106	138,397	64,044	(74,353)
North Kingstown	731,692	914,533	789,158	(125,375)
North Providence	2,662,883	4,669,761	4,609,049	(60,712)
North Smithfield	965,888	1,577,186	1,619,876	42,690
Pawtucket	5,151,184	9,478,819	9,185,279	(293,540)
Portsmouth	361,091	592,217	561,293	(30,924)
Providence	11,661,930	20,836,338	20,503,369	(332,969)
Richmond	366,909	496,496	471,437	(25,059)
Scituate	285,902	370,648	345,690	(24,958)
Smithfield	974,786	2,211,973	1,990,919	(221,054)
South Kingstown	653,601	785,804	772,533	(13,271)
Tiverton	304,343	377,613	371,977	(5,636)
Warren	542,910	738,124	695,612	(42,512)
Warwick	4,263,178	6,724,873	6,244,786	(480,087)
Westerly	1,215,218	1,852,789	1,728,934	(123,855)
West Greenwich	283,021	566,150	382,106	(184,044)
West Warwick	1,345,609	1,733,695	1,818,002	84,307
Woonsocket	3,068,635	5,416,280	5,290,934	(125,346)
Subtotal	\$ 56,211,793	\$ 94,173,809	\$ 90,169,431	\$ (4,004,378)
MV Phase Out - Fire Districts	70,714	101,654	97,327	(4,327)
Total	\$ 56,282,506	\$ 94,275,463	\$ 90,266,758	\$ (4,008,705)

*FY 2020 enacted MV figures reflect value of FY 2019 levy; the FY 2020 Gov. Rev. reflects updated data.

Motor Vehicle Excise Phase-Out

<i>City or Town</i>	<i>FY 2020 Enacted</i>	<i>FY 2021 Gov. Rec.*</i>	<i>FY 2021 Rec. to Enacted</i>	<i>FY 2021 Rec. to FY 2020 Rev.</i>
Barrington	\$ 2,153,430	\$ 2,338,562	\$ 185,132	\$ 215,853
Bristol	883,335	979,654	96,319	138,462
Burrillville	2,049,928	2,182,931	133,003	202,610
Central Falls	1,126,792	1,170,377	43,585	93,366
Charlestown	335,999	352,034	16,035	44,680
Coventry	2,080,041	2,261,441	181,400	257,571
Cranston	10,636,043	10,839,012	202,969	749,287
Cumberland	1,985,458	2,112,960	127,502	264,543
East Greenwich	531,908	567,874	35,966	29,351
East Providence	3,065,776	4,353,394	1,287,618	1,776,961
Exeter	752,546	797,067	44,521	88,972
Foster	645,551	665,553	20,002	66,726
Glocester	798,968	873,383	74,415	100,919
Hopkinton	590,572	635,970	45,398	69,968
Jamestown	129,966	123,206	(6,760)	8,418
Johnston	4,609,636	4,660,631	50,995	378,897
Lincoln	1,094,910	1,330,542	235,632	263,684
Little Compton	82,117	79,230	(2,887)	4,892
Middletown	363,064	458,356	95,292	94,902
Narragansett	373,742	361,074	(12,668)	23,386
Newport	402,331	484,614	82,283	29,987
New Shoreham	138,397	69,920	(68,477)	5,876
North Kingstown	914,533	1,060,828	146,295	271,669
North Providence	4,669,761	4,979,758	309,997	370,709
North Smithfield	1,577,186	1,791,666	214,480	171,790
Pawtucket	9,478,819	9,889,370	410,551	704,091
Portsmouth	592,217	671,814	79,597	110,521
Providence	20,836,338	21,611,604	775,266	1,108,235
Richmond	496,496	532,466	35,970	61,029
Scituate	370,648	372,898	2,250	27,208
Smithfield	2,211,973	2,281,250	69,277	290,331
South Kingstown	785,804	975,705	189,901	203,171
Tiverton	377,613	395,519	17,906	23,542
Warren	738,124	788,472	50,348	92,860
Warwick	6,724,873	7,420,982	696,109	1,176,196
Westerly	1,852,789	1,997,887	145,098	268,953
West Greenwich	566,150	437,832	(128,318)	55,726
West Warwick	1,733,695	2,087,571	353,876	269,569
Woonsocket	5,416,280	5,628,551	212,271	337,617
Subtotal	\$ 94,173,809	\$ 100,621,958	\$ 6,448,149	\$ 10,452,527
MV Phase Out - Fire Districts	101,654	123,979	22,325	26,652
Total	\$ 94,275,463	\$ 100,745,937	\$ 6,470,474	\$ 10,479,179

*FY 2020 enacted MV figures reflect value of FY 2019 levy; the FY 2020 Gov. Rec. reflects updated data.

Library Aid

<i>City or Town</i>	<i>FY 2019</i>	<i>FY 2020 Enacted¹</i>	<i>FY 2020 Gov. Rev.</i>	<i>Revised Difference</i>
Barrington	\$ 377,408	\$ 382,079	\$ 382,079	\$ -
Bristol	192,571	194,460	194,460	-
Burrillville	173,440	173,742	173,742	-
Central Falls	26,487	32,114	32,114	-
Charlestown	51,117	52,487	52,487	-
Coventry	232,971	231,669	231,669	-
Cranston	599,627	622,485	622,485	-
Cumberland	279,091	283,035	283,035	-
East Greenwich	131,335	129,591	129,591	-
East Providence	418,643	420,617	420,617	-
Exeter	49,367	52,255	52,255	-
Foster	33,624	33,391	33,391	-
Glocester	78,446	79,565	79,565	-
Hopkinton	34,850	36,702	36,702	-
Jamestown	123,716	107,185	107,185	-
Johnston	120,586	119,439	119,439	-
Lincoln	202,908	209,703	209,703	-
Little Compton	34,306	35,772	35,772	-
Middletown	145,601	144,623	144,623	-
Narragansett	187,492	186,191	186,191	-
Newport	412,478	409,617	409,617	-
New Shoreham	84,344	91,829	91,829	-
North Kingstown	278,709	297,091	297,091	-
North Providence	197,946	198,233	198,233	-
North Smithfield	77,887	79,060	79,060	-
Pawtucket	390,645	415,582	415,582	-
Portsmouth	114,736	116,067	116,067	-
Providence*	1,983,098	2,027,820	2,027,820	-
Richmond	24,913	24,997	24,997	-
Scituate	104,590	105,942	105,942	-
Smithfield	295,708	304,595	304,595	-
South Kingstown	213,881	225,105	225,105	-
Tiverton	122,624	125,071	125,071	-
Warren	56,679	57,521	57,521	-
Warwick	737,667	772,285	772,285	-
Westerly	315,893	317,009	317,009	-
West Greenwich	36,772	39,028	39,028	-
West Warwick	160,224	162,581	162,581	-
Woonsocket	197,081	202,925	202,925	-
	\$ 9,299,463	\$ 9,499,465	\$ 9,499,461	\$ -
Institutional Libraries	62,609	62,609	62,609	-
Total	\$ 9,362,072	\$ 9,562,074	\$ 9,562,070	\$ -

*Includes the Statewide Reference Library Resource Grant.

¹ Adjusted from prior publications to correct discrepancies

Library Aid

<i>City or Town</i>	<i>FY 2020 Enacted¹</i>	<i>FY 2021 Gov. Rec.</i>	<i>FY 2021 Rec. to Enacted</i>	<i>FY 2021 Rec. to FY 2020 Rev.</i>
Barrington	\$ 382,079	\$ 375,185	\$ (6,894)	\$ (6,894)
Bristol	194,460	194,607	147	147
Burrillville	173,742	184,839	11,098	11,098
Central Falls	32,114	31,752	(362)	(362)
Charlestown	52,487	52,802	315	315
Coventry	231,669	229,468	(2,201)	(2,201)
Cranston	622,485	638,834	16,349	16,349
Cumberland	283,035	297,545	14,510	14,510
East Greenwich	129,591	132,534	2,943	2,943
East Providence	420,617	411,631	(8,986)	(8,986)
Exeter	52,255	53,203	948	948
Foster	33,391	33,861	470	470
Glocester	79,565	78,704	(861)	(861)
Hopkinton	36,702	35,851	(851)	(851)
Jamestown	107,185	108,139	955	955
Johnston	119,439	125,400	5,961	5,961
Lincoln	209,703	213,729	4,026	4,026
Little Compton	35,772	36,164	393	393
Middletown	144,623	142,580	(2,043)	(2,043)
Narragansett	186,191	177,025	(9,166)	(9,166)
Newport	409,617	402,053	(7,564)	(7,564)
New Shoreham	91,829	90,133	(1,696)	(1,696)
North Kingstown	297,091	297,608	517	517
North Providence	198,233	197,202	(1,031)	(1,031)
North Smithfield	79,060	79,629	569	569
Pawtucket	415,582	408,981	(6,601)	(6,601)
Portsmouth	116,067	116,092	25	25
Providence*	2,027,820	2,002,232	(25,588)	(25,588)
Richmond	24,997	24,736	(261)	(261)
Scituate	105,942	106,425	483	483
Smithfield	304,595	307,560	2,965	2,965
South Kingstown	225,105	231,439	6,334	6,334
Tiverton	125,071	122,762	(2,309)	(2,309)
Warren	57,521	60,853	3,331	3,331
Warwick	772,285	779,794	7,509	7,509
Westerly	317,009	307,643	(9,366)	(9,366)
West Greenwich	39,028	44,294	5,266	5,266
West Warwick	162,581	165,207	2,626	2,626
Woonsocket	202,925	200,967	(1,959)	(1,959)
	\$ 9,499,465	\$ 9,499,463	\$ -	\$ 2
Institutional Libraries	62,609	62,609	-	-
Total	\$ 9,562,074	\$ 9,562,072	\$ -	\$ 2

*Includes the Statewide Reference Library Resource Grant.

¹ Adjusted to reflect rounding errors in the enacted

Public Service Corporation Tax

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

**FY 2020 based on prior data; FY 2021 enacted will reflect actual data.*

Public Service Corporation Tax

<i>City or Town</i>	<i>FY 2020 Enacted</i>	<i>FY 2021 Gov. Rec.*</i>	<i>FY 2021 Rec. to Enacted</i>	<i>FY 2020 Rec. to FY 2021 Rev.</i>
Barrington	\$ 204,412	\$ 204,412	\$ -	\$ -
Bristol	281,297	281,297	-	-
Burrillville	206,240	206,240	-	-
Central Falls	244,455	244,455	-	-
Charlestown	97,833	97,833	-	-
Coventry	439,541	439,541	-	-
Cranston	1,020,662	1,020,662	-	-
Cumberland	434,814	434,814	-	-
East Greenwich	165,037	165,037	-	-
East Providence	597,746	597,746	-	-
Exeter	85,216	85,216	-	-
Foster	59,100	59,100	-	-
Glocester	125,952	125,952	-	-
Hopkinton	102,244	102,244	-	-
Jamestown	69,385	69,385	-	-
Johnston	367,521	367,521	-	-
Lincoln	272,625	272,625	-	-
Little Compton	44,379	44,379	-	-
Middletown	202,925	202,925	-	-
Narragansett	196,636	196,636	-	-
Newport	311,887	311,887	-	-
New Shoreham	10,461	10,461	-	-
North Kingstown	329,948	329,948	-	-
North Providence	407,678	407,678	-	-
North Smithfield	155,042	155,042	-	-
Pawtucket	904,592	904,592	-	-
Portsmouth	220,104	220,104	-	-
Providence	2,262,538	2,262,538	-	-
Richmond	95,892	95,892	-	-
Scituate	132,708	132,708	-	-
Smithfield	272,386	272,386	-	-
South Kingstown	387,095	387,095	-	-
Tiverton	200,026	200,026	-	-
Warren	132,242	132,242	-	-
Warwick	1,023,675	1,023,675	-	-
Westerly	285,179	285,179	-	-
West Greenwich	77,111	77,111	-	-
West Warwick	361,849	361,849	-	-
Woonsocket	523,168	523,168	-	-
Total	\$ 13,311,601	\$ 13,311,601	\$ -	\$ -

**FY 2020 based on prior data; FY 2021 enacted will reflect actual data.*

Meals and Beverage Tax

<i>City or Town</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021*</i>
Barrington	\$ 184,739	\$ 195,499	\$ 208,550	\$ 212,587
Bristol	451,567	474,409	506,078	515,873
Burrillville	214,442	221,434	236,216	240,788
Central Falls	142,982	128,331	136,898	139,547
Charlestown	187,253	189,078	201,700	205,604
Coventry	466,386	442,965	472,535	481,681
Cranston	1,975,488	2,027,876	2,163,247	2,205,116
Cumberland	539,876	514,176	548,500	559,116
East Greenwich	694,380	683,524	729,153	743,265
East Providence	1,076,247	1,098,154	1,171,462	1,194,135
Exeter	116,466	114,565	122,213	124,579
Foster	23,382	20,847	22,238	22,669
Glocester	75,453	82,812	88,340	90,050
Hopkinton	53,522	56,874	60,671	61,845
Jamestown	90,468	85,554	91,265	93,031
Johnston	709,170	760,660	811,438	827,143
Lincoln	811,829	830,812	886,273	903,426
Little Compton	65,110	58,794	62,719	63,933
Middletown	810,338	833,415	889,050	906,257
Narragansett	697,787	685,665	731,437	745,594
Newport	2,641,064	2,493,288	2,659,728	2,711,207
New Shoreham	376,358	392,629	418,839	426,945
North Kingstown	624,355	634,782	677,157	690,263
North Providence	397,108	399,707	426,390	434,643
North Smithfield	302,535	309,588	330,254	336,646
Pawtucket	945,504	952,426	1,016,005	1,035,670
Portsmouth	279,811	285,976	305,067	310,971
Providence	6,246,967	5,586,483	5,959,410	6,074,752
Richmond	145,562	143,403	152,976	155,936
Scituate	67,639	65,021	69,362	70,704
Smithfield	796,851	852,674	909,594	927,199
South Kingstown	911,785	968,694	1,033,359	1,053,360
Tiverton	253,167	303,474	323,733	329,998
Warren	319,510	289,579	308,910	314,889
Warwick	3,188,368	3,018,267	3,219,752	3,282,069
Westerly	930,904	990,459	1,056,577	1,077,027
West Greenwich	122,462	116,905	124,709	127,122
West Warwick	392,007	414,732	442,417	450,980
Woonsocket	567,885	573,533	611,820	623,661
Total	\$ 28,896,727	\$ 28,297,063	\$ 30,186,038	\$ 30,770,281

**Net of two percent administrative fee consistent with proposed legislation.*

Local Hotel Tax

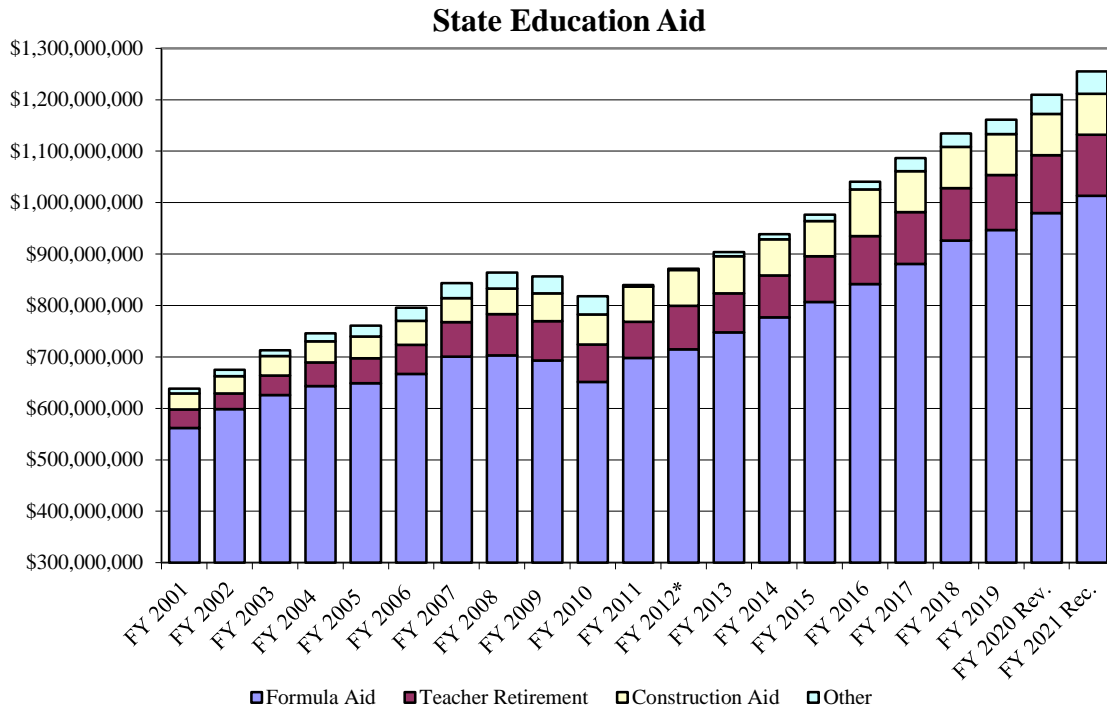
<i>City or Town</i>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021*</i>
Barrington	\$ 2,661	\$ 2,629	\$ 2,629	\$ 2,577
Bristol	29,156	35,008	36,207	36,950
Burrillville	28	73	73	71
Central Falls	53	215	215	211
Charlestown	58,621	44,558	44,788	44,173
Coventry	47,776	43,483	43,707	44,947
Cranston	11,427	7,982	9,824	10,042
Cumberland	745	208	208	204
East Greenwich	513	1,411	1,420	1,402
East Providence	20,952	27,717	28,779	29,503
Exeter	-	12	12	12
Foster	282	397	411	419
Glocester	1,357	1,529	1,582	1,615
Hopkinton	1,123	613	627	633
Jamestown	19,766	29,117	29,282	28,898
Johnston	3,338	3,747	3,897	4,002
Lincoln	50,036	63,347	66,004	67,937
Little Compton	16,262	21,730	21,844	21,548
Middletown	490,943	507,332	526,712	539,904
Narragansett	193,464	193,414	195,646	194,466
Newport	1,193,942	1,174,625	1,218,171	1,272,573
New Shoreham	478,072	412,757	418,075	416,225
North Kingstown	51,564	48,092	49,943	51,209
North Providence	231	712	712	698
North Smithfield	1,433	1,512	1,571	1,611
Pawtucket	40,109	47,400	49,310	50,662
Portsmouth	10,217	12,228	12,428	12,424
Providence	1,129,388	1,117,136	1,162,211	1,194,152
Richmond	3,023	5,629	5,694	5,659
Scituate	3,110	3,381	3,509	3,595
Smithfield	74,348	72,124	75,123	77,293
South Kingstown	100,203	100,606	103,499	104,971
Tiverton	3,117	9,365	9,571	9,632
Warren	704	1,228	1,228	1,203
Warwick	555,191	569,085	592,298	608,874
Westerly	329,908	364,507	377,696	386,291
West Greenwich	55,839	57,746	60,135	61,857
West Warwick	68,240	61,313	63,862	65,706
Woonsocket	23,137	28,923	30,104	30,948
Total	\$ 5,070,279	\$ 5,072,891	\$ 5,249,007	\$ 5,385,097

**Net of two percent administrative fee consistent with proposed legislation.*

Education Aid

Summary

The Governor recommends \$1,255.2 million for FY 2021 total aid for local school districts. This is \$44.7 million more than enacted for FY 2020. Funding for FY 2021 includes \$1,013.4 million in direct distributions to local school districts, \$42.5 million in categorical funding, \$1.0 million in other aid for distribution by the Department, \$118.4 million for the state’s contribution to teacher retirement, and \$80.0 million for school construction costs.



*Davies begins appearing with education aid

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

The funding plan also allows for additional support from the state to districts for high-cost special education students, career and technical programs, early childhood education programs, transportation costs and a limited two-year bonus for regionalized districts. There has been a redistribution of aid among communities with some getting less aid than prior years. In an effort to mitigate any losses to communities, the formula was phased in over a ten-year period. Gaining communities were fully-phased in by year seven and districts receiving less state aid had the remaining loss phased in over an additional three years. As FY 2021 represents the tenth year of the transition period, all districts are receiving formula state aid with no transition adjustments.

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

The FY 2021 budget includes \$1,013.4 million for direct aid to local school districts, an increase of 36.5 percent from the first year of the formula. The funding formula costs are driven by enrollment, wealth, and the core instruction amount. Since FY 2012, the per pupil core instruction amount has increased by \$1,977 or 23.7 percent, which is an annual increase of 2.4 percent. Aid per student has increased by \$1,484 or 27.5 percent during that same period, which is an annual increase of 3.1 percent. The table below shows these changes, as well as changes to enrollment, students in poverty, and average state share ratio since the first year of the funding formula. The formula provides a 40.0 percent weight for each student in poverty. The state share is determined using two factors: the full value of local property and the median family income as determined by the last five years of census data. Among all communities, the average state share ratio for FY 2021 is 38.1 percent. When weighted for the number of students, the average state share ratio is 55.0 percent; it was 52.5 percent when the formula began. Table 2 at the end of this report shows the funding formula calculation for FY 2021.

	FY 2012	FY 2017	FY 2020	FY 2021	FY 2021 Chg. to FY 2012	% FY 2021 Chg. to FY 2012	% Average Annual Change
Per Pupil Core Amount	\$ 8,333	\$ 9,100	\$ 9,871	\$ 10,310	\$ 1,977	23.7%	2.4%
Student Enrollment	140,913	141,278	142,306	142,202	1,289	0.9%	0.1%
Students in Poverty	63,446	69,630	67,972	67,298	3,852	6.1%	0.7%
Highest State Share Ratio	92.6%	94.4%	94.8%	94.6%	2.0%	2.2%	0.2%
Average State Share Ratio	38.7%	39.4%	38.4%	38.1%	-0.6%	-1.6%	-0.2%
Avg. Weighted State Share Ratio	52.5%	55.5%	55.0%	54.8%	2.5%	4.8%	0.5%
Aid Per Student	\$ 5,393	\$ 6,202	\$ 6,877	\$ 7,082	\$ 1,484	27.5%	3.1%

Education Aid by Component

The Governor recommends \$1,255.2 million for FY 2021 education aid for distribution to districts including Central Falls, Davies Career and Technical Center, charter schools and the Metropolitan Career and Technical School. This also includes teacher retirement and school housing aid as well as other formula aid for distribution by the Department of Elementary and Secondary Education. This is \$44.7 million more than enacted for FY 2020.

The funding formula calculation for FY 2021 uses March 15, 2019 student enrollment data adjusted for FY 2021 projected charter school enrollments, a per pupil core instruction amount of \$10,310 and state share ratio variables updated with June 30, 2019 data. As FY 2021 is the tenth year of the transition period, all districts are receiving state aid as produced by the funding formula.

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

The 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to estimate funding formula aid based on October 1 student enrollments by December 1. The report was submitted to the Budget Office and estimated total funding formula aid to be \$995.1 million, \$2.2 million more than the Governor's recommended budget, adjusted for the \$3.3 million proposed to include prekindergarten students in the funding formula. This estimate also excludes the impact to any adjustments to stabilization funding that might occur with changes to funding formula aid for Central Falls and the state schools. Therefore, it appears that the aid recommendation could be understated by \$0.4 million.

The Department of Elementary and Secondary Education will provide updated March 2020 student enrollment data at the beginning of April.

The following table compares the FY 2021 recommended funding for the major components of education aid to the FY 2020 enacted budget and the Governor's FY 2020 revised recommendation. It is followed by an explanation of each of the items in the table.

Education Aid	FY 2020 Enacted	FY 2020 Revised	Change to Enacted	FY 2021 Governor	Change to Enacted
Operating Aid					
Local Districts	\$ 807,609,544	\$ 807,609,544	\$ -	\$ 831,952,507	\$ 24,342,963
Central Falls	41,476,650	41,976,650	500,000	41,855,884	379,234
Met School*	9,342,007	9,342,007	-	9,342,007	-
Davies Career & Technical*	13,694,981	13,694,981	-	13,771,120	76,139
Charter Schools	100,979,327	101,063,056	83,729	108,518,042	7,538,716
UCAP	1,539,913	1,539,913	-	1,584,599	44,685
Group Homes Funding	3,233,153	3,267,153	34,000	3,049,982	(183,171)
Local District Prekindergarten	-	-	-	3,327,327	3,327,327
Subtotal	\$ 977,875,576	\$ 978,493,305	\$ 617,730	\$ 1,013,401,469	\$ 35,525,892
Other Adjustments					
Audit Adjustment	\$ 1,850,065	\$ 1,850,065	\$ -	\$ -	\$ (1,850,065)
Adjusted Subtotal	\$ 979,725,641	\$ 980,343,370	\$ 617,730	\$ 1,013,401,469	\$ 33,675,827
Categorical Funding					
High Cost Special Education	\$ 4,500,000	\$ 4,500,000	\$ -	\$ 4,500,000	\$ -
Career and Technical	4,500,000	4,500,000	-	4,500,000	-
Early Childhood	14,850,000	14,850,000	-	16,297,199	1,447,199
Non-Public Transportation	3,038,684	3,038,684	-	3,038,684	-
Regional District Transportation	4,622,676	4,622,676	-	4,622,676	-
Multilingual Learners	5,000,000	5,000,000	-	7,500,000	2,500,000
School Resource Officer Support**	1,000,000	325,000	(675,000)	2,000,000	1,000,000
Subtotal	\$ 37,511,360	\$ 36,836,360	\$ (675,000)	\$ 42,458,559	\$ 4,947,199
Set-Aside Funds					
Textbook Loans	\$ 240,000	\$ 56,251	\$ (183,749)	\$ 240,000	\$ -
School Breakfast	270,000	270,000	-	270,000	-
Recovery High School	500,000	500,000	-	500,000	-
Subtotal	\$ 1,010,000	\$ 826,251	\$ (183,749)	\$ 1,010,000	\$ -
Total	\$ 1,018,247,001	\$ 1,018,005,981	\$ (241,019)	\$ 1,056,870,028	\$ 38,623,026
Other Aid					
Teacher Retirement	\$ 112,337,502	\$ 112,337,502	\$ -	\$ 118,375,402	\$ 6,037,900
Construction Aid	78,984,971	78,984,971	-	79,130,193	145,222
School Building Authority Fund	1,015,029	1,015,029	-	869,807	(145,222)
Statewide Total	\$ 1,210,584,504	\$ 1,210,343,484	\$ (241,020)	\$ 1,255,245,430	\$ 44,660,926

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

** Includes proposed expansion to mental health staff.

Operating Aid

Local Districts. The Governor recommends \$832.0 million for formula aid to locally operated school districts. This is \$24.3 million more than enacted. The Governor's recommended budget includes a proposal to allow districts to include students enrolled in district-run prekindergarten classrooms into the funding formula. Eligible districts currently receive prekindergarten funding through the early childhood category of aid. Including these students, the recommended formula aid for local districts is \$834.1 million.

The 2018 Assembly enacted legislation requiring the Department of Elementary and Secondary Education to report estimated funding formula aid based on October 1 student enrollments by December 1. The report was submitted to the Budget Office and estimates formula aid for local districts to be \$831.1 million. Adjusting for the inclusion of prekindergarten students into the funding formula, the estimate is \$0.9 million less than the Governor's recommendation.

Central Falls Operations. The Governor recommends \$41.9 million for formula aid for the Central Falls School District. This is \$0.4 million or 0.9 percent more than FY 2020 enacted aid. The Governor's recommendation also includes a proposal to include prekindergarten students in district-run classrooms in the funding formula. This would increase total formula aid for Central Falls by \$1.2 million for a total of \$43.1 million.

The formula includes a stabilization fund for the Central Falls School District until the city can begin paying its local share. This is the seventh year of stabilization funding and the Governor's recommendation includes \$7.0 million. Compared to FY 2020, the formula produces a \$1.4 million increase reflecting new resident students to Central Falls. The Governor's FY 2020 revised budget increases stabilization funding for Central Falls by \$0.5 million to support the reported student growth.

Metropolitan Career and Technical School. The Governor recommends \$9.3 million for formula aid for the Metropolitan Career and Technical School. This is consistent with funding for the last three years. The 2016 Assembly enacted a stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Governor recommends \$1.9 million in stabilization funding for the Met School, which is \$0.1 million more than enacted. This offsets the \$0.1 million reduction reflecting year ten of the formula.

Prior to FY 2012, the Met School was fully state supported. The Met School is funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Table 5 at the end of this report includes estimated enrollment for FY 2021.

Davies Career and Technical School. The Governor recommends \$13.8 million from general revenues for formula aid to support the Davies Career and Technical School. This is \$76,139 more than the FY 2020 enacted level. The funding formula legislation requires that state schools participating in the state retirement system have their state aid adjusted to reflect reimbursement for the employer contributions for those staff employed by the state. The 2016 Assembly enacted a stabilization fund for the state schools in order to mitigate some of the losses in funding from the implementation of the funding formula and recognize the additional costs associated with running a stand-alone school that offers both academic and career and technical education. The Governor's recommendation includes \$5.2 million from stabilization funding for Davies, \$0.4 million more than enacted and reflects a similar reduction reflecting year ten of the formula

Davies was fully state supported until FY 2012, but is now funded like other districts with the state share being that of the sending district for each student plus the local contribution being the local per pupil cost of each sending district, which it must pay to the School. Davies' operating budget is submitted as part of the

Department's budget and Davies' employees are still state employees. Table 5 at the end of this report includes estimated enrollment by sending district for FY 2021.

Charter Schools. The Governor recommends \$108.5 million for formula aid to charter schools. This is \$7.5 million more than the FY 2020 enacted level. Since FY 2012, charter schools are funded pursuant to the education funding formula, like other districts. The state share is that of the sending district for each student and the local contribution is the local per pupil cost of each sending district, which it must pay to the school. Districts are billed quarterly for students attending charter and state schools.

Charter schools are public schools authorized by the state to operate independently from many state and local district rules and regulations. The 2010 Assembly increased the statewide total to no more than 35 charters; it had previously been no more than 20 charters serving no more than 4.0 percent of the state's school age population. At least half of the 35 total charters are reserved for charter school applications designed to increase the educational opportunities for at-risk pupils. Mayoral academies are charter schools and are included in the total. There are currently 23 charter schools in Rhode Island. Table 5 at the end of this report includes estimated enrollment for FY 2021.

Urban Collaborative Accelerated Program. The Governor recommends \$1.6 million for the eighth year of funding for the Urban Collaborative Accelerated Program (UCAP) for FY 2021. The 2012 Assembly adopted legislation requiring that the Urban Collaborative Accelerated Program is funded pursuant to the education funding formula beginning in FY 2014. The program operates as an independent public school dedicated to reducing the dropout rates in Providence, Central Falls and Cranston. Table 5 at the end of this report includes estimated enrollment by sending district for FY 2021.

Group Homes. The Governor recommends \$3.0 million for group home aid, based on 320 beds. The current per bed amount is \$26,000 for the group home beds associated with Bradley Hospital's residential CRAFT program and \$17,000 for all other group home beds. In FY 2021, there are 16 communities hosting group homes. The law requires that the number of group home beds be deducted from enrollment data for the purpose of determining average daily membership. Instead of showing the impact of group home beds on funding formula aid, the budget shows the impact in group home aid. Increases in beds prior to December 31 of each year are paid as part of the supplemental budget for that year. Decreases in beds are not reflected until the budget year so any decreases in group home beds during FY 2020 would not be reflected until FY 2021.

The 2001 Assembly enacted legislation to provide a per bed allotment to districts in which group homes are located. The legislation relieved the sending district of financial responsibility for students placed in out-of-district group homes. Prior to that, an official community of residence, generally based on the parents' residence, was determined for each child living in a group home. The district of official residence was responsible to pay the district in which the child is placed for the cost of the child's education. This system produced disputes among communities concerning financial responsibility.

Local District Prekindergarten. The Governor recommends \$3.3 million for funding formula aid from a proposal to include prekindergarten students enrolled in district-run classrooms into the funding formula. Five districts currently participate in the state's prekindergarten program, funded through a fixed appropriation to the early childhood category of education aid. According to proposed legislation included in Article 10 of 2020-H 7171, beginning in FY 2021, the number of students enrolled in prekindergarten classrooms approved by the Department must be included in the average daily membership used to calculate funding formula aid. Impacted districts include: Central Falls, Cranston, East Providence, Johnston and Pawtucket. Aid for each district is shown in Table 1A at the end of this report and students in the funding formula calculation shown in Table 2. The out-year estimates submitted with the Governor's FY 2021 budget assume costs for district prekindergarten education will increase by at least \$3.0 million annually; growing to \$16.0 million by FY 2025.

The following table shows FY 2020 aid to impacted districts, recommended FY 2021 formula aid, and the change in aid under the proposed legislation. Including prekindergarten seats in the funding formula provides increased aid compared to the current fixed appropriation for those high-need communities with a state share ratio above approximately 80 percent. Communities with lower state share ratios receive a lower reimbursement but the opportunity to expand is unlimited.

District	State Share Ratio	Total Seats	FY 2020 Early Ed. Aid	FY 2020 Aid per Student	FY 2021 Rec. Formula Funding	FY 2021 Aid per Student	Chg. Aid per Student	Impact of Article 10
Central Falls	94.6%	90	\$ 927,602	\$ 10,307	\$ 1,202,128	\$ 13,357	\$ 3,050	\$ 274,526
Cranston	56.1%	18	170,133	9,452	122,641	6,813	(2,638)	(47,492)
East Providence	57.1%	160	1,525,518	9,534	1,130,197	7,064	(2,471)	(395,321)
Johnston	47.2%	18	190,000	10,556	103,248	5,736	(4,820)	(86,752)
Pawtucket	80.4%	72	765,170	10,627	769,114	10,682	55	3,944
Total		358	\$ 3,578,423	\$ 9,996	\$ 3,327,328	\$ 9,294	\$ (701)	\$(251,095)

Other Adjustments

Audit Adjustment. Following enactment of the FY 2019 budget, the Division of Municipal Finance adjusted the local property value data that is used to calculate the state’s share of education costs, the apparent result of input errors by the Division. Updating the data impacted the state’s share of education formula aid for nearly all local education agencies. Excluding the state schools, the net impact of this adjustment was an additional \$18,947, but with more impactful redistributions among districts and charter schools. While there was no established procedure, either in regulation or state law, for altering formula aid in the case of an audit that produces different results than the official certifications, the Governor’s FY 2020 budget included an adjustment to reflect the impact of this correction to the data, but in FY 2020 rather than in the revised FY 2019 recommendation.

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

Categorical Funding

For each category of aid, the Department of Elementary and Secondary Education prorates the funds available for distribution among those eligible school districts if the total approved costs for which districts are seeking reimbursement exceed the amount of funding appropriated in any fiscal year. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, funding has not increased annually and the Governor’s out-year estimates assumes these costs will remain constant.

High Cost Special Education. The funding formula allows for additional funding from the state for high cost special education students when those costs exceed five times the district’s combined per pupil core instruction amount and student success factor amount. The Governor recommends \$4.5 million for FY 2021, the same as provided in FY 2017 through FY 2020. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, that has not occurred

consistently since FY 2017 and the Governor's out-year estimates assume these costs will remain constant. This was first funded in FY 2013 at \$500,000.

Career and Technical Programs. The funding formula allows for additional resources from the state to help meet the initial capital investment needs to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with maintaining the quality of highly specialized programs. The Department developed criteria for the purpose of allocating funds. The Governor recommends \$4.5 million for FY 2021, the same as provided in FY 2017 through FY 2020. There was an expectation that funding for these expenditures would grow annually as the funding formula was phased-in; however, funding has only increased twice since it was first funded at \$3.0 million in FY 2013. The Governor's out-year estimates assume these costs will remain constant. These funds are not shown in the distribution tables at the end of this report.

Early Childhood Education. The funding formula allows for additional resources from the state to increase access to voluntary, free, high quality prekindergarten programs. Funds are distributed through a request for proposals process and are paid directly to early education programs. The Governor recommends \$16.3 million for FY 2021, which is \$1.4 million more than enacted. All early childhood categorical funds were used as a match for a federal grant from FY 2016 through FY 2019, which allowed the Department to expand the number of prekindergarten classes from 17 in FY 2015 to 60 in FY 2018. This was first funded in FY 2013 at \$1.5 million. These funds are not shown in the distribution tables at the end of this report.

In FY 2020, the program is supporting 78 classrooms serving 1,420 seats, which is 18 classrooms and 340 seats more than in FY 2019. This includes five new state-run classrooms and 13 new classrooms supported by both general revenues and federal Head Start funds, which allowed for expansion of the school year for some Head Start students. Of the 340 new seats, 223 are funded completely from general revenues and the remainder from both state and federal sources.

The Governor's budget includes a proposal to expand prekindergarten classrooms until "every family who would like a high-quality, prekindergarten seat for their four-year-old has one." This is similar to the Governor's proposal submitted with her FY 2020 budget, but would consider universal prekindergarten achieved once 70 percent of eligible students are enrolled. The Governor's out-year estimates assume costs for this category of aid will remain consistent; though total support for prekindergarten is estimated to grow by at least \$3.0 million annually from a proposal to include prekindergarten students in district-run classrooms into the funding formula. Adjusted for prekindergarten seats in the funding formula, the Governor's budget increases total funding for early childhood education for FY 2021 by \$4.8 million. Budget documents suggest this will add 750 new prekindergarten seats, which appears to be linked to a new federal grant awarded to the Department of Human Services in December; however, the new grant is not reflected in the budget.

Non-Public School Transportation. The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students to out-of-district non-public schools. The state assumes the costs of non-public out-of-district transportation for those districts participating in the statewide transportation system. Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Governor recommends \$3.0 million for FY 2021, the same as provided in FY 2018 through FY 2020. There was an expectation that funding for these expenses would grow annually as the funding formula was phased-in; however, funding has not increased since FY 2018. The Governor's out-year estimates assume these costs will remain constant. FY 2012 funding for this component of the original transportation fund was \$0.8 million.

Regional School District Transportation. The funding formula allows the state to provide resources to mitigate the excess costs associated with transporting students within regional school districts. The state

shares in the costs associated with transporting students within regional school districts. The state and regional school district shares equally the student transportation costs net any federal sources of revenue for these expenditures. Prior to FY 2018, funding for transportation costs was allocated through a single category of aid. The Governor recommends \$4.6 million for FY 2021, consistent with the enacted budget. Funding for this category of aid had increased annually since FY 2012; however, the Governor's out-year estimates assume these costs will remain constant. FY 2012 funding for this component of the original transportation fund was \$0.5 million.

Multilingual/English Language Learner Aid. The Governor's budget includes \$7.5 million to support English language learners that are in the most intensive programs, \$2.5 million more than the enacted budget. The Governor also includes legislation to rename this aid category as "multilingual" learner aid and defines specific uses for funds, including new bilingual classrooms and programs, increasing capacity of multilingual educators, and providing training for educators to be certified in English to speakers of other languages. The funding is used on evidence-based programs proven to increase outcomes and are monitored by the Department of Elementary and Secondary Education. The calculation is 10.0 percent of the Core Instruction Amount, applied to students in the most intensive English learner programs, and then ratably reduced. Funding for this category was first provided in FY 2017 for one year only; it was made permanent a year later. The Governor's out-year estimates assume these costs will remain at \$7.5 million.

School Resource Officer Support. The 2018 Assembly established a voluntary three-year pilot program for a new category of education aid to support school resource officers for a period of three years beginning in FY 2019. Funding reimburses school districts or municipalities one-half of the total cost of employing new school resource officers at middle or high schools for districts that choose to do so. Staffing levels that exceed one officer per school with less than 1,200 students and two officers per school with 1,200 or more students would not be eligible for reimbursement. The enacted budget includes \$1.0 million for the second year of the program. In her FY 2020 revised recommendation, the Governor reduces funding to \$325,000 based on anticipated reimbursements.

The Governor's budget also includes legislation to expand this aid category to include new mental health professionals in schools, including guidance counselors and psychologists. Under this proposal, aid for new mental health professionals would only be available for FY 2021, though eligible local education agencies would have to commit to funding the positions beyond FY 2021. The budget recommends total funding of \$2.0 million from all sources, including the enacted amount of \$1.0 million from general revenues and \$1.0 million from new Opioid Stewardship funds. Of this amount, \$0.5 million would support school resource officers and \$1.5 million would support new mental health staff.

Set-Aside Funds

Textbook Loans. The Governor recommends the enacted level of \$240,000 for the textbook loan program. The state currently reimburses districts for the cost of providing textbooks to non-public school students in the areas of English/language arts and history/social studies in kindergarten through 12th grade. The recommendation is \$151,424 more than spent in FY 2019 and the Governor's revised budget includes \$56,251, or \$183,749 less than enacted, based on anticipated expenditures.

School Breakfast. The Governor recommends \$270,000 for FY 2021 for the administrative cost reimbursement to districts for the school breakfast program, which is consistent with the enacted level. State law mandates that all public schools provide a breakfast program and costs, other than transportation, associated with this program in excess of federal money for the meals, shall be borne exclusively by the state.

Current law requires the Assembly to "*annually appropriate some sum and distribute it based on each district's proportion of the number of breakfasts served in the prior school year relative to the statewide*

total in the same year.” As in the lunch program, children from families with incomes at or below 130 percent of poverty are eligible for free meals, while those from families up to 185 percent of poverty are eligible for reduced-price meals.

Recovery High School. The 2016 Assembly enacted legislation to provide \$500,000 for FY 2017 only to support the state’s recovery high school. Recovery high schools are specifically designed for students recovering from a substance abuse disorder. The legislation also removed districts from the enrollment process and changed the local tuition payment from the local per pupil expenditures to the core instruction amount. The 2017 Assembly removed the limitation to FY 2017 only. For FY 2021, the Governor recommends \$0.5 million, consistent with the enacted budget.

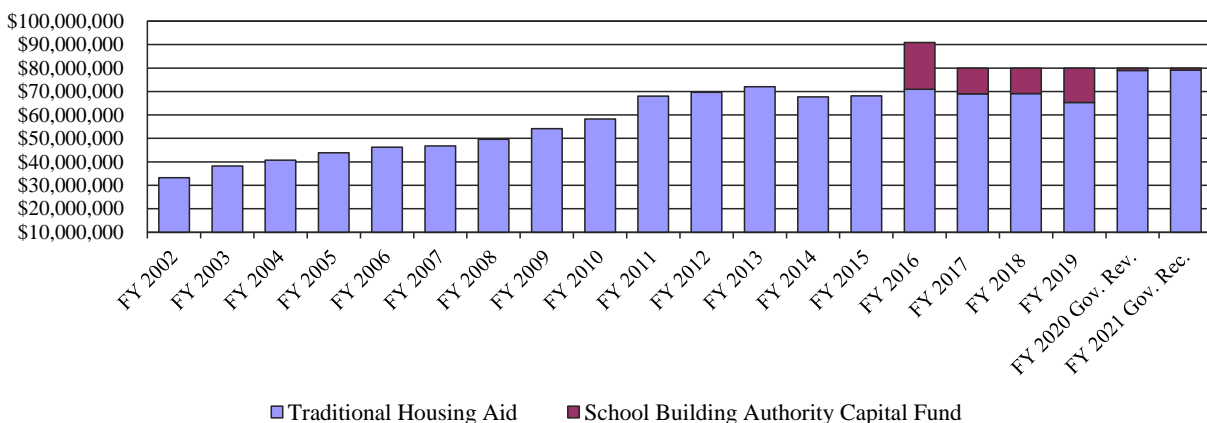
Other Aid

Teacher Retirement. The Governor recommends \$118.4 million to fund the state’s 40.0 percent share of the employer contribution for teacher retirement, an increase of \$6.0 million or 5.4 percent more than the FY 2020 enacted budget, which assumes a 2.5 percent annual increase in teacher wages and updated contributor rates. Prior to changes enacted in 2011, teachers had contributed 9.5 percent of their salaries; as of July 1, 2012, teachers contribute 8.75 percent. That rate is set in the General Laws. Employers contribute the difference between the teachers’ share and the amount needed to support the system, as determined annually by the State Employees’ Retirement System. For districts that choose not to participate in Social Security, there is an additional 4.0 percent contribution; 2.0 percent paid by both the employee and the district. The state does not pay a share of this 2.0 percent.

School Construction Aid. The Governor recommends \$80.0 million for construction aid to local districts. This includes \$79.1 million for the traditional school housing aid program, which reimburses school districts for a share of completed projects, and \$0.9 million for the School Building Authority Capital Fund, which provides support for smaller projects that do not require both the full rehabilitation of a school and voter approval.

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

School Construction Aid



The graph above shows school construction aid appropriations from FY 2002 through the FY 2021 recommendation. Funding for the program more than doubled over 10 years through FY 2002. It doubled again in the next 10 year period through FY 2012 with an average growth rate of 7.8 percent. Over the past 10 years, from FY 2010 through FY 2019, the Council on Elementary and Secondary Education approved \$1,362.0 million of projects through the traditional school housing aid program. The Council approved one

project for FY 2020 in December and the remainder will be approved in May. Additionally, it has approved 172 projects totaling \$62.9 million through the School Building Authority Capital Fund since FY 2016.

The 2019 Assembly enacted legislation to temporarily expand incentives used to enhance the school housing aid ratio in order to encourage new school construction and renovation projects, contingent upon approval of a bond referendum to be put before the voters on the November 2018 ballot. Districts are eligible for share ratio increases of up to 20.0 percent for projects that meet the following incentives.

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

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

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

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

It also includes additional requirements and oversight throughout projects, which are intended to control project costs, ensure building systems operate correctly, and ensure that projects are executed properly from design through construction. Owners Program Managers and commissioning agents are required for projects exceeding \$1.5 million, and state prequalification of prime contractors is required for all projects exceeding \$10.0 million. Architects and engineers are also required to go through a prequalification process. A list of prequalified contractors, architects and engineers is required to be publically posted with all other program information; however, this does not appear to be available on the Department’s website.

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

On May 14, 2019, the Council on Elementary and Secondary Education approved \$383.0 million for projects across six districts. Estimates provided to the Council by the School Building Authority project that FY 2019 approvals will begin reimbursement in FY 2021. The School Building Authority is pursuing

two approval periods in FY 2020 and FY 2021 to be more responsive to district needs. As of January 2020, \$234.1 million of projects were approved by the Council in December 2019 and \$532.0 million of projects may be ready for Council approval in May. Based on the most recent information available, an additional \$351.6 million in projects are projected to be approved in FY 2021.

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

Approvals	Total Project Costs	Base State Share w/o Incentives	Upfront Bond Reimbursement
FY 2015 to FY 2018	\$ 538,462,880	\$ 357,460,960	\$ 39,901,249
May 2019			
Cranston	\$ 13,497,432	\$ 9,954,546	\$ -
Foster	1,000,000	350,000	52,500
Foster-Glocester	4,485,000	2,263,898	339,585
Providence	278,430,300	326,127,721	48,919,158
Trinity Academy	11,298,705	4,813,247	721,987
Westerly*	74,284,759	38,360,540	5,454,081
<i>May 2019 Total</i>	<i>\$ 382,996,196</i>	<i>\$ 381,869,952</i>	<i>\$ 55,487,311</i>
December 2019			
<i>Pawtucket</i>	<i>\$ 234,053,860</i>	<i>\$ 271,670,332</i>	<i>\$ 40,750,550</i>
May 2020 Projected	532,000,000	309,099,977	46,364,996
November 2020 Projected	351,600,000	202,819,188	30,422,878
Total FY 2019-2021	\$ 1,500,650,056	\$ 1,165,459,449	\$ 212,926,985

\$ in millions; excludes value of potential incentive points

**Project will not be moving forward as local referenda did not pass*

As previously noted, no more than \$100 million from general obligation bonds may be authorized in any given year. Guidance on the award funding published by the School Building Authority stated that local education agencies have two years to spend the upfront funding. Districts must submit invoices to the Authority; upon verification of completed work, funds will be released to districts. The Governor's proposed FY 2021 to FY 2025 capital budget assumes a new \$250 million bond will go before the voters in November 2022 with funding programmed to begin in FY 2024. The original bond is programmed at \$92.7 million in FY 2020 and \$75.0 million in each FY 2021 and FY 2022. Legislation is required for future referenda which occur every other year, coinciding with elections.

The out-year estimates included with the Governor's recommended budget assume costs for the traditional program will grow beyond the \$80.0 million state appropriation to \$81.9 million in FY 2022, \$96.8 million in FY 2023 and \$116.6 million in FY 2024. Consistent with the Governor's capital budget, the out-year estimates include an impact from a second \$250.0 million school construction bond. Assuming passage of the bond, \$130.8 million of expenses for the traditional program are included for FY 2025. These estimates may change significantly based on actual project activity.

Calculation and Distribution Tables

The nine tables on the following pages include the calculation and distribution of the Governor's FY 2021 recommended education aid to districts, charter and state schools. Tables 1A and 1B show the total recommended funding and Tables 2 through 8 illustrate different components of the funding formula. Table 8 has education aid to districts for FY 2015 through FY 2019 for comparison purposes.

Table 1A: Total Recommended Education Aid for Districts for FY 2021

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2021

Table 2: Calculation of Funding Formula for FY 2021

Table 3: Group Home Aid for FY 2021

Table 4: Calculation of State Share Ratio

Table 5: FY 2021 Estimated Charter and State School Enrollment by Sending District

Table 6: Transitioned Formula Funding to Charter and State Schools by Sending District

Table 7: Recommended Categorical Aid for FY 2021

Table 8: Education Aid for FY 2015 - FY 2019

Table 1A: Total Recommended Education Aid for Districts for FY 2021

A. Column **A** is the amount that districts will receive in the tenth year of the formula's implementation pursuant to the phase in of the formula. As FY 2021 is the tenth year of the transition period, all districts receive state aid as produced by the formula. This calculation is shown in Table 2.

B. Column **B** is the amount that districts would receive from the Governor's proposal to include prekindergarten students in the education funding formula. This proposal is included in Article 10 of 2020-H 7171 and would include only those students enrolled in districts-run classrooms. Impacted districts currently receive funding through the early childhood category of education aid. This is included in the calculation shown in Table 2.

C. Column **C** is the total amount of aid in column **A** and column **B**.

D. Column **D** is the amount of group home aid districts will receive in FY 2021. Changes from FY 2020 are shown in Table 3. Group home aid is paid pursuant to current law in addition to aid paid through the funding formula.

E. The formula allows for additional resources from the state for high-cost special education students, high-cost career and technical programs, early childhood education programs, transportation costs, English language learners and a limited two-year bonus for regionalized districts. The Governor's recommended budget includes a proposal to rename English language learners aid to multilingual learners aid. The distribution from high-cost special education, transportation, and multilingual learners aid is shown in column **E**. Specific programs are shown in Table 7.

F. Column **F** shows the Governor's total FY 2021 recommended aid.

G. Column **G** is the FY 2020 enacted aid.

H. Column **H** is the difference between the Governor's FY 2021 recommendation shown in column **F** and the FY 2020 enacted budget in column **G**.

Table 1A: Total Recommended Education Aid for Districts for FY 2021

<i>District</i>	<i>A</i> <i>FY 2020</i> <i>Recommended</i> <i>Formula Aid</i> <i>(Table 2)</i>	<i>B</i> <i>Pre-</i> <i>kindergarten</i>	<i>C</i> <i>Total</i> <i>Recommended</i> <i>Formula Aid</i>	<i>D</i> <i>Group Home</i> <i>Aid</i> <i>(Table 3)</i>
Barrington	\$ 5,747,660	\$ -	\$ 5,747,660	\$ -
Burrillville	14,173,058	-	14,173,058	73,935
Charlestown	1,347,895	-	1,347,895	-
Coventry	24,269,403	-	24,269,403	83,396
Cranston	68,342,059	122,641	68,464,700	-
Cumberland	20,731,569	-	20,731,569	-
East Greenwich	3,224,836	-	3,224,836	-
East Providence	36,057,984	1,130,197	37,188,181	503,600
Foster	1,150,582	-	1,150,582	-
Glocester	2,012,562	-	2,012,562	-
Hopkinton	5,381,580	-	5,381,580	-
Jamestown	379,864	-	379,864	-
Johnston	18,757,961	103,248	18,861,209	-
Lincoln	14,523,917	-	14,523,917	88,201
Little Compton	405,266	-	405,266	-
Middletown	7,756,075	-	7,756,075	-
Narragansett	2,243,894	-	2,243,894	-
Newport	13,520,554	-	13,520,554	136,977
New Shoreham	174,459	-	174,459	-
North Kingstown	11,808,025	-	11,808,025	-
North Providence	24,156,431	-	24,156,431	141,292
North Smithfield	6,006,868	-	6,006,868	98,055
Pawtucket	92,477,723	769,114	93,246,837	118,734
Portsmouth	3,232,006	-	3,232,006	515,155
Providence	263,275,514	-	263,275,514	412,525
Richmond	4,717,972	-	4,717,972	-
Scituate	2,746,814	-	2,746,814	-
Smithfield	5,835,807	-	5,835,807	220,744
South Kingstown	4,522,447	-	4,522,447	119,996
Tiverton	7,465,598	-	7,465,598	-
Warwick	38,418,575	-	38,418,575	277,870
Westerly	8,328,923	-	8,328,923	-
West Warwick	28,936,989	-	28,936,989	-
Woonsocket	68,014,464	-	68,014,464	37,221
Bristol-Warren	13,028,444	-	13,028,444	98,476
Chariho	-	-	-	-
Exeter-West Greenwich	4,167,942	-	4,167,942	123,805
Foster-Glocester	4,610,789	-	4,610,789	-
Central Falls*	41,855,884	1,202,128	43,058,012	-
Total	\$ 873,808,392	\$ 3,327,327	\$ 877,135,719	\$ 3,049,982
<i>Adjusted Chariho</i>	11,447,447	-	-	-

*This includes a \$8.0 million stabilization fund payment to Central Falls in the FY 2020 enacted budget and \$7.0 million in FY 2021.

Table 1A: Total Recommended Education Aid for Districts for FY 2021

<i>District</i>	<i>E</i> <i>Categoricals</i> <i>(Table 8)</i>	<i>F</i> <i>FY 2021 Total</i> <i>Recommended</i> <i>Aid</i>	<i>G</i> <i>FY 2020 Total</i> <i>Enacted Aid</i>	<i>H</i> <i>FY 2021</i> <i>Change to</i> <i>Enacted</i>
Barrington	\$ 278,726	\$ 6,026,386	\$ 5,872,943	\$ 153,443
Burrillville	136,425	14,383,418	13,164,631	1,218,787
Charlestown	128	1,348,023	1,543,508	(195,485)
Coventry	71,886	24,424,685	24,463,006	(38,321)
Cranston	1,380,667	69,845,367	65,623,892	4,221,475
Cumberland	113,259	20,844,828	21,686,834	(842,006)
East Greenwich	201,479	3,426,315	2,724,747	701,568
East Providence	503,556	38,195,337	36,282,710	1,912,627
Foster	35,020	1,185,602	1,214,958	(29,356)
Glocester	96,273	2,108,835	2,272,359	(163,524)
Hopkinton	351	5,381,931	5,170,111	211,820
Jamestown	34,692	414,556	465,975	(51,419)
Johnston	457,243	19,318,452	18,288,991	1,029,462
Lincoln	165,042	14,777,160	14,418,820	358,340
Little Compton	86	405,352	403,595	1,757
Middletown	55,193	7,811,268	7,592,462	218,806
Narragansett	55,071	2,298,965	2,255,835	43,130
Newport	133,892	13,791,423	12,580,979	1,210,445
New Shoreham	873	175,332	132,830	42,502
North Kingstown	79,921	11,887,946	10,492,830	1,395,116
North Providence	452,950	24,750,673	23,382,239	1,368,434
North Smithfield	80,449	6,185,372	5,884,223	301,149
Pawtucket	952,947	94,318,517	91,306,394	3,012,123
Portsmouth	99,223	3,846,384	4,048,900	(202,516)
Providence	5,079,830	268,767,869	263,818,881	4,948,988
Richmond	614	4,718,586	4,640,811	77,774
Scituate	80,456	2,827,270	2,824,310	2,960
Smithfield	231,554	6,288,106	6,457,531	(169,426)
South Kingstown	271,388	4,913,830	5,433,317	(519,487)
Tiverton	95,676	7,561,275	7,239,775	321,500
Warwick	427,354	39,123,799	38,761,116	362,683
Westerly	143,211	8,472,134	8,656,589	(184,455)
West Warwick	107,105	29,044,094	27,094,132	1,949,962
Woonsocket	484,511	68,536,196	63,980,831	4,555,365
Bristol-Warren	1,788,397	14,915,318	14,821,717	93,600
Chariho	2,135,033	2,135,033	2,147,804	(12,770)
Exeter-West Greenwich	1,346,734	5,638,481	6,419,481	(781,000)
Foster-Glocester	571,125	5,181,915	5,268,060	(86,145)
Central Falls*	832,104	43,890,116	41,998,528	1,891,588
Total	\$ 18,980,450	\$ 899,166,153	\$ 870,836,655	\$ 28,329,497
<i>Adjusted Chariho</i>	2,136,126	13,583,573	13,502,234	81,339

*This includes a \$8.0 million stabilization fund payment to Central Falls in the FY 2020 enacted budget and \$7.0 million in FY 2021.

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2021

A. Column **A** is the FY 2020 enacted formula aid.

B. Column **B** includes mid-year revisions to FY 2020 based on current law requirements that any changes in enrollment as of October 1 that are greater than 10.0 percent get adjusted in that year.

C. Column **C** is the FY 2021 recommended formula aid. Growth due to adding grades is paid in the year of the growth.

D. Column **D** is the difference between the tenth year of funding under the formula in column **C** and the enacted amount of formula aid shown in column **A**.

E. Column **E** includes the distribution of multilingual learners categorical funding. The Governor's recommended budget includes a proposal to rename the English language learners aid category to Multilingual Learners aid and define specific uses of the funds.

F. Column **F** includes the distribution of high cost special education categorical funding.

G. Column **G** is the total recommended aid for FY 2021. It includes the formula aid shown in column **C** and distributions from categorical funding shown in columns **E** and **F**.

Table 1B: Total Recommended Education Aid for Charter and State Schools for FY 2021

<i>School</i>	<i>A</i> <i>FY 2020</i> <i>Enacted</i> <i>Formula Aid</i> ×	<i>B</i> <i>FY 2020</i> <i>Revised</i> <i>Formula Aid</i> ×	<i>C</i> <i>FY 2021</i> <i>Recommended</i> <i>Formula Aid</i> **	<i>D</i> <i>Change to</i> <i>Enacted</i>
Academy for Career Exploration (Textron)	\$ 2,221,933	\$ 2,221,932	\$ 2,276,000	\$ 54,067
Achievement First	14,506,807	14,506,807	17,166,756	2,659,949
Beacon	3,041,595	3,041,595	3,275,389	233,794
Blackstone	3,898,745	3,898,745	4,034,853	136,108
Charette	1,462,582	1,462,582	2,001,614	539,032
Compass	499,581	499,581	581,683	82,102
Greene School	1,263,068	1,263,068	1,297,644	34,576
Highlander	6,213,203	6,213,203	6,614,115	400,912
Hope Academy	2,227,072	2,227,072	2,672,316	445,244
International	3,458,899	3,458,899	3,623,685	164,786
Kingston Hill	676,342	760,071	842,570	166,228
Learning Community	6,831,139	6,831,139	7,115,379	284,240
New England Laborers	1,288,574	1,288,574	1,352,483	63,909
Nowell	1,764,590	1,764,590	1,830,741	66,151
Nurses Institute	2,936,639	2,936,639	3,028,761	92,122
Paul Cuffee	9,177,961	9,177,961	9,425,877	247,916
RI Mayoral Academies Blackstone Prep.	19,650,936	19,650,936	20,180,053	529,117
RISE Mayoral Academy	2,406,055	2,406,055	3,163,221	757,166
Segue Institute	3,022,682	3,022,682	3,147,229	124,547
Southside Elementary	1,633,370	1,633,370	1,677,425	44,055
Times2 Academy	8,150,385	8,150,385	8,370,544	220,159
Trinity	2,383,975	2,383,975	2,448,371	64,396
Village Green	2,321,706	2,321,706	2,391,333	69,627
<i>Charter Schools Subtotal</i>	\$ 101,037,839	\$ 101,121,567	\$ 108,518,042	\$ 7,480,203
Davies Career and Tech	13,694,981	13,694,981	13,771,120	76,139
Met School	9,342,007	9,342,007	9,342,007	-
Urban Collaborative	1,539,913	1,539,913	1,584,599	44,686
Total	\$ 125,614,740	\$ 125,698,469	\$ 133,215,768	\$ 7,601,028

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

**Includes a state schools stabilization payment of \$4.9 million to Davies and \$1.8 million to Met.*

***Includes a state schools stabilization payment of \$5.2 million to Davies and \$1.9 million to Met.*

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

<i>School</i>	<i>E</i> <i>Multilingual</i> <i>Learners</i> <i>Categorical</i>	<i>F</i> <i>High Cost</i> <i>Special Ed</i> <i>Categorical</i>	<i>G</i> <i>FY 2021</i> <i>Recommended</i> <i>Aid **</i>
Academy for Career Exploration (Textron)	\$ 11,766	\$ -	\$ 2,287,766
Achievement First	135,840	11,383	17,313,979
Beacon	4,857	-	3,280,246
Blackstone	7,909	-	4,042,762
Charette	3,461	-	2,005,075
Compass	-	-	581,683
Greene School	1,460	-	1,299,104
Highlander	46,841	-	6,660,956
Hope Academy	13,151	-	2,685,467
International	72,906	-	3,696,591
Kingston Hill	-	-	842,570
Learning Community	102,141	12,921	7,230,441
New England Laborers	2,276	-	1,354,759
Nowell	19,420	-	1,850,161
Nurses Institute	15,682	-	3,044,443
Paul Cuffee	41,528	-	9,467,405
RI Mayoral Academies Blackstone Prep.	66,107	3,355	20,249,515
RISE Mayoral Academy	5,553	-	3,168,774
Segue Institute	16,894	-	3,164,123
Southside Elementary	7,613	3,358	1,688,396
Times2 Academy	29,762	-	8,400,306
Trinity	7,613	-	2,455,984
Village Green	7,613	-	2,398,946
<i>Charter Schools Subtotal</i>	\$ 620,392	\$ 31,017	\$ 109,169,452
Davies Career and Tech	2,496	-	13,773,616
Met School	21,629	-	9,363,636
Urban Collaborative	5,376	-	1,589,975
Total	\$ 649,893	\$ 31,017	\$ 133,896,679

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

***Includes a state schools stabilization payment of \$5.2 million to Davies and \$1.9 million to Met.*

Table 2: Calculation of Funding Formula for FY 2021

A. The FY 2021 student counts are shown in column **A** based on the resident average daily membership as of March 15, 2019. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year. For some districts, this also includes prekindergarten students, reflecting the Governor’s recommendation to include students enrolled in district-run prekindergarten classrooms into the funding formula. Eligible districts currently receive prekindergarten funding through the early childhood category of aid.

B. Column **B** includes the number of students in prekindergarten through 12th grade that are in “poverty status” which is defined as a child whose family income is at or below 185 percent of federal poverty guidelines. Consistent with column **A**, this includes prekindergarten students enrolled in district-run classrooms.

C. Column **C** includes the percent of students that are in poverty status - column **B** divided by column **A**.

D. Column **D** is the core instruction funding, which is the student count in column **A** times the core instruction per pupil amount of \$10,310. The legislation requires the core instruction per pupil amount to be updated annually.

E. Column **E** includes the student success factor funding which is a single poverty weight as a proxy for student supports and is 40.0 percent times the number of students in prekindergarten through 12th grade that are in poverty status in column **B** times the core instruction amount.

F. The total foundation amount in column **F** is the sum of the core instruction amount in column **D** plus the student success factor funding in column **E**.

G. Column **G** is the state share ratio; the calculation is described in Table 4.

H. Column **H** includes the state foundation aid under the funding formula. It is the total foundation amount in column **F** times the state share ratio in column **G**. Pursuant to the ten year phase in of the funding formula, districts receiving more state funding were subject to a seven-year phase in and districts receiving less state funding have the loss phased in over ten years. As FY 2021 is the tenth year of the transition period, column **H** is the amount produced by the formula for all districts.

I. Column **I** is the FY 2020 enacted formula aid.

J. Column **J** is the difference between the tenth year of funding under the formula shown in column **H** and the enacted amount of formula aid in column **I**.

Table 2: Calculation of Funding Formula for FY 2021

<i>District</i>	<i>A FY 2021 PK-12 RADM</i>	<i>B FY 2021 Poverty Status</i>	<i>C % Poverty Status</i>	<i>D Core Instruction Funding</i>	<i>E Student Success Factor Funding</i>
Barrington	3,349	130	3.9%	\$ 34,528,190	\$ 536,120
Burrillville	2,264	734	32.4%	23,341,840	3,027,016
Charlestown	757	171	22.6%	7,804,670	705,204
Coventry	4,632	1,338	28.9%	47,755,920	5,517,912
Cranston*	10,171	4,160	40.9%	104,863,010	17,155,840
Cumberland	4,619	938	20.3%	47,621,890	3,868,312
East Greenwich	2,527	155	6.1%	26,053,370	639,220
East Providence*	5,268	2,624	49.8%	54,313,080	10,821,376
Foster	256	65	25.4%	2,639,360	268,060
Glocester	525	68	13.0%	5,412,750	280,432
Hopkinton	1,113	236	21.2%	11,475,030	973,264
Jamestown	666	49	7.4%	6,866,460	202,076
Johnston*	3,306	1,417	42.9%	34,084,860	5,843,708
Lincoln	3,086	793	25.7%	31,816,660	3,270,332
Little Compton	351	49	14.0%	3,618,810	202,076
Middletown	2,177	619	28.4%	22,444,870	2,552,756
Narragansett	1,227	235	19.2%	12,650,370	969,140
Newport	2,074	1,373	66.2%	21,382,940	5,662,252
New Shoreham	132	24	18.2%	1,360,920	98,976
North Kingstown	3,744	815	21.8%	38,600,640	3,361,060
North Providence	3,515	1,562	44.4%	36,239,650	6,441,688
North Smithfield	1,655	295	17.8%	17,063,050	1,216,580
Pawtucket*	8,721	6,325	72.5%	89,913,510	26,084,300
Portsmouth	2,302	365	15.9%	23,733,620	1,505,260
Providence	22,487	18,624	82.8%	231,840,970	76,805,376
Richmond	1,138	180	15.8%	11,732,780	742,320.00
Scituate	1,288	224	17.4%	13,279,280	923,776
Smithfield	2,406	361	15.0%	24,805,860	1,488,764
South Kingstown	2,965	500	16.9%	30,569,150	2,062,000
Tiverton	1,763	450	25.5%	18,176,530	1,855,800
Warwick	8,761	2,897	33.1%	90,325,910	11,947,228
Westerly	2,745	920	33.5%	28,300,950	3,794,080
West Warwick	3,590	1,789	49.8%	37,012,900	7,377,836
Woonsocket	5,909	4,507	76.3%	60,921,790	18,586,868
Bristol-Warren	3,219	1,070		33,187,890	4,412,680
Chariho	-	-	see table	-	-
Exeter-West Greenwich	1,619	270	below	16,691,890	1,113,480
Foster-Glocester [∞]	1,140	192		11,753,400	791,808
Central Falls**	2,735	2,399	87.7%	28,197,850	9,893,476
Total	130,202	58,923		\$ 1,342,382,620	\$ 242,998,452
<i>Bristol</i>	<i>1,956</i>	<i>552</i>	<i>28.2%</i>	<i>20,166,360</i>	<i>2,276,448</i>
<i>Warren</i>	<i>1,263</i>	<i>518</i>	<i>41.0%</i>	<i>13,021,530</i>	<i>2,136,232</i>
<i>Exeter</i>	<i>731</i>	<i>130</i>	<i>17.8%</i>	<i>7,536,610</i>	<i>536,120</i>
<i>West Greenwich</i>	<i>888</i>	<i>140</i>	<i>15.8%</i>	<i>9,155,280</i>	<i>577,360</i>
<i>Foster</i> [∞]	<i>377</i>	<i>68</i>	<i>18.0%</i>	<i>3,886,870</i>	<i>280,432</i>
<i>Glocester</i> [∞]	<i>763</i>	<i>124</i>	<i>16.3%</i>	<i>7,866,530</i>	<i>511,376</i>
<i>Adjusted Chariho</i>	<i>3,008</i>	<i>587</i>	<i>-</i>	<i>31,012,480</i>	<i>2,420,788</i>

*This includes a \$8.0 million stabilization fund payment to Central Falls in FY 2020 enacted budget and \$7.0 million in FY 2021.

**Includes prekindergarten students, consistent with Article 10 of 2020-H 7171.

[∞]Beginning in FY 2021, aid for Foster-Glocester is shown by town, consistent with other regional school districts.

Table 2: Calculation of Funding Formula for FY 2021

<i>District</i>	<i>F</i> <i>Total</i> <i>Foundation</i>	<i>G</i> <i>State Share</i> <i>Ratio</i> <i>(Table 4)</i>	<i>H</i> <i>FY 2021</i> <i>Recommended</i> <i>Formula Aid</i>	<i>I</i> <i>FY 2020</i> <i>Enacted</i> <i>Formula Aid</i>	<i>J</i> <i>Difference</i> <i>from Enacted</i>
Barrington	\$ 35,064,310	16.4%	\$ 5,747,660	\$ 5,693,721	\$ 53,939
Burrillville	26,368,856	53.7%	14,173,058	12,926,571	1,246,487
Charlestown	8,509,874	15.8%	1,347,895	1,543,188	(195,293)
Coventry	53,273,832	45.6%	24,269,403	24,332,697	(63,294)
Cranston*	122,018,850	56.1%	68,464,700	64,319,722	4,144,978
Cumberland	51,490,202	40.3%	20,731,569	21,547,453	(815,884)
East Greenwich	26,692,590	12.1%	3,224,836	2,531,530	693,306
East Providence*	65,134,456	57.1%	37,188,181	35,472,845	1,715,336
Foster	2,907,420	39.6%	1,150,582	1,149,740	842
Glocester	5,693,182	35.4%	2,012,562	2,164,338	(151,776)
Hopkinton	12,448,294	43.2%	5,381,580	5,169,861	211,719
Jamestown	7,068,536	5.4%	379,864	425,899	(46,035)
Johnston*	39,928,568	47.2%	18,861,209	17,893,657	967,552
Lincoln	35,086,992	41.4%	14,523,917	14,269,740	254,177
Little Compton	3,820,886	10.6%	405,266	403,530	1,736
Middletown	24,997,626	31.0%	7,756,075	7,533,193	222,882
Narragansett	13,619,510	16.5%	2,243,894	2,217,917	25,977
Newport	27,045,192	50.0%	13,520,554	12,377,253	1,143,301
New Shoreham	1,459,896	12.0%	174,459	130,462	43,997
North Kingstown	41,961,700	28.1%	11,808,025	10,417,472	1,390,553
North Providence	42,681,338	56.6%	24,156,431	22,896,007	1,260,424
North Smithfield	18,279,630	32.9%	6,006,868	5,716,299	290,569
Pawtucket*	115,997,810	80.4%	93,246,837	89,623,419	3,623,418
Portsmouth	25,238,880	12.8%	3,232,006	3,428,751	(196,745)
Providence	308,646,346	85.3%	263,275,514	259,312,069	3,963,445
Richmond	12,475,100	37.8%	4,717,972	4,640,585	77,387
Scituate	14,203,056	19.3%	2,746,814	2,767,459	(20,645)
Smithfield	26,294,624	22.2%	5,835,807	6,081,263	(245,456)
South Kingstown	32,631,150	13.9%	4,522,447	5,102,341	(579,894)
Tiverton	20,032,330	37.3%	7,465,598	7,166,770	298,828
Warwick	102,273,138	37.6%	38,418,575	38,179,304	239,271
Westerly	32,095,030	26.0%	8,328,923	8,550,266	(221,343)
West Warwick	44,390,736	65.2%	28,936,989	27,009,115	1,927,874
Woonsocket	79,508,658	85.5%	68,014,464	63,607,000	4,407,464
Bristol-Warren	37,600,570		13,028,444	13,046,782	(18,338)
Chariho	-		-	38,320	(38,320)
Exeter-West Greenwich	17,805,370	see table below	4,167,942	5,038,413	(870,471)
Foster-Glocester ^o	12,545,208		4,610,789	4,676,149	(65,360)
Central Falls**	38,091,326	94.6%	43,058,012	41,476,650	1,581,362
Total	\$ 1,585,381,072		\$ 877,135,719	\$ 850,877,751	\$ 26,257,969
<i>Bristol</i>	22,442,808	24.6%	5,517,394	5,696,155	(178,761)
<i>Warren</i>	15,157,762	49.6%	7,511,050	7,350,627	160,423
<i>Exeter</i>	8,072,730	22.5%	1,814,282	2,066,425	(252,143)
<i>West Greenwich</i>	9,732,640	24.2%	2,353,659	2,971,988	(618,329)
<i>Foster</i> ^o	4,167,302	39.6%	1,649,167	-	-
<i>Glocester</i> ^o	8,377,906	35.4%	2,961,622	-	-
<i>Adjusted Chariho</i>	33,433,268		11,447,447	11,391,954	55,493

*This includes the enacted \$8.0 million stabilization fund payment to Central Falls in FY 2020 & \$7.0 million in FY 2021.

**Includes prekindergarten students, consistent with Article 10 of 2020-H 7171.

^oBeginning in FY 2021, aid for Foster-Glocester is shown by town, consistent with other regional school districts.

Table 3: Calculation of Group Home Aid for FY 2021

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

A. Column **A** is the number of beds eligible for group home aid. The Department of Children, Youth and Families identified 320 beds eligible for aid as of December 31, 2019.

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

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

D. Column **D** shows Governor's recommended FY 2021 group home aid.

E. Column **E** is the FY 2020 enacted aid.

F. Column **F** is the difference between the FY 2020 enacted aid in column **E** and the Governor's FY 2021 recommendation in column **D**.

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

H. Column **H** is the difference between the FY 2020 enacted aid shown in column **E** and the revised FY 2020 aid shown in column **G**.

Table 3: Calculation of Group Home Aid for FY 2021

<i>District</i>	<i>A Beds as of Dec. 31, 2019</i>	<i>B Total Cost of Beds</i>	<i>C Funding Formula Reduction</i>	<i>D FY 2021 Governor</i>
Barrington	-	\$ -	\$ -	\$ -
Burrillville	8	136,000	(62,065)	73,935
Charlestown	-	-	-	-
Coventry	8	136,000	(52,604)	83,396
Cranston	-	-	-	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	39	825,000	(321,400)	503,600
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	8	136,000	(47,799)	88,201
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	14	238,000	(101,023)	136,977
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	16	272,000	(130,708)	141,292
North Smithfield	8	136,000	(37,945)	98,055
Pawtucket	22	374,000	(255,266)	118,734
Portsmouth	34	578,000	(62,845)	515,155
Providence	88	1,496,000	(1,083,475)	412,525
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	16	272,000	(51,256)	220,744
South Kingstown	8	136,000	(16,004)	119,996
Tiverton	-	-	-	-
Warwick	24	408,000	(130,130)	277,870
Westerly	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	8	136,000	(98,779)	37,221
Bristol-Warren	10	170,000	(71,524)	98,476
Chariho	-	-	-	-
Exeter-West Greenwich	9	153,000	(29,195)	123,805
Foster-Glocester	-	-	-	-
Central Falls	-	-	-	-
Total	320	\$ 5,602,000	\$ (2,552,018)	\$ 3,049,982

Table 3: Calculation of Group Home Aid for FY 2021

<i>District</i>	<i>E</i> <i>FY 2020</i> <i>Enacted</i>	<i>F</i> <i>FY 2021</i> <i>Change to</i> <i>Enacted</i>	<i>G</i> <i>FY 2020</i> <i>Revised</i>	<i>H</i> <i>Final Change</i> <i>to FY 2020</i> <i>Enacted</i>
Barrington	\$ -	\$ -	\$ -	\$ -
Burrillville	80,022	(6,087)	80,022	-
Charlestown	-	-	-	-
Coventry	83,543	(147)	83,543	-
Cranston	37,602	(37,602)	37,602	-
Cumberland	-	-	-	-
East Greenwich	-	-	-	-
East Providence	509,554	(5,954)	509,554	-
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	-	-	-
Jamestown	-	-	-	-
Johnston	-	-	-	-
Lincoln	89,418	(1,217)	89,418	-
Little Compton	-	-	-	-
Middletown	-	-	-	-
Narragansett	-	-	-	-
Newport	145,520	(8,543)	145,520	-
New Shoreham	-	-	-	-
North Kingstown	-	-	-	-
North Providence	148,781	(7,489)	148,781	-
North Smithfield	100,435	(2,380)	100,435	-
Pawtucket	126,901	(8,167)	126,901	-
Portsmouth	557,258	(42,103)	557,258	-
Providence	476,104	(63,579)	476,104	-
Richmond	-	-	-	-
Scituate	-	-	-	-
Smithfield	219,137	1,607	219,137	-
South Kingstown	118,333	1,663	118,333	-
Tiverton	-	-	-	-
Warwick	279,648	(1,778)	279,648	-
Westerly	-	-	-	-
West Warwick	-	-	-	-
Woonsocket	44,244	(7,023)	44,244	-
Bristol-Warren	90,976	7,500	124,976	34,000
Chariho	-	-	-	-
Exeter-West Greenwich	125,677	(1,872)	125,677	-
Foster-Glocester	-	-	-	-
Central Falls	-	-	-	-
Total	\$ 3,233,153	\$ (183,171)	\$ 3,267,153	\$ 34,000

Table 4: Calculation of State Share Ratio

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

A. The assessed value of real and tangible personal property for each city and town as of December 31 of the third preceding calendar year in accordance with Rhode Island General Law, Section 16-7-21. The assessed value as of December 31, 2016, is used for FY 2021 calculations. Property value is certified annually by the Department of Revenue's Division of Municipal Finance, based on local sales data and appraisals.

B. The adjusted equalized weighted assessed property valuations for the third preceding calendar year per current law, as of December 31, 2016, as reported by the Department of Revenue's Division of Municipal Finance. The total assessed local property value of a community is adjusted for differences in local assessment rates to allow the reporting of figures comparable on a statewide basis, resulting in the equalized weighted assessed valuation (EWAV).

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

C. The FY 2021 student counts are shown in column **C** based on the resident average daily membership as of June 30, 2019. Average daily membership calculates an average of the number of days all students are formally members of a district and/or a school per year.

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

E. Column **E** includes the percentage of students in poverty status in prekindergarten through 6th grade as of June 30, 2019. Poverty status is defined as being at 185 percent of federal poverty guidelines.

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

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

G. Column **G** shows what the share ratio was for FY 2020. It uses property valuations as of December 31, 2015 and student counts as of June 30, 2018.

H. Column **H** shows the difference between the share ratio for FY 2021 and that for FY 2020.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY 2019 %</i> <i>Students in Poverty</i>	<i>F</i> <i>FY 2021 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY 2020 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to</i> <i>Share Ratio</i>
Barrington	4.7%	16.4%	17.0%	-0.6%
Bristol	30.1%	24.6%	25.6%	-1.1%
Burrillville	37.0%	53.7%	50.6%	3.1%
Charlestown	22.4%	15.8%	18.2%	-2.3%
Coventry	31.5%	45.6%	47.4%	-1.8%
Cranston	43.6%	56.1%	55.0%	1.1%
Cumberland	23.2%	40.3%	43.3%	-3.0%
East Greenwich	7.4%	12.1%	9.9%	2.2%
East Providence	50.0%	57.1%	58.5%	-1.4%
Exeter	18.7%	22.5%	25.9%	-3.4%
Foster ^o	22.6%	39.6%	41.2%	-1.6%
Glocester ^o	12.9%	35.4%	37.1%	-1.7%
Hopkinton	23.6%	43.2%	42.6%	0.6%
Jamestown	7.6%	5.4%	6.3%	-0.9%
Johnston	43.5%	47.2%	46.8%	0.4%
Lincoln	28.2%	41.4%	42.1%	-0.7%
Little Compton	15.0%	10.6%	11.0%	-0.4%
Middletown	29.7%	31.0%	30.7%	0.3%
Narragansett	23.3%	16.5%	17.0%	-0.5%
Newport	70.7%	50.0%	47.8%	2.2%
New Shoreham	16.9%	12.0%	9.3%	2.6%
North Kingstown	26.6%	28.1%	24.8%	3.2%
North Providence	47.8%	56.6%	55.7%	0.8%
North Smithfield	21.5%	32.9%	32.2%	0.7%
Pawtucket	72.7%	80.4%	81.3%	-0.9%
Portsmouth	18.1%	12.8%	13.2%	-0.3%
Providence	85.2%	85.3%	86.8%	-1.5%
Richmond	17.9%	37.8%	38.6%	-0.8%
Scituate	14.8%	19.3%	16.6%	2.7%
Smithfield	16.5%	22.2%	23.9%	-1.7%
South Kingstown	19.6%	13.9%	13.9%	0.0%
Tiverton	27.6%	37.3%	37.1%	0.2%
Warren	43.3%	49.6%	50.2%	-0.6%
Warwick	36.5%	37.6%	38.7%	-1.1%
West Greenwich	18.6%	24.2%	31.9%	-7.7%
West Warwick	56.3%	65.2%	63.4%	1.8%
Westerly	36.7%	26.0%	27.7%	-1.8%
Woonsocket	79.6%	85.5%	83.0%	2.5%
Central Falls	91.8%	94.6%	94.8%	-0.2%
Total				

^oBeginning in FY 2021, Foster-Glocester is shown by town, consistent with other regional school districts.

Table 4: Calculation of State Share Ratio

<i>District</i>	<i>E</i> <i>FY 2019 %</i> <i>Students in Poverty</i>	<i>F</i> <i>FY 2021 State</i> <i>Share Ratio</i>	<i>G</i> <i>FY 2020 State</i> <i>Share Ratio</i>	<i>H</i> <i>Change to</i> <i>Share Ratio</i>
Barrington	4.7%	16.4%	17.0%	-0.6%
Bristol	30.1%	24.6%	25.6%	-1.1%
Burrillville	37.0%	53.7%	50.6%	3.1%
Charlestown	22.4%	15.8%	18.2%	-2.3%
Coventry	31.5%	45.6%	47.4%	-1.8%
Cranston	43.6%	56.1%	55.0%	1.1%
Cumberland	23.2%	40.3%	43.3%	-3.0%
East Greenwich	7.4%	12.1%	9.9%	2.2%
East Providence	50.0%	57.1%	58.5%	-1.4%
Exeter	18.7%	22.5%	25.9%	-3.4%
Foster [∞]	22.6%	39.6%	41.2%	-1.6%
Glocester [∞]	12.9%	35.4%	37.1%	-1.7%
Hopkinton	23.6%	43.2%	42.6%	0.6%
Jamestown	7.6%	5.4%	6.3%	-0.9%
Johnston	43.5%	47.2%	46.8%	0.4%
Lincoln	28.2%	41.4%	42.1%	-0.7%
Little Compton	15.0%	10.6%	11.0%	-0.4%
Middletown	29.7%	31.0%	30.7%	0.3%
Narragansett	23.3%	16.5%	17.0%	-0.5%
Newport	70.7%	50.0%	47.8%	2.2%
New Shoreham	16.9%	12.0%	9.3%	2.6%
North Kingstown	26.6%	28.1%	24.8%	3.2%
North Providence	47.8%	56.6%	55.7%	0.8%
North Smithfield	21.5%	32.9%	32.2%	0.7%
Pawtucket	72.7%	80.4%	81.3%	-0.9%
Portsmouth	18.1%	12.8%	13.2%	-0.3%
Providence	85.2%	85.3%	86.8%	-1.5%
Richmond	17.9%	37.8%	38.6%	-0.8%
Scituate	14.8%	19.3%	16.6%	2.7%
Smithfield	16.5%	22.2%	23.9%	-1.7%
South Kingstown	19.6%	13.9%	13.9%	0.0%
Tiverton	27.6%	37.3%	37.1%	0.2%
Warren	43.3%	49.6%	50.2%	-0.6%
Warwick	36.5%	37.6%	38.7%	-1.1%
West Greenwich	18.6%	24.2%	31.9%	-7.7%
West Warwick	56.3%	65.2%	63.4%	1.8%
Westerly	36.7%	26.0%	27.7%	-1.8%
Woonsocket	79.6%	85.5%	83.0%	2.5%
Central Falls	91.8%	94.6%	94.8%	-0.2%
Total				

**Includes charter and state school students.*

∞Beginning in FY 2021, Foster-Glocester is shown by town, consistent with other regional school districts.

Table 5: FY 2021 Estimated Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>ACE (Textron)</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Charette</i>	<i>Compass</i>
Barrington	-	-	-	-	-	-
Burrillville	-	-	39	-	-	-
Charlestown	-	-	-	-	-	10
Coventry	-	1	3	-	-	-
Cranston	-	139	9	-	-	-
Cumberland	-	-	38	-	-	-
East Greenwich	-	-	1	-	-	3
East Providence	-	-	2	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	19
Jamestown	-	-	-	-	-	3
Johnston	-	-	5	-	-	-
Lincoln	-	-	10	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	9
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	58
North Providence	-	50	8	-	-	-
North Smithfield	-	1	22	-	-	-
Pawtucket	-	1	13	159	-	-
Portsmouth	-	-	-	-	-	-
Providence	196	1,321	25	75	168	2
Richmond	-	-	-	-	-	9
Scituate	-	-	2	-	-	-
Smithfield	-	-	4	-	-	-
South Kingstown	-	-	-	-	-	46
Tiverton	-	-	-	-	-	-
Warwick	-	29	9	-	-	1
Westerly	-	-	1	-	-	37
West Warwick	-	-	1	-	-	-
Woonsocket	-	-	187	-	-	-
Bristol-Warren	-	-	2	-	-	-
Exeter-West Greenwich	-	-	-	-	-	23
Foster-Glocester	-	-	2	-	-	-
Central Falls	-	-	3	116	-	-
Total	196	1,542	386	350	168	220
<i>Adjusted Chariho</i>	-	-	-	-	-	38

Table 5: FY 2021 Estimated Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>Greene School</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	1	-	-	-	-	-
Burrillville	-	1	-	-	-	-
Charlestown	5	-	-	-	16	-
Coventry	41	-	-	-	12	-
Cranston	16	68	-	24	1	4
Cumberland	2	2	-	7	-	1
East Greenwich	7	-	-	-	1	-
East Providence	2	23	-	35	4	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	4	-	-	-	7	-
Jamestown	-	-	-	-	-	-
Johnston	4	9	-	5	1	2
Lincoln	-	4	-	4	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	1	-
Narragansett	5	-	-	1	10	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	3	-	-	1	65	-
North Providence	-	5	21	13	-	-
North Smithfield	-	-	-	-	-	2
Pawtucket	20	62	-	145	2	125
Portsmouth	-	-	-	-	-	-
Providence	16	421	231	108	4	109
Richmond	4	-	-	-	27	-
Scituate	3	-	-	-	-	-
Smithfield	-	2	-	1	2	-
South Kingstown	7	-	-	-	46	-
Tiverton	-	2	-	-	-	-
Warwick	11	5	-	3	21	2
Westerly	13	-	-	-	12	-
West Warwick	8	1	-	5	9	-
Woonsocket	-	4	-	3	-	-
Bristol-Warren	-	6	-	-	-	-
Exeter-West Greenwich	5	-	-	-	19	-
Foster-Glocester	1	1	-	-	-	-
Central Falls	23	16	-	29	-	337
Total	201	632	252	384	260	582
<i>Adjusted Chariho</i>	<i>13</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>50</i>	<i>-</i>

Table 5: FY 2021 Estimated Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>	<i>RISE Mayoral Academy</i>
Barrington	-	2	-	-	-	-
Burrillville	-	-	-	-	-	55
Charlestown	-	-	-	-	-	-
Coventry	2	1	-	-	-	-
Cranston	89	6	16	-	-	1
Cumberland	-	-	-	-	459	-
East Greenwich	-	-	-	-	-	-
East Providence	1	1	6	-	2	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	15	-	3	-	-	-
Lincoln	-	1	-	-	208	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	1	-	-	-	-	-
North Providence	1	2	7	-	3	-
North Smithfield	-	-	-	-	-	50
Pawtucket	9	23	25	-	817	-
Portsmouth	1	1	-	-	-	-
Providence	27	80	188	813	6	-
Richmond	-	-	-	-	-	-
Scituate	2	-	-	-	-	-
Smithfield	-	-	-	-	1	-
South Kingstown	-	-	-	-	-	-
Tiverton	-	-	-	-	-	-
Warwick	10	1	3	-	3	-
Westerly	-	-	-	-	-	-
West Warwick	2	-	-	-	-	-
Woonsocket	-	20	5	-	-	240
Bristol-Warren	-	-	1	-	-	-
Exeter-West Greenwich	-	-	-	-	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	8	22	14	-	618	-
Total	168	160	268	813	2,117	346
<i>Adjusted Chariho</i>	-	-	-	-	-	-

Table 5: FY 2021 Estimated Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>	<i>Village Green</i>	<i>Davies Career and Tech Center</i>
Barrington	-	-	-	-	-	-
Burrillville	-	-	-	-	-	1
Charlestown	-	-	-	-	-	-
Coventry	-	-	-	-	-	-
Cranston	1	-	-	-	11	9
Cumberland	-	-	-	-	2	16
East Greenwich	-	-	-	-	-	1
East Providence	-	1	-	-	5	7
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	-	-	-	-	3	9
Lincoln	-	-	-	-	1	50
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	-
North Providence	-	-	-	-	7	49
North Smithfield	-	-	-	-	2	2
Pawtucket	1	-	-	-	20	521
Portsmouth	-	-	-	-	-	-
Providence	1	143	727	204	153	45
Richmond	-	-	-	-	-	-
Scituate	-	-	-	-	-	-
Smithfield	-	-	-	-	-	15
South Kingstown	-	-	-	-	-	-
Tiverton	-	-	-	-	-	-
Warwick	-	-	-	-	13	1
Westerly	-	-	-	-	-	-
West Warwick	-	-	-	-	1	-
Woonsocket	-	-	-	-	2	9
Bristol-Warren	-	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	233	-	-	-	2	124
Total	236	144	727	204	222	859
<i>Adjusted Chariho</i>	-	-	-	-	-	-

Table 5: FY 2021 Estimated Charter and State School Enrollment by Sending District

<i>Sending District</i>	<i>Metropolitan Career and Tech Center</i>	<i>Urban Collaborative</i>	<i>Total</i>	<i>Charter/State School Percentage of Total Enrollment</i>
Barrington	3	-	6	0.2%
Burrillville	3	-	99	4.2%
Charlestown	2	-	33	4.2%
Coventry	2	-	62	1.3%
Cranston	33	6	433	4.1%
Cumberland	7	-	534	10.4%
East Greenwich	4	-	17	0.7%
East Providence	28	-	117	2.2%
Foster	-	-	-	0.0%
Glocester	-	-	-	0.0%
Hopkinton	2	-	32	2.8%
Jamestown	4	-	7	1.0%
Johnston	19	-	75	2.2%
Lincoln	1	-	279	8.3%
Little Compton	3	-	3	0.8%
Middletown	10	-	11	0.5%
Narragansett	1	-	26	2.1%
Newport	24	-	24	1.1%
New Shoreham	-	-	-	0.0%
North Kingstown	21	-	149	3.8%
North Providence	6	-	172	4.7%
North Smithfield	-	-	79	4.6%
Pawtucket	57	-	2,000	2.2%
Portsmouth	10	-	12	0.5%
Providence	383	124	5,570	19.9%
Richmond	3	-	43	3.6%
Scituate	3	-	10	0.8%
Smithfield	1	-	26	1.1%
South Kingstown	17	-	116	2.8%
Tiverton	14	-	16	0.9%
Warwick	15	-	127	1.4%
Westerly	-	-	63	2.2%
West Warwick	8	-	35	1.0%
Woonsocket	37	-	507	7.9%
Bristol-Warren	11	-	20	0.6%
Exeter-West Greenwich	3	-	50	3.0%
Foster-Glocester	2	-	6	0.5%
Central Falls	46	8	1,599	37.7%
Total	783	138	12,358	5.5%
<i>Adjusted Chariho</i>	7	-	108	3.2%

Table 6: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>ACE (Textron)</i>	<i>Achievement First</i>	<i>Beacon</i>	<i>Blackstone Academy</i>	<i>Charette</i>	<i>Compass</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	242,720	-	-	-
Charlestown	-	-	-	-	-	16,330
Coventry	-	4,697	15,969	-	-	-
Cranston	-	1,010,050	56,692	-	-	-
Cumberland	-	-	177,668	-	-	-
East Greenwich	-	-	1,246	-	-	3,737
East Providence	-	-	11,773	-	-	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	90,035
Jamestown	-	-	-	-	-	1,662
Johnston	-	-	28,247	-	-	-
Lincoln	-	-	42,677	-	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	15,967
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	-	-	-	-	-	171,753
North Providence	-	352,444	51,349	-	-	-
North Smithfield	-	3,388	79,956	-	-	-
Pawtucket	-	8,288	124,318	1,692,383	-	-
Portsmouth	-	-	-	-	-	-
Providence	2,276,000	15,652,337	272,628	867,131	2,001,614	17,589
Richmond	-	-	-	-	-	36,652
Scituate	-	-	4,785	-	-	-
Smithfield	-	-	10,068	-	-	-
South Kingstown	-	-	-	-	-	68,587
Tiverton	-	-	-	-	-	-
Warwick	-	135,552	34,856	-	-	3,873
Westerly	-	-	2,676	-	-	102,205
West Warwick	-	-	9,409	-	-	-
Woonsocket	-	-	2,058,479	-	-	-
Bristol-Warren	-	-	5,069	-	-	-
Exeter-West Greenwich	-	-	-	-	-	53,293
Foster-Glocester	-	-	7,725	-	-	-
Central Falls	-	-	37,079	1,475,339	-	-
Total	\$2,276,000	\$17,166,756	\$3,275,389	\$4,034,853	\$2,001,614	\$581,683

Table 6: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Greene School</i>	<i>Highlander</i>	<i>Hope Academy</i>	<i>International</i>	<i>Kingston Hill</i>	<i>Learning Community</i>
Barrington	\$ 2,366	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	5,542	-	-	-	-
Charlestown	9,472	-	-	-	27,435	-
Coventry	209,478	-	-	-	58,241	-
Cranston	106,443	511,388	-	159,664	5,785	23,140
Cumberland	9,963	8,302	-	35,700	-	4,151
East Greenwich	9,716	-	-	-	1,246	-
East Providence	11,773	173,061	-	229,571	23,546	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	19,612	-	-	-	31,200	-
Jamestown	-	-	-	-	-	-
Johnston	21,429	51,624	-	32,143	4,870	9,740
Lincoln	-	23,899	-	17,071	-	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	3,199	-
Narragansett	9,852	-	-	1,699	19,025	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	8,704	-	-	4,062	197,864	-
North Providence	-	31,510	127,207	89,862	-	-
North Smithfield	-	-	-	-	-	6,776
Pawtucket	222,115	646,454	-	1,510,050	16,576	1,331,032
Portsmouth	-	-	-	-	-	-
Providence	165,335	4,842,216	2,545,110	1,083,475	35,178	1,254,087
Richmond	17,156	-	-	-	113,075	-
Scituate	6,779	-	-	-	-	-
Smithfield	-	5,492	-	2,288	4,576	-
South Kingstown	11,145	-	-	-	70,302	-
Tiverton	-	10,758	-	-	-	-
Warwick	45,700	24,012	-	14,717	81,331	7,746
Westerly	39,063	-	-	-	34,247	-
West Warwick	56,455	9,409	-	33,604	65,864	-
Woonsocket	-	38,806	-	37,042	-	-
Bristol-Warren	-	27,485	-	-	-	-
Exeter-West Greenwich	12,865	-	-	-	49,012	-
Foster-Glocester	3,645	5,102	-	-	-	-
Central Falls	298,580	199,054	-	372,738	-	4,478,707
Total	\$ 1,297,644	\$ 6,614,115	\$ 2,672,316	\$ 3,623,685	\$ 842,569	\$ 7,115,379

Table 6: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>New England Laborers</i>	<i>Nowell Academy</i>	<i>Nurses Institute</i>	<i>Paul Cuffee</i>	<i>RI Mayoral Academies Blackstone Valley Prep</i>	<i>RISE Mayoral Academy</i>
Barrington	\$ -	\$ 4,056	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-	369,067
Charlestown	-	-	-	-	-	-
Coventry	13,151	6,576	-	-	-	-
Cranston	653,698	48,593	115,699	-	-	5,785
Cumberland	-	-	-	-	2,234,138	-
East Greenwich	-	-	-	-	-	-
East Providence	5,886	8,241	42,382	-	11,773	-
Foster	-	-	-	-	-	-
Glocester	-	-	-	-	-	-
Hopkinton	-	-	-	-	-	-
Jamestown	-	-	-	-	-	-
Johnston	88,637	-	20,455	-	-	-
Lincoln	-	5,975	-	-	1,008,890	-
Little Compton	-	-	-	-	-	-
Middletown	-	-	-	-	-	-
Narragansett	-	-	-	-	-	-
Newport	-	-	-	-	-	-
New Shoreham	-	-	-	-	-	-
North Kingstown	2,901	-	-	-	-	-
North Providence	8,169	14,004	54,851	-	22,174	-
North Smithfield	-	-	-	-	-	188,371
Pawtucket	104,427	253,609	266,869	-	8,693,977	-
Portsmouth	1,320	1,848	-	-	-	-
Providence	300,770	949,799	2,268,964	9,425,877	52,767	-
Richmond	-	-	-	-	-	-
Scituate	3,988	-	-	-	-	-
Smithfield	-	-	-	-	2,288	-
South Kingstown	-	-	-	-	-	-
Tiverton	-	-	-	-	-	-
Warwick	48,024	5,422	14,717	-	16,266	-
Westerly	-	-	-	-	-	-
West Warwick	16,130	-	-	-	-	-
Woonsocket	-	239,891	61,737	-	-	2,599,998
Bristol-Warren	-	-	3,548	-	-	-
Exeter-West Greenwich	-	-	-	-	-	-
Foster-Glocester	-	-	-	-	-	-
Central Falls	105,381	292,726	179,539	-	8,137,781	-
Total	\$ 1,352,483	\$ 1,830,741	\$ 3,028,761	\$ 9,425,877	20,180,053	\$ 3,163,221

Table 6: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Segue Institute</i>	<i>Southside Elementary</i>	<i>Times2</i>	<i>Trinity</i>	<i>Village Green</i>
Barrington	\$ -	\$ -	\$ -	\$ -	\$ -
Burrillville	-	-	-	-	-
Charlestown	-	-	-	-	-
Coventry	-	-	-	-	-
Cranston	5,785	-	-	-	84,460
Cumberland	-	-	-	-	8,302
East Greenwich	-	-	-	-	-
East Providence	-	8,241	-	-	38,851
Foster	-	-	-	-	-
Glocester	-	-	-	-	-
Hopkinton	-	-	-	-	-
Jamestown	-	-	-	-	-
Johnston	-	-	-	-	16,559
Lincoln	-	-	-	-	5,975
Little Compton	-	-	-	-	-
Middletown	-	-	-	-	-
Narragansett	-	-	-	-	-
Newport	-	-	-	-	-
New Shoreham	-	-	-	-	-
North Kingstown	-	-	-	-	-
North Providence	-	-	-	-	52,517
North Smithfield	-	-	-	-	6,776
Pawtucket	8,288	-	-	-	218,800
Portsmouth	-	-	-	-	-
Providence	8,794	1,669,184	8,370,544	2,448,371	1,841,555
Richmond	-	-	-	-	-
Scituate	-	-	-	-	-
Smithfield	-	-	-	-	-
South Kingstown	-	-	-	-	-
Tiverton	-	-	-	-	-
Warwick	-	-	-	-	59,643
Westerly	-	-	-	-	-
West Warwick	-	-	-	-	9,409
Woonsocket	-	-	-	-	21,167
Bristol-Warren	-	-	-	-	-
Exeter-West Greenwich	-	-	-	-	-
Foster-Glocester	-	-	-	-	-
Central Falls	3,124,362	-	-	-	27,321
Total	\$ 3,147,229	\$ 1,677,425	\$ 8,370,544	\$ 2,448,371	\$ 2,391,333

Table 6: Transitioned Formula Funding to Charter and State Schools by Sending District

<i>Sending District</i>	<i>Metropolitan</i>			<i>Total</i>
	<i>Davies Career and Tech Center</i>	<i>Career and Tech Center</i>	<i>Urban Collaborative</i>	
Barrington	\$ -	\$ 5,070	\$ -	\$ 11,492
Burrillville	7,758	23,274	-	648,361
Charlestown	-	3,266	-	56,503
Coventry	-	9,394	-	317,506
Cranston	65,948	237,182	43,966	3,134,278
Cumberland	78,041	40,681	-	2,596,946
East Greenwich	1,246	5,481	-	22,672
East Providence	48,269	197,784	-	811,151
Foster	-	-	-	-
Glocester	-	-	-	-
Hopkinton	-	8,914	-	149,761
Jamestown	-	2,659	-	4,321
Johnston	53,572	115,910	-	443,186
Lincoln	245,821	5,975	-	1,356,283
Little Compton	-	3,718	-	3,718
Middletown	-	37,107	-	40,306
Narragansett	-	1,699	-	48,242
Newport	-	154,627	-	154,627
New Shoreham	-	-	-	-
North Kingstown	-	66,728	-	452,012
North Providence	334,939	39,679	-	1,178,705
North Smithfield	6,776	-	-	292,043
Pawtucket	5,418,610	591,754	-	21,107,550
Portsmouth	-	13,731	-	16,899
Providence	525,907	4,500,992	1,435,252	64,811,476
Richmond	-	13,257	-	180,140
Scituate	-	5,982	-	21,534
Smithfield	37,069	3,203	-	64,984
South Kingstown	-	28,864	-	178,898
Tiverton	-	58,403	-	69,161
Warwick	5,422	67,389	-	564,670
Westerly	-	-	-	178,191
West Warwick	-	64,519	-	264,799
Woonsocket	111,126	428,629	-	5,596,875
Bristol-Warren	-	42,249	-	78,351
Exeter-West Greenwich	-	7,878	-	123,048
Foster-Glocester	-	8,747	-	25,219
Central Falls	1,584,623	608,870	105,381	21,027,481
Total	\$ 8,525,127	\$ 7,403,617	\$ 1,584,599	\$ 126,031,391

Table 7: Recommended Categorical Aid for FY 2021

<i>Sending District</i>	<i>High Cost Special Education</i>	<i>Multi-Lingual Learners</i>	<i>Non-Public Transportation</i>	<i>Regional Transportation</i>	<i>Total</i>
Barrington	\$ 135,433	\$ 3,724	\$ 139,569	\$ -	\$ 278,726
Burrillville	77,879	872	57,674	-	136,425
Charlestown	-	128	-	-	128
Coventry	49,521	10,350	12,015	-	71,886
Cranston	427,579	207,608	745,480	-	1,380,667
Cumberland	11,459	27,443	74,357	-	113,259
East Greenwich	125,503	1,274	74,702	-	201,479
East Providence	424,172	77,829	1,555	-	503,556
Foster	35,020	-	-	-	35,020
Glocester	96,273	-	-	-	96,273
Hopkinton	-	351	-	-	351
Jamestown	34,692	-	-	-	34,692
Johnston	229,127	47,528	180,588	-	457,243
Lincoln	156,981	8,061	-	-	165,042
Little Compton	-	86	-	-	86
Middletown	35,304	19,889	-	-	55,193
Narragansett	54,403	668	-	-	55,071
Newport	39,377	94,515	-	-	133,892
New Shoreham	-	873	-	-	873
North Kingstown	70,103	9,818	-	-	79,921
North Providence	276,124	56,486	120,340	-	452,950
North Smithfield	67,279	1,600	11,570	-	80,449
Pawtucket	154,090	645,743	153,114	-	952,947
Portsmouth	98,703	520	-	-	99,223
Providence	383,469	4,378,430	317,931	-	5,079,830
Richmond	-	614	-	-	614
Scituate	45,276	-	35,180	-	80,456
Smithfield	92,728	2,701	136,125	-	231,554
South Kingstown	142,614	3,711	125,063	-	271,388
Tiverton	94,466	1,210	-	-	95,676
Warwick	388,596	33,223	5,535	-	427,354
Westerly	134,999	8,212	-	-	143,211
West Warwick	24,434	30,678	51,993	-	107,105
Woonsocket	94,325	380,371	9,815	-	484,511
Bristol-Warren	143,622	10,214	359,840	1,274,721	1,788,397
Chariho	95,008	-	244,360	1,795,665	2,135,033
Exeter-West Greenwich	160,094	1,514	136,873	1,048,253	1,346,734
Foster-Glocester	66,514	574	-	504,037	571,125
Central Falls	3,811	783,288	45,005	-	832,104
Subtotal	\$ 4,468,984	\$ 6,850,106	\$ 3,038,684	\$ 4,622,676	\$ 18,980,450
Charters & State Schools	31,016	649,893	-	-	680,909
Total	\$ 4,500,000	\$ 7,500,000	\$ 3,038,684	\$ 4,622,676	\$ 19,661,359

Table 8: Education Aid for FY 2015 – FY 2019

<i>District</i>	<i>FY 2015</i>	<i>FY 2016</i>	<i>FY 2017</i>	<i>FY 2018</i>	<i>FY 2019</i>
Barrington	\$ 4,701,418	\$ 5,157,096	\$ 5,551,766	\$ 5,347,807	\$ 5,481,235
Burrillville	13,173,610	13,301,214	13,111,036	13,185,862	12,467,771
Charlestown	1,708,666	1,706,421	1,683,295	1,667,742	1,602,569
Coventry	21,039,824	21,919,203	23,602,823	23,202,975	22,790,523
Cranston	47,040,378	51,129,521	56,028,985	59,005,591	61,904,926
Cumberland	15,756,436	16,689,944	17,980,588	19,188,663	20,796,258
East Greenwich	2,469,555	2,911,567	2,810,467	2,739,941	3,167,385
East Providence	29,373,000	31,094,815	33,101,436	35,519,125	35,710,484
Foster	1,193,192	1,206,855	1,199,424	1,207,049	1,164,308
Glocester	2,640,483	2,546,606	2,546,748	2,407,384	2,323,354
Hopkinton	5,576,348	5,470,735	5,386,069	5,273,139	5,223,049
Jamestown	406,834	456,252	473,875	473,751	522,234
Johnston	13,192,809	14,241,390	16,142,240	18,638,808	18,398,579
Lincoln	9,855,862	10,434,249	11,192,952	12,510,493	12,325,264
Little Compton	401,928	398,464	413,267	397,113	355,525
Middletown	8,905,309	8,723,282	8,621,818	8,262,827	7,979,347
Narragansett	1,993,920	2,154,808	2,150,151	2,139,471	2,313,574
Newport	10,623,202	10,597,219	10,938,355	11,589,919	12,433,123
New Shoreham	91,103	103,748	131,168	142,068	156,926
North Kingstown	10,725,467	10,693,934	10,897,112	10,749,543	10,127,666
North Providence	16,607,860	18,350,725	20,168,707	22,019,145	23,428,292
North Smithfield	5,587,845	5,824,568	6,177,521	6,025,062	6,219,135
Pawtucket	74,842,935	78,877,331	83,927,607	89,154,022	88,331,184
Portsmouth	4,882,427	4,797,771	4,787,381	4,476,100	4,178,680
Providence	215,122,639	223,060,894	235,212,373	248,790,857	253,712,258
Richmond	5,205,437	5,063,630	4,840,982	4,676,150	4,596,526
Scituate	3,960,437	3,974,844	3,794,601	3,612,503	3,369,504
Smithfield	5,115,212	5,348,196	5,961,894	6,341,204	7,854,975
South Kingstown	7,977,157	7,757,160	7,485,517	6,955,455	6,293,429
Tiverton	5,828,165	6,068,532	6,284,270	6,531,284	6,779,518
Warwick	36,064,777	36,764,894	38,252,322	39,146,338	37,379,213
Westerly	7,704,193	8,418,818	8,904,660	8,851,953	8,766,881
West Warwick	21,027,603	21,881,242	23,082,050	24,376,898	26,186,038
Woonsocket	50,690,278	53,233,700	56,340,793	59,646,576	62,454,134
Bristol-Warren	16,749,945	16,207,317	16,003,657	15,727,351	14,912,237
Exeter-West Greenwich	6,637,627	6,230,076	1,810,108	2,010,375	2,126,257
Chariho	1,316,445	1,322,688	6,384,057	6,190,095	6,071,142
Foster-Glocester	5,204,461	5,113,855	5,130,308	5,030,941	5,199,951
Central Falls	39,085,004	39,597,253	39,687,299	40,320,646	41,173,119
<i>District Subtotal</i>	\$ 730,479,794	\$ 758,830,818	\$ 798,199,682	\$ 833,532,225	\$ 846,276,575
Charter Schools	59,055,781	67,474,258	75,055,934	82,958,017	90,617,343
State Schools	23,299,251	22,300,780	23,047,390	24,261,167	24,423,782
Total	\$ 812,834,826	\$ 848,605,856	\$ 896,303,006	\$ 940,751,409	\$ 961,317,699

Revenues Changes

The Governor recommends \$18.3 million and \$113.7 million more general revenues than estimated at the November 2019 Revenue Estimating Conference for FY 2020 and FY 2021, respectively.

Recommended General Revenues Changes	FY 2020	FY 2021
Taxes		
Earned Income Tax Credit	\$ -	\$ (1,132,538)
Medicaid Spending Proposals	(389,194)	(1,191,223)
Reciprocal Payment Offset Program	-	4,920,000
Alcohol Tax Changes	-	9,139,665
Sales Tax Expansion	-	14,103,785
Tobacco Regulation Changes	-	1,624,483
Controlling Interest Transfer Tax	-	(36,722)
Gross Contingency Fee Revenue	2,078,222	1,809,278
Total Taxes	\$ 1,689,028	\$ 29,236,729
Departmental Revenues		
Hospital Licensing Fee at 6.0 Percent	\$ -	\$ 32,308,294
Hotel Tax 1 Percent Increase	-	4,734,220
Adult Use Marijuana	-	699,000
Fire Marshal Fees	-	554,802
Pesticide Alternate Brand Names Fee	-	334,800
DEM Expedited Permitting Fees	-	599,212
DMV Fees	-	3,722,125
Cigarette and e-Cigarette Dealer Licensing Fee	-	402,500
Reciprocal Payment Offset Program	-	80,000
Interstate Medical Licensing	-	(59,331)
Request for Public Health Data Fees	-	438,900
Fee Exemption Removal for EMS Licensees	-	333,600
Shellfish Docks Program	-	366,138
Division of Sheriffs Training Academy Fee	-	13,000
DUI/Refused Breathalyzer Fee	-	220,016
Rite Share Noncompliance Penalties	-	165,675
Workplace Tax Compliance	-	4,245,742
Veterans' Home Payments to Restricted Receipts	-	(4,452,366)
Attorney General Settlements	-	1,700,000
Total Departmental Revenues	\$ -	\$ 46,406,327
Other Revenues		
Adult Use Marijuana	\$ -	\$ 21,121,786
Admin. Fee on Pass-Through Taxes	-	799,333
Infrastructure Bank	8,895,000	5,000,000
Rhode Island Housing	-	1,093,375
Resource Recovery Corporation	5,000,000	5,000,000
RI Health & Educational Building Corporation	-	1,000,000
Rhode Island Student Loan Authority	-	2,000,000
Narragansett Bay Commission	-	2,000,000
Unexpended Bond Funds	257,000	-
BHDDH Asset Forfeiture Funds	500,000	-
OSPAR Fund	1,000,000	-
Underground Storage Tank Trust Fund	1,000,000	-
Total Other Revenues	\$ 16,652,000	\$ 38,014,494
Total General Revenues Changes	\$ 18,341,028	\$ 113,657,550

The previous table shows the Governor’s recommended changes. The items are explained in the pages that follow.

Taxes. The Governor’s budget includes \$1.7 million more in tax revenues for FY 2020. The recommendation for FY 2021 assumes new tax revenues of \$29.2 million, of which \$14.1 million is from expanding application of the sales tax.

- **Earned Income Tax Credit.** The Governor’s budget assumes \$1.1 million less revenue for FY 2021 from increasing the refundable Rhode Island earned income tax credit by one percentage point increments each tax year for five years until it reaches 20.0 percent of the federal credit. Fully phased in, the annual lost revenue to the state would be \$11.6 million. Under current law, the state credit is 15.0 percent of the federal credit.

- **Medicaid Spending Proposals.** The Governor’s FY 2021 budget contains a series of proposals to reduce Medicaid expenditures delivered through managed care plans and nursing facilities for savings of \$1.2 million. There are also two proposals that increase revenue to the managed care plans. Those entities are taxed on gross revenues therefore a change in taxes would also occur. The recommendation assumes that these proposals will reduce revenue from managed care organizations through the 2.0 percent provider tax by \$0.8 million. The estimated loss from the 5.5 percent nursing facilities provider tax is \$0.4 million. The FY 2020 recommendation reduces revenue by \$0.4 million from changes made to the November caseload estimate impacting the managed care plans.

- **Reciprocal Payment Offset Program.** The Governor’s budget assumes \$5.0 million in revenues from expanding the state’s participation in a federal reciprocity program to include taxes other than personal income. The state would be able to offset federal refunds for other tax debts owed to Rhode Island and would in return allow state refunds to be offset for federal debt. This would be similar to the current reciprocity program the state participates in for personal income taxes. The budget also assumes \$0.1 million in additional staffing expenses related to this proposal.

- **Alcohol Tax Changes.** The Governor’s budget assumes \$9.1 million in revenues from restructuring alcohol taxes. It would reduce the alcohol excise tax on high proof spirits by \$1.65 per gallon to \$3.75 and on wine by \$0.80 per gallon to \$0.60, reducing collections by \$5.3 million. The proposal would also eliminate the sales tax exemption on wine and spirits sold by Class A licensees and impose the 7.0 percent sales tax, effective October 1, 2020 for an increase of \$14.4 million for FY 2021. This reverses a change made by the 2013 Assembly at which time the annualized impact was estimated to be \$4.8 million growing over time with inflation.

- **Sales Tax Expansion.** The Governor’s budget assumes \$14.1 million in new revenues from the proposed expansion of the state’s 7.0 percent sales tax to include additional services. Distinct items are noted separately below. Additionally, the budget assumes \$0.9 million of implementation costs.

Sales Tax Expansion	FY 2021	Effective Date
Lobbying Services	\$ 692,982	October 1, 2020
Computer Systems Design	7,894,178	October 1, 2020
Fishing, Hunting, Trapping, & Shooting Services	818,036	October 1, 2020
Couriers and Messengers	4,070,500	January 1, 2021
Interior Design Services	628,089	January 1, 2021
Total Revenues	\$ 14,103,785	
Staffing (4.0 FTE)	\$ 268,660	
Operations	600,000	
Total Expenses	\$ 868,660	
Net Impact	\$ 13,235,125	

Sales Tax on Lobbying Services. The Governor’s budget assumes \$0.7 million in revenues associated with the expansion of the state sales tax to include lobbying services within the state, effective October 1, 2020.

Sales Tax on Computer Systems Design. The Governor’s budget assumes \$7.9 million in revenues associated with the expansion of the state’s sales tax to include computer systems design and related services, effective October 1, 2020.

Sales Tax on Fishing, Hunting, Trapping, and Shooting Services. The Governor’s budget assumes \$0.8 million in revenues associated with the expansion of the state sales tax to include fishing, hunting, game preserves, archery, shooting ranges, and rod and gun clubs, effective October 1, 2020.

Sales Tax on Couriers and Messengers. The Governor’s budget assumes \$4.1 million in revenues from expanding application of the state sales tax to couriers and messengers, effective January 1, 2021.

Sales Tax on Interior Design Services. The Governor’s budget assumes \$0.6 million in revenues associated with the expansion of the state sales tax to include interior design services within the state, effective January 1, 2021.

- **Tobacco Regulation Changes.** The Governor’s budget assumes \$2.0 million in revenues related to tobacco, including \$1.6 million in taxes and \$0.4 million from increased license fees. Specific proposals are described below. The budget also includes \$0.2 million for staffing related to the e-cigarette component.

Tobacco Regulation Changes	FY 2021
Taxes	
Federal Minimum Age	\$ (3,688,063)
Cigarette Per Pack Increase	4,323,753
Other Tobacco Products Increase	988,793
<i>Taxes Subtotal</i>	<i>\$ 1,624,483</i>
Departmental Receipts	
Cigarette & e-Cigarette Dealer Licensing Fee	\$ 402,500
Total Revenues	\$ 2,026,983
e-Cigarette Staffing	\$ 178,260
Net Revenues	\$ 1,848,723

Federal Minimum Age. The Governor’s budget assumes a loss of \$3.7 million from the recent federal action to raise the minimum age of the sale of tobacco products from 18 to 21. This change is assumed to take effect by the beginning of FY 2021.

Cigarette Per Pack Increase. The Governor’s budget assumes \$4.3 million in revenues from a proposal to increase the cigarette tax by \$0.35, to \$4.60 per 20-pack, effective August 1, 2020. The Office of Revenue Analysis estimates a final retail price per pack of \$10.41, which is \$0.02 cents less than in Massachusetts and \$0.03 cents higher than in Connecticut. The recommendation assumes \$3.3 million from the excise tax increase and \$1.0 million from the floor tax applied to inventory held as August 1, 2020, and an associated loss of \$13,938 from sales tax collections. The tax was last raised \$0.50, effective August 1, 2017.

Other Tobacco Products Increase. The Governor’s budget assumes \$1.0 million in revenues associated with proposed legislation to impose an excise tax on electronic nicotine delivery systems and raise the per cigar tax. It assumes a permanent ban on flavored e-liquid nicotine products. The recommendation includes \$0.3 million from the proposal to impose an 80.0 percent wholesale tax on electronic nicotine delivery systems, effective September 1, 2020. Electronic nicotine delivery systems include electronic implements for the delivery of nicotine or other substance, or e-liquid, or other components.

The recommendation includes \$0.7 million from the proposal to raise the per cigar tax cap from \$0.50 to \$0.80, effective August 1, 2020. Under current law, cigars are taxed at 80.0 percent, capped at \$0.50. The cap was originally established by the 2006 Assembly with a 40.0 percent tax rate; the 2009 Assembly raised the rate to 80.0 percent.

Cigarette and e-Cigarette Dealer Licensing Fees. The Governor's budget includes \$0.4 million in new revenues from several changes to the state's cigarette licensing fees including increasing the dealer's application fees from \$25 to \$75, subjecting manufacturers to the \$1,000 license fee for importers and certain distributors, increasing the licensing and renewal fees for all entities from \$100 to \$400. It also merges e-cigarette entities and products into this license now subject to this fee. The fee has been unchanged for over 25 years.

- ***Controlling Interest Transfer Tax.*** The budget assumes a general revenue loss of \$36,722 from exempting the controlling interest transfer of affordable housing developments from the real estate conveyance tax.

- ***Gross Contingency Fee Revenue.*** The 2016 Appropriations Act permitted the Division of Taxation to contract with a third party for the review of tax data and collection of taxes, interest, penalties, or a reduction in claimed refunds. Contractors are paid on a contingency fee basis, for services rendered, as a percentage of the actual amount of revenues collected, which were previously accounted for as expenditure credits. The state auditor reclassified the expenditure credits as expenses within the Department's FY 2019 budget, and showed the gross revenues collected. The Governor's recommended budget makes a similar adjustment for FY 2020 and FY 2021 to reflect this. This includes a recognition of \$2.1 million in payments as both revenues and expenditures for FY 2020 and \$1.8 million for FY 2021 to account for this change in accounting practice.

Departmental Revenues. The Governor recommends additional revenues of \$46.4 million from departmental receipts for FY 2021.

- ***Hospital Licensing Fee at 6.0 Percent.*** This Governor recommends additional revenue of \$32.3 million from increasing the FY 2021 fee from the 5.0 percent rate to 6.0 percent, except for South County Hospital and Westerly Hospital which will pay a lower 3.78 percent fee. It includes the due date for filing returns and making the payment. Revenue from the two-tiered fee will be \$193.8 million, including \$187.0 million from community hospital payments and \$6.8 million from state payments for Eleanor Slater Hospital.

- ***Hotel Tax 1.0 Percent Increase.*** The Governor's budget assumes \$4.7 million from increasing the 5.0 percent state hotel tax to 6.0 percent, effective July 1, 2020 and retaining that extra one percent for state general revenues. This increases the final total tax on lodging to 14.0 percent comprising of the 7.0 percent sales tax, 6.0 percent state hotel tax, and 1.0 percent local hotel tax. The 1.0 percent local hotel tax was established in 2004.

- ***Adult Use Marijuana.*** The Governor's budget assumes \$21.8 million in new revenues from establishing an adult use marijuana program. This includes departmental receipts of \$0.7 million from licensing fees for three new industries and certain employees associated with these activities. It also includes new revenues totaling \$21.1 million splitting retail sales revenues, net of wholesale procurement costs, among the contractors, municipalities and the state. The proposed revenue split would be 29.0 percent to retail contractors, 10.0 percent to municipalities, and the state would retain the remaining 61.0 percent. The proposal assumes that retail sales begin March 2021, and revenues annualize to about \$40.0 million

- ***Fire Marshal Fees.*** The Governor’s budget assumes \$0.6 million of new revenues from increasing the plan review fees for new construction based on the cost of construction, inspection and explosive permitting fees as described below.

Plan Review and Inspection. The plan review fees for construction have five tiers based on a defined range of construction costs. The first three tiers increase by \$10, to \$35, \$45, and \$55. The top two tiers include base fee, plus an additional amount per \$1,000 or fraction thereof. For costs between \$2,000 and \$0.5 million, the increase is \$10, plus an additional \$1 per \$1,000, or \$55 plus \$7 per \$1,000. Over \$0.5 million, the increase is \$259, plus \$2.75 per \$1,000, or \$3,292 plus \$6.75 per \$1,000. It also increases the inspection fee charged by the Fire Marshal’s Office by \$150, to \$250.

Explosive Permit Fees. The Governor proposes raising the explosive permit fees for manufacturers, dealers and possessors to \$100, eliminates the range for user permit fees, substituting a flat \$50 fee, and repeals the \$25 non-refundable fee for apprentice permits.

- ***Pesticide Alternate Brand Names Fee.*** The Governor’s budget includes \$0.3 million in new revenue from requiring manufacturers and distributors of alternate brand name pesticide products to pay a \$200 pesticide registration fee, consistent with the registration requirements for name brand pesticide products.

- ***DEM Expedited Permitting Fees.*** The Governor’s budget includes \$0.6 million in new revenue from increasing permitting fees, including a seven percent increase on permits issued through the Offices of Air and Water Resources, and Waste Management, \$2,500 for a new optional case manager fee for complex high need customers, and other fee increases that will be determined through the regulatory process. The budget proposes spending a new \$0.5 million from general revenues for 5.0 new full-time equivalent engineering positions to help with permitting reviews.

- ***DMV Fees.*** The Governor’s budget assumes the use of \$3.7 million from three proposed fee increases, and the transfer of Commercial Driver’s License road testing to the Division of Motor Vehicles, noted separately below.

Certified Driving Records Fee. The Governor’s budget assumes \$0.7 million of new revenues from increasing the fee for certified driving record abstracts from \$16 to \$20 for online subscribers.

CDL Road Test Transfer. The Governor’s budget transfers Commercial Driver’s License road testing from the Community College of Rhode Island to the Division of Motor Vehicles. As such, it assumes \$0.1 million of revenues from fees collected as well as the associated expenditures that were formerly included in the Community College’s budget.

Expired License and Registration Fee. The Governor’s budget assumes \$1.1 million from implementing a \$15 late fee for late license or registration renewal after its expiration. The proposal is consistent with the Department of Revenue’s constrained request. The revenue estimate assumes approximately 101,000 transactions based on FY 2019 experience. It assumes about 10 percent fewer late transactions and an October 1, 2020 start date.

Inspection Violations. The Governor’s budget assumes \$1.8 million will be collected from a \$100 enforcement fee for inspection violations, assuming a July 1, 2020 start date. The 2018 Assembly did not concur with the Governor’s FY 2019 proposal to include \$2.6 million from collecting the \$250 reinstatement fee for registrations suspended based on expired inspections. Current law provides that no restoration fee may be required to reinstate a registration for an inspection violation, consistent with the Registry of Motor Vehicles practice prior to her recommendation. Additionally, the budget assumes \$0.2 million of implementation costs.

- ***Cigarette and e-Cigarette Dealer Licensing.*** As previously noted, the Governor’s budget includes \$0.4 million in new revenues from several changes to the state’s cigarette licensing fees and expanding it to include dealers of e-cigarette products.
- ***Interstate Medical Licensing.*** The Governor proposes legislation to require the state to join four interstate compacts for four health professions, including physicians, emergency medical personnel, psychologists, and physical therapists. Expedited licenses for these professionals would be issued by the interstate compacts. It also amends current law to repeal legislation for the current nurse licensure compact and includes revised model legislation that has been adopted by the compact. The budget assumes a loss of \$59,331 for the last quarter of FY 2021; the annualized impact is a loss of \$0.2 million. It is unclear how the loss of revenue was determined.
- ***Request for Public Health Data Fees.*** The Governor’s budget includes \$0.4 million in new revenue by allowing the Department of Health, through rules and regulation to charge a new fee for data requests. These data are currently used to monitor health status and trends in natality, morbidity and mortality. The legislation requires that approximately 50 percent of revenues be appropriated to the Department of Health to sustain its capacity to manage data systems to meet demands. The budget includes \$0.2 million more for operating expenses.
- ***Fee Exemption Removal for EMS Licensees.*** Current law exempts municipal employees and volunteer or non-profit organizations from paying the emergency medical technician license fees. The licensing fee for paramedics is \$80 biennially and \$120 every three years for emergency medical technicians. The Governor’s budget includes \$0.3 million in new revenue from removing the current exemption.
- ***Shellfish Dockside Program.*** The Governor’s budget includes \$0.4 million in new revenue by imposing licensing fees on marine shellfish processors; the fees would be established through rules and regulations. The funds would be used to support staff and operating expenses associated with providing sampling, laboratory testing and monitoring. The fees would be based on estimated expenditures for the program; the budget reflects a like amount in expenditures.
- ***Division of Sheriffs Training Academy Fee.*** The Governor’s budget includes \$13,000 in new revenues by imposing a \$50 application fee for the Division of Sheriffs.
- ***DUI/Refused Breathalyzer Fee.*** The Governor’s budget assumes \$220,016 from a new \$250,000 substance abuse education fee paid by individuals who are convicted of driving under the influence or refuse a breathalyzer test. The budget reflects a like amount in expenditures.
- ***RItE Share Noncompliance Penalties.*** The Governor’s budget assumes \$165,675 in new revenues from penalties paid by employers with at least 50 employees who do not comply with the reporting requirements identifying employees with access to employer sponsored insurance. The budget also includes \$150,711 of implementation costs for the Division of Taxation and assumes \$5.6 million in general revenue savings in the Executive Office of Health and Human Services from increased enrollment in RItE Share.
- ***Workplace Tax Compliance.*** The Governor’s budget includes \$4.2 million from increasing workplace fraud staff by adding 4.0 new full-time equivalent positions, doubling misclassification penalties, and increasing the minimum penalty for prevailing wage violations. Net of implementation costs, the budget impact would be \$3.8 million. The Governor has unsuccessfully recommended enhancing this staff in each of the last two years in order to increase collections. Misclassification penalties and fines were last increased as part of the FY 2018 budget.

- ***Veterans' Home Payments to Restricted Receipts.*** The Governor proposes shifting the monthly assessment paid by veterans residing at the Rhode Island Veterans' Home totaling \$4.5 million that currently are deposited as general revenues to restricted receipts. There would also be a corresponding shift of expenses. It should also be noted that the Governor proposes to increase the assessment from 80 percent of their net income to 100 percent, adjusted for certain deductions. The proposal would also increase the monthly personal needs allowance of \$150 to \$300. Adjusting for this cost, the estimated net revenue from all sources is \$0.9 million.
- ***Attorney General Settlements.*** The Governor includes \$1.7 million in new revenue from settlement agreements entered into by the Office of the Attorney General. This is associated with a proposal to add four new positions to support the effort to pursue multistate settlements for a net impact of \$1.3 million. It is unclear how this estimate was derived and what the assumptions are on timing of such settlements.

Other Revenues

- ***Adult Use Marijuana.*** As previously noted, the Governor's budget assumes \$21.8 million in new revenues from establishing an adult use marijuana program. This includes new revenues totaling \$21.1 million splitting retail sales revenues, net of wholesale procurement costs, among the contractors, municipalities and the state, as well as \$0.7 million from licensing fees for three new industries and certain employees associated with these activities. The proposed revenue split would be 29.0 percent to retail contractors, 10.0 percent to municipalities, and the state would retain the remaining 61.0 percent, to be deposited as general revenues. The proposal assumes that retail sales begin March 2021, and revenues annualize to about \$40.0 million.
- ***Administrative Fee on Pass-Through Taxes.*** The Governor's budget assumes \$0.8 million in new revenues retaining a 2.0 percent administrative fee from pass-through taxes collected on behalf of, and distributed to municipalities, including the Real Estate Conveyance Tax. The budget assumes a July 1, 2020 start date and appears to only assume application to the meals and beverage and hotel taxes.
- ***Infrastructure Bank.*** The Governor proposes that the Rhode Island Infrastructure Bank transfer \$5.0 million to state general revenues by June 30, 2021. The Governor also proposes to transfer \$8.9 million of bond premiums issued to the Bank for the Municipal Road and Bridge Fund to state general revenues in FY 2020. The enacted budget also includes a \$4.0 million transfer from Infrastructure Bank sources by June 30, 2020.
- ***Rhode Island Housing.*** The Governor proposes that Rhode Island Housing transfer \$1.1 million to state general revenues by June 30, 2021. Furthermore, Rhode Island Housing is directed to use up to half of the existing funding held in reserve for Department of Behavioral Healthcare, Developmental Disabilities and Hospitals' programs to support the creation or preservation of lower cost housing options for individuals with behavioral healthcare needs or developmental disabilities rather than in-patient services. The enacted budget also includes \$1.5 million to state general revenues by June 30, 2020.
- ***Resource Recovery Corporation.*** The Governor proposes that the Rhode Island Resource Recovery Corporation transfer \$5.0 million to state general revenues by June 30, 2020 and another \$5.0 million to state general revenues by June 30, 2021.
- ***RI Health and Educational Building Corporation.*** The Governor proposes that the Rhode Island Health and Educational Building Corporation transfer \$1.0 million to state general revenues by June 30, 2021.
- ***Rhode Island Student Loan Authority.*** The Governor proposes that the Rhode Island Student Loan Authority transfer \$2.0 million to state general revenues by June 30, 2021.

- ***Narragansett Bay Commission.*** The Governor proposes that the Narragansett Bay Commission transfer \$2.0 million to state general revenues by June 30, 2021.
- ***Unexpended Bond Funds.*** The Governor proposes to transfer unexpended bond funds totaling \$0.3 million from two different Department of Environmental Management issuances to state general revenues by June 30, 2020. Of the excess funds, \$0.2 million is from the Non-Point Source Pollution Control bond issued in 1990 for one final storm water management project, and \$0.1 million from the Rocky Point Bond issued in 2010 that was used to acquire Rocky Point Park. The property was purchased and the transferred funds are all that remain from the bond.
- ***BHDDH Asset Forfeiture Funds.*** The Governor’s revised budget transfers \$500,000 from the unused asset forfeiture fund balance of \$523,278 in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals.
- ***Oil Spill Prevention, Administration and Response Fund.*** The Governor recommends transferring \$1.0 million of current reserves from the Oil Spill Prevention, Administration and Response Fund to state general revenues by June 30, 2020. The fund is supported by a fee collected on barrels of petroleum products received at marine terminals from vessels originating outside the state and deposited as restricted receipts.

There is also a separate proposal that doubles the fee from five to ten cents per barrel increasing collections by an estimated \$1.9 million deposited as restricted receipts. She also proposes expanding uses of the fund to pay for climate adaptation and resiliency projects and using \$1.1 million of the new collections for these projects.

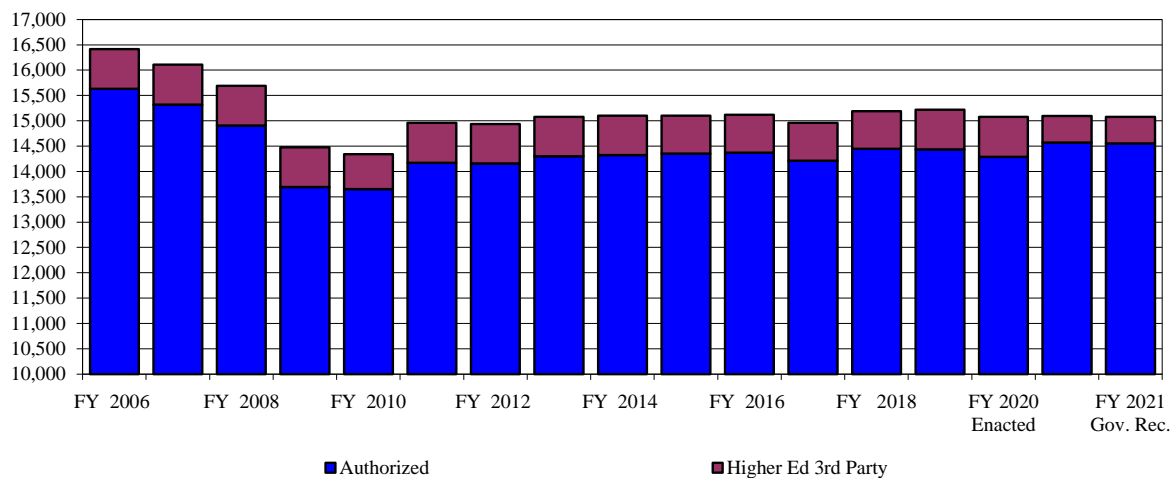
- ***Underground Storage Tank Trust Fund.*** The Governor proposes to transfer reserves of \$1.0 million from the Underground Storage Tank Trust Fund to state general revenues by June 30, 2020.
- ***Veterans’ Cemetery Fee.*** The Governor proposes increasing the fee on all non-veteran burials at the Rhode Island Veterans Memorial Cemetery. The Cemetery receives a federal plot allowance of \$796 for each veteran burial but does not for dependents. It currently collects a \$210 grave liner fee, which the Governor proposes to replace with a fee equal to the federal plot allowance. The Budget Office indicates that this is estimated to generate \$0.4 million of new revenue; however, the budget does not account for the revenues.
- ***Veterans’ Home Probate Collections.*** The Governor’s budget documents reference a proposal to collect the proceeds on open estate probates above \$15,000 for former residents of the Rhode Island Veterans’ Home. This is estimated to generate \$0.3 million in new revenue; however, the budget does not account for the revenues.
- ***Inmate Work Release.*** The Governor proposes changing the amount withheld from an inmate’s earnings for room and board from 30 percent of the gross income to 30 percent of the net income. This is expected to lead to higher program participation by inmates as they will be able to keep more of their earnings. This is estimated to generate \$18,800 in new revenues; however, the budget does not account for the revenues.

State Government Personnel and Staffing

The Governor recommends \$2,246.5 million for personnel expenditures and 15,074.7 full-time equivalent positions, including 523.8 higher education positions dedicated for research or supported by other third-party funds. The expenditures include salaries and benefits, as well as contracted services. The recommendation is \$63.2 million more than the enacted budget, including \$36.0 million more for salaries and benefits and \$27.2 million more for contracted services, of which \$9.2 million or approximately one-third is in the Department of Transportation.

The recommendation assumes the enacted level of staffing; however, this includes approximately 240 new positions and offsetting reductions. Among the staffing changes are 45.0 new positions in the Department of Transportation to carry out the Department’s plan to perform more operations in-house; 42.0 new positions in the Department of Health funded primarily from federal funds and restricted receipts; 40.0 new positions in the Department of Children, Youth and Families; 13.0 new positions relating to the adult use marijuana proposal in the Department of Business Regulation; 12.0 new positions for discharge planning and other programs in the Department of Corrections; and 9.0 new positions in the Department of Elementary and Secondary Education. These new positions and several others are offset by a reduction of 204.0 positions from the privatization of the state-run system for adults with developmental disabilities also known as Rhode Island Community Living and Supports.

Full-Time Equivalent Positions



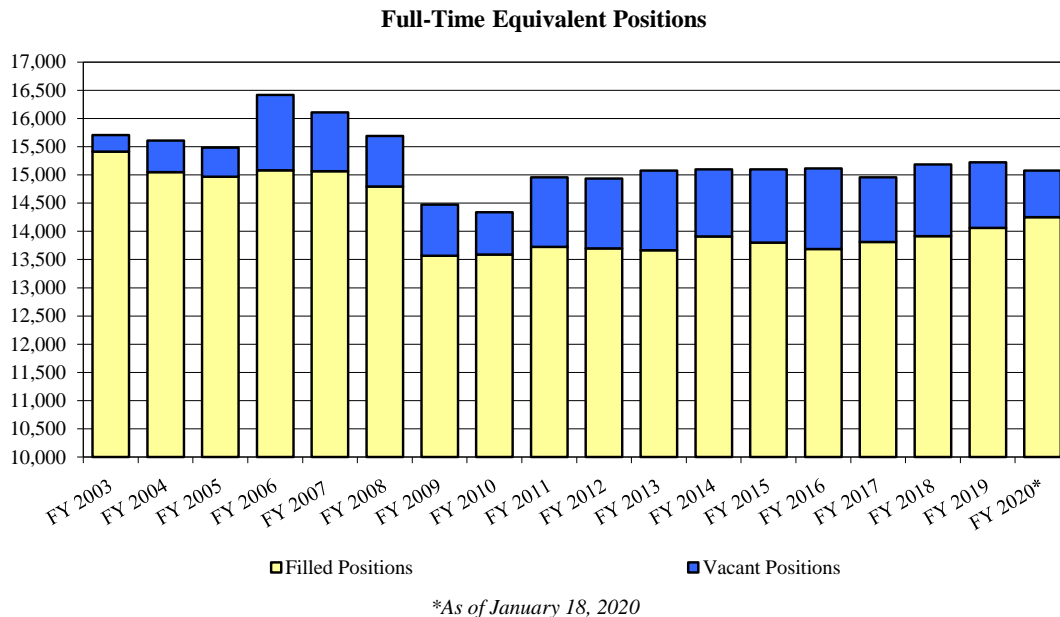
As of January 4, 2020, there were 14,209.3 positions filled, leaving 504.7 non-research vacancies. In FY 2019, the state averaged 14,062.1 filled positions, reflecting an average of 1,011.6 vacancies. In FY 2018, the state averaged 13,913.2 filled positions reflecting an average of 1,194.2 non-research vacancies.

For many years, the budget has also limited a certain number of higher education positions to those solely funded by third-party sources in response to requests from the higher education institutions to reduce constraints on their pursuit of outside research funding.

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

time from when an employee leaves state service and a new employee is hired at a lower cost or from when a department leaves a position vacant to achieve a certain level of savings.

The following chart shows averaged filled and authorized staffing levels from FY 2003 through FY 2019 and filled positions for FY 2020 as of January 18, 2020. Authorized levels peaked in FY 2006; however, filled positions peaked in FY 2003. A significant reduction to both authorized and filled positions is apparent in FY 2009, FY 2010 and FY 2011 resulting from a major surge of retirements in 2008 and severe constraints put on refilling the vacancies. Other significant issues during that period are noted below.



- Total filled positions peaked at 15,413.9 in FY 2003. Filled positions dropped by 365.3 to 15,048.6 in FY 2004 during which there was a hiring freeze.
- The increase in authorized positions during FY 2005 is the result of an additional 461.2 higher education positions that are dedicated for research or supported by other third-party funds.
- Total authorized positions peaked in FY 2006 from an additional 151.9 authorized positions, primarily from a new class of correctional officers at the Department of Corrections and new nursing programs at each of the colleges. However, filled positions remained consistent with prior years.
- During FY 2007, the Governor proposed initiatives including measures to encourage eligible individuals to retire, such as ending statutory status and payment for unused sick leave and revisions to accrued vacation leave, freezing longevity payments, shutting down government operations for two days, and establishing limited service positions. The Assembly did not concur with the proposals; however, it did reduce vacant general revenue funded positions, eliminating 419.4 vacant positions.
- The decline in both authorized and filled positions in FY 2009 resulted from changes to retiree health benefits included in Article 4 of 2009-H 5019, Substitute A, as amended. This change caused a significant number of state employees to retire. There were 14,917.8 filled positions on December 6, 2007, compared to December 8, 2009, when there were 13,302.1 filled positions.

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

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

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

The Governor recommended staffing of 15,426.5 full-time equivalent positions for FY 2019, 266.3 positions more than previously authorized for FY 2018. This added authorization for more than 300 new positions, offset by the elimination of numerous unidentified positions in several departments, notably the Departments of Administration, Public Safety and Transportation. The 2018 Assembly authorized FY 2019 staffing of 15,209.7 full-time equivalent positions, 49.5 positions more than enacted; however, it was 216.8 full-time equivalent positions less than recommended. This reflects the elimination of 160.0 vacancies to bring authorizations closer to funded staffing levels.

The FY 2020 recommendation was for 15,413.1 full-time equivalent positions, 203.4 more than FY 2019 enacted. The 2019 Assembly provided 15,074.7 positions for FY 2020, 338.4 fewer positions than the Governor’s original recommendation. The Assembly did not concur with numerous new positions recommended and eliminated 202.0 full-time equivalent vacant positions.

The Governor’s FY 2020 revised budget includes staffing of 15,095.7 full-time equivalent positions, 21.0 more than authorized for the Department of Children, Youth and Families. The recommendation for FY 2021 is consistent with the authorized level.

Personnel Costs

Personnel costs include both salaries and benefits and contracted services. Benefits include direct benefits to employees as well as assessed statewide employee benefits. Contracted services are services state government purchases by contract. The Governor’s personnel recommendation includes \$1,871.4 million for salaries and benefits and \$375.1 million for contracted services. These expenditures represent an increase of \$63.2 million or 2.9 percent from the FY 2020 enacted budget.

The recommendation includes \$1,871.4 million for salaries and benefits, an increase of \$36.0 million, or 2.0 percent. General revenue expenses for salaries and benefits increase by 3.2 percent and contracted services increase by 56.6 percent to reflect the restoration of general revenues for the Unified Health Infrastructure Project, for which settlement funds were assumed and the State Tax Administration and Revenue System, for which the enacted budget had assumed \$2.9 million from the Information Technology Investment Fund.

FY 2021 Recommended Excluding Internal Service Funds	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 626,740,350	\$ 187,602,953	\$ 50,862,694	\$ 374,523,654	\$ 1,239,729,651
Benefits	350,429,747	105,336,732	29,453,733	146,498,378	631,718,590
Total Salaries and Benefits	\$ 977,170,097	\$ 292,939,685	\$ 80,316,427	\$ 521,022,032	\$ 1,871,448,241
Contracted Services	90,949,451	184,335,644	68,276,820	31,522,275	375,084,190
Total Personnel	\$ 1,068,119,548	\$ 477,275,329	\$ 148,593,247	\$ 552,544,307	\$ 2,246,532,431

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

FY 2021 Recommended Including Internal Service Funds	General Revenues	Federal Funds	Restricted Receipts	Other Funds	Total
Salaries and Wages	\$ 626,740,350	\$ 187,602,953	\$ 50,862,694	\$ 411,585,250	\$ 1,276,791,247
Benefits	350,429,747	105,336,732	29,453,733	168,505,700	653,725,912
Total Salaries and Benefits	\$ 977,170,097	\$ 292,939,685	\$ 80,316,427	\$ 580,090,950	\$ 1,930,517,159
Contracted Services	90,949,451	184,335,644	68,276,820	44,627,883	388,189,798
Total Personnel	\$ 1,068,119,548	\$ 477,275,329	\$ 148,593,247	\$ 624,718,833	\$ 2,318,706,957

The 2017 Assembly adopted legislation authorizing internal service funds for centralized services including information technology, facilities management, and human resources. The legislation also requires that the Department of Administration report on a quarterly basis, starting with October 15, 2017, the fund activities, including breakdown by each department and agency. The report must be submitted to the Speaker of the House and President of the Senate with copies to the chairpersons of the House and Senate Finance Committees. As shown in the following table, the reports are often submitted late.

Fiscal Year	1st 10/15	2nd 1/15	3rd 4/15	4th 7/15
2020	10/31	1/17		
2019	2/19		5/21	9/13
2018	10/13	2/21	11/24	

It should be noted that the operations for information technology services, facilities management and human resources support total \$99.1 million for FY 2020; however, the amount of resources that the enacted budget assumes in agency budgets to support these operations total \$84.6 million, a difference of \$14.5 million; it is likely that charges to agencies will increase to support the level of services that are budgeted. In December 2019, the administration indicated that the rates for FY 2020 were finalized. The revised budget assumes expenditures of \$97.7 million to support the aforementioned programs; the amount assumed in agency budgets to support them total \$92.2 million, a difference of \$5.6 million. The finalized rates for FY 2020 have somewhat reduced the gap between expenditures and resources.

ISF Budgets	FY 2020 Enacted	FY 2020 Revised	Chg. To Enacted	FY 2021 Recommended	Chg. To Enacted	Chg. To Revised
Human Resources	\$ 14,847,653	\$ 13,381,939	-9.9%	\$ 13,937,328	-6.1%	4.2%
DCAMM Facilities	40,091,033	40,214,312	0.3%	42,849,110	6.9%	6.6%
Information Technology	44,113,005	44,127,512	0.0%	49,488,621	12.2%	12.1%
Total	\$ 99,051,691	\$ 97,723,763	-1.3%	\$ 106,275,059	7.3%	8.8%
Agency Budgets	\$ 84,594,596	\$ 92,156,067	8.9%	\$ 94,480,728	11.7%	2.5%
Difference	\$ (14,457,095)	\$ (5,567,696)	-61.5%	\$ (11,794,331)	-18.4%	111.8%

The Governor's FY 2021 budget includes the creation of an internal service fund for payroll processing. Certain personnel from the Office of Accounts and Control who perform payroll related duties would be transferred to Human Resources; the costs of the associated positions would be charged to user agencies. The budget assumes general revenue savings of \$0.3 million for three positions in the Office; however,

expenditures for them in the internal service fund budget are not included nor are they included in charges that would be billed to agencies. This will further impact billings for FY 2021.

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

It should be noted that the Governor's two previous program supplement budget publications showed all previously authorized non-classified positions in higher education as unclassified positions, resulting from an error in transitioning to a new budget system. This was identified two years ago and was corrected in this year's publication. Other issues remain with unclassified positions and their legal authority.

Employee status refers to an employee's protection during reorganizations or layoffs. When an employee is first hired, he or she may have temporary or probationary status, which provides the least protection. All employees that were hired prior to August 7, 1996, will have statutory status when reaching 20 years of state service. This means that the state is required to find a suitable position for that employee in the case of reorganizations or layoffs. For veterans, statutory status is acquired after 15 years of service. On January 29, 2020, the administration reported that there were 2,110 employees with statutory status, including 110 employees who were eligible through the veterans' provision.

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

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

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

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

- Range minimum: 7.6 percent higher than the market average minimum
- Range midpoint: 2.5 percent lower than the market average midpoint
- Maximum: 11.8 percent lower than the market average maximum

Health care insurance:

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

Retirement plan:

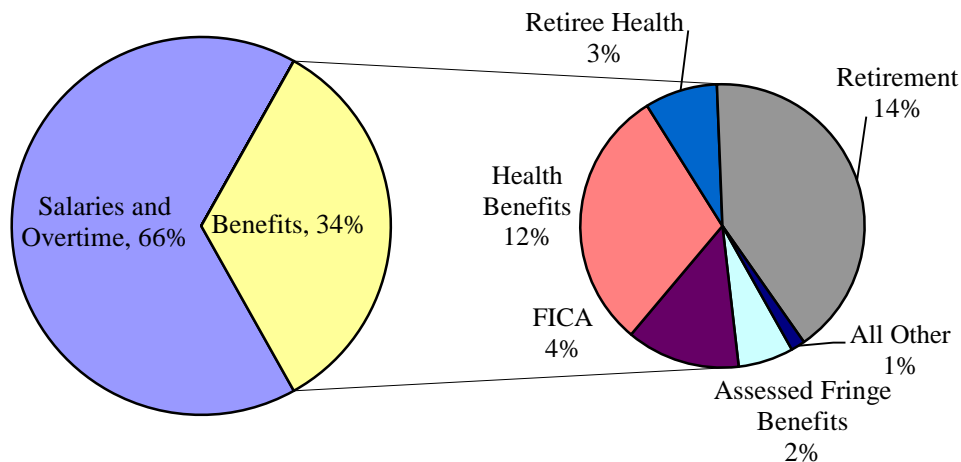
- On average, Rhode Island is 1.34 percentage points higher than the market for maximum employer contribution to the primary retirement plan

Paid leave:

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

Salaries and benefits make up 83.3 percent of total personnel costs. The following charts represent the total cost of salaries and benefits. The larger pie chart divides salaries and wages, including overtime and benefits. The smaller pie chart breaks out the percentage of each benefit type. Each of the items included in the graphic is described in further detail in the paragraphs that follow.

FY 2021 Recommended Salaries and Benefits



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

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

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

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

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

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

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

Excludes Troopers, RIBCO and some other smaller unions

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

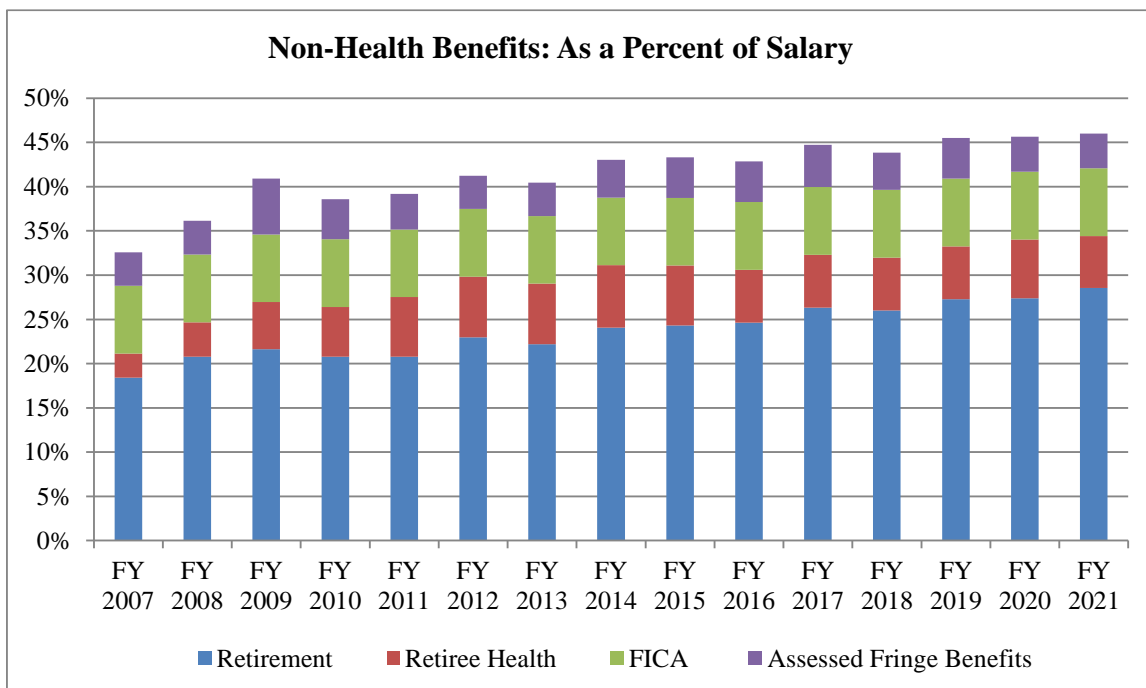
Overtime. Overtime accounts for 4.0 percent of total salary and benefit expenses. The majority of overtime expenses occur in the Department of Corrections for correctional officers, followed by the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Public Safety, Higher Education and Transportation.

Overtime - FY 2021 Recommended	
Corrections	30.2%
BHDDH	18.8%
Public Safety	12.1%
Higher Education	9.0%
Transportation	8.9%
Children, Youth and Families	8.6%
Human Services	7.0%
All Others	5.3%
Total	100%

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

The Governor’s revised budget assumes achieving \$582,912 of the \$1.0 million general revenue overtime savings included in the enacted budget for FY 2020 only. The FY 2021 recommended budget assumes additional savings of \$1.9 million from three new initiatives relating to overtime in the Department of Corrections and the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. These proposals are later discussed in this publication.

Benefits. Benefits include direct benefits to employees such as health, workers’ compensation and unemployment as well as unfunded liabilities for retirement and retiree health benefits. The following chart shows non-health benefits as a percent of salary from FY 2007 through FY 2021. In that 15-year period, the calculation increased from under 30 percent to over 45 percent. It is important to note that while FICA is part of the cost of a position, it is a federal requirement over which the state has no control. Each benefit is described in the paragraphs that follow. With the exception of health benefits, these are calculated as a percentage of salary and are approximately one-half of the total cost of a position.



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

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

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

The retirement rates are determined actuarially and under Rhode Island General Laws; they are certified annually by the State of Rhode Island Retirement Board. The Board's current policy is that the contribution rates determined by an actuarial valuation take effect two years after the valuation date. The Retirement System conducts an experience study every three years to evaluate the appropriateness of assumptions. The actuaries use the system's own experience where relevant and credible data is available. It uses population or general economic data such as inflation for other assumptions. The assumption changes are incorporated in future annual valuations that determine the rate required to support the defined benefit portion of the pension system. The System's actuaries conducted an experience study during the spring of 2017. As a result of that as well as an asset liability review conducted by the State Investment Commission, the Board approved new assumptions, including decreasing the investment return assumption from 7.5 percent to 7.0 percent as well as some other assumptions around inflation, wage growth and mortality. These changes have been included in the actuarial valuation that is effective for FY 2021.

The rate for FY 2019 was revised upward by 2.1 percent or 0.53 percentage points based upon the retirement incentive program the administration undertook in the fall of 2017, and described later in this report. The rates for FY 2021 as well as the previous seven years are shown in the table below.

Employer Contribution Rates - Regular Employees

FY	2014	2015	2016	2017	2018	2019	2020	2021
Rates	23.05%	23.33%	23.64%	25.34%	24.87%	26.28%	26.39%	27.54%

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

FICA. The Federal Insurance Contributions Act tax is a United States payroll tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. This applies to all employee groups except State Police. This rate is calculated on salaries and overtime; however, the Social Security portion has a salary limit. In calendar year 2020, the salary limit is \$137,700. There is no salary limit for the Medicare portion. The total rate is 7.65 percent, including 6.2 percent for the Social Security portion and 1.45 percent for the Medicare portion.

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

The fund ended FY 2015 with a deficit of \$1.9 million and surpluses of \$1.2 million in FY 2016 and \$6.2

million in FY 2017, largely due to a repayment for overpayments made for workers' compensation by the state. The FY 2018 enacted budget was based on an assessment of 4.2 percent for most employees. Based on projections related to the voluntary retirement incentive, which is described in greater detail later in this report, the Governor's FY 2019 recommended budget increased the assessment to 4.6 percent. This was subsequently revised downward to 4.4 percent based on more updated data.

Assessed Fringe Benefit Rate History

FY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
% of Salary	3.90	4.00	3.75	3.75	4.25	4.30	4.60	4.75	4.20	4.40	3.95	3.95

The rate of 4.20 percent previously planned for FY 2020 is now recommended at 3.95 percent. This also reflects savings from the plan to outsource the administration of the Workers' Compensation program. The FY 2020 revised as well as the FY 2021 recommended budgets assume the enacted rate of 3.95 percent.

The current rate for certain public safety personnel is 1.90 percent because these employees receive injured on duty benefits as opposed to workers' compensation. The rate for higher education faculty is 3.30 percent because they do not receive severance payments.

Health Benefits. All full-time state employees and certain part-time employees are eligible for health benefits, including medical, dental and vision through Blue Cross Blue Shield, effective January 1, 2020; and Delta Dental. Employees began contributing to the cost of this health care in 2005. At that time, some employees paid a percentage of salary, depending on salary range, and some employees paid 5.0 percent of the cost of the health plans. Currently, an employee's contribution is a percent of plan cost depending on his or her salary and the type of plan chosen.

Gross Cost	Individual Plans	Family Plans
<i>Medical</i>		
Anchor Choice	\$ 7,133.00	\$ 19,998.00
Anchor	\$ 7,185.00	\$ 20,143.00
Anchor Plus	\$ 7,688.00	\$ 21,552.00
<i>Dental</i>		
Anchor Dental	\$ 410.00	\$ 1,061.00
Anchor Plus	\$ 459.00	\$ 1,190.00
Anchor Platinum	\$ 530.00	\$ 1,373.00
<i>Vision</i>		
Anchor Vision	\$ 60.00	\$ 167.00
Anchor Vision Plus	\$ 86.00	\$ 238.00

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

The following table shows the cost of health benefits and the state employee co-shares for 2020 for both individual and family plans.

2020 Calendar Plan Year Per Employee	Below \$53,498		\$53,498 - \$102,840		Over \$102,840	
	Individual	Family	Individual	Family	Individual	Family
Total Cost of Benefits ¹	\$ 8,233	\$ 22,980	\$ 8,233	\$ 22,980	\$ 8,233	\$ 22,980
% of Premium: State	80.0%	85.0%	80.0%	80.0%	75.0%	75.0%
Annual Cost to State	\$ 6,586	\$ 19,533	\$ 6,586	\$ 18,384	\$ 6,175	\$ 17,235
% of Premium: Employee	20.0%	15.0%	20.0%	20.0%	25.0%	25.0%
Annual Cost to Employee	\$ 1,647	\$ 3,447	\$ 1,647	\$ 4,596	\$ 2,058	\$ 5,745

¹Based on Anchor Plus Plans

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

Weighted Average	FY 2020 Enacted	FY 2020 Rev. Planning	FY 2020 Gov. Rev.	Gov. Rev. to Planning	FY 2021 Planning	FY 2021 Gov. Rec.	Gov. Rec. Planning
Medical	\$ 17,822	\$ 17,223	\$ 16,821	\$ (402)	\$ 18,084	\$ 17,259	\$ (825)
Dental	815	797	813	16	797	852	55
Vision	130	124	127	3	126	133	7
Total	\$ 18,767	\$ 18,144	\$ 17,761	\$ (383)	\$ 19,007	\$ 18,244	\$ (763)

As shown in the table above, in July 2019, agencies were instructed to use a revised planning value of \$18,144 for FY 2020 and \$19,007 for FY 2021. The FY 2021 planning values are \$863 or 4.8 percent more than the revised planning amount. The final actual rates were lower than estimated in the planning values. In the revised recommended budget, they are \$383 or 2.1 percent less than previously planned and \$763 or 4.0 percent less for FY 2021. The Governor's revised budget includes medical benefit savings of \$2.7 million from all sources, including \$1.7 million from general revenues from updating the medical rates. The FY 2021 recommendation includes \$5.8 million in savings from lower than expected rates, of which \$3.5 million is from general revenues.

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

Total Costs. The total cost examples for two employees who have salaries of \$50,000 and \$100,000, respectively, and a family health plan in FY 2021 is displayed in the following table.

Cost of a Position - FY 2021 Recommended					
	Expense		% of Salary		
Salary	\$	50,000			\$ 100,000
FICA	\$	3,825	7.65%	\$	7,650
Assessed Fringe		1,975	3.95%		3,950
Retiree Health		2,935	5.87%		5,870
Retirement		14,270	28.54%		28,540
Subtotal	\$	23,005	46.01%	\$	46,010
Health Benefits*	\$	22,980	Family Plan	\$	22,980
Total Co-Share*		(4,596)	20.00%		(5,745)
Subtotal Benefits	\$	41,389	82.78%	\$	63,245
Total Cost	\$	91,389		\$	163,245

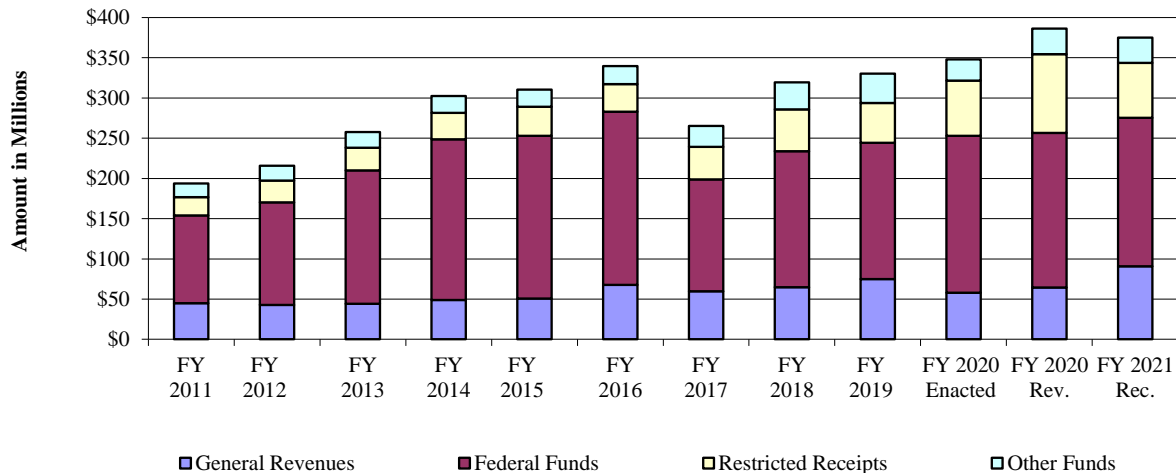
*Based on Anchor Plus Plans

Contracted Services. Contracted services make up the remaining 16.7 percent of personnel costs. The enacted budget includes \$375.1 million for expenditures the state classifies as contracted services, often

referred to as consultants. These expenditures reflect the compensation paid for the services of non-employee individuals or firms and include payments to professional practitioners and other independent contractors who sell their services. These exclude expenses through internal service funds of \$10.9 million and \$15.6 million in FY 2020 and FY 2021, respectively.

By fund source, 49.1 percent of the expenses are supported by federal grants and 24.2 percent are funded from general revenues. The Executive Office of Health and Human Services, the Department of Elementary and Secondary Education and the Department of Transportation account for more than a half of these expenses from all sources.

Contracted Services, FY 2011 to FY 2021



The chart above shows the costs of contracted services from FY 2011 through the Governor’s FY 2021 recommendation. The significant increases in FY 2012 and FY 2013 are mostly as a result of Race to the Top funds in the Department of Elementary and Secondary Education’s budget. The Department was awarded \$75.0 million to spend over four years. The FY 2013 and FY 2014 budgets also include over \$50 million from federal funds for the implementation of the Affordable Care Act.

The FY 2017 final budget included \$324.9 million for contracted services and actual expenditures were \$265.2 million, \$59.7 million less than appropriated. This reflects the agreement the state had with the main system’s contractor, Deloitte, to delay infrastructure costs for the Unified Health Infrastructure Project until system issues have been addressed. The FY 2018 final budget included \$316.7 million for contracted services and actual expenditures were \$319.4 million, \$2.6 million above the final appropriation.

The Governor’s revised recommendation of \$366.4 million for FY 2019 was \$86.2 million more than enacted. This included approximately \$57 million for expenses related to the Unified Health Infrastructure Project. The FY 2020 recommendation was \$6.1 million less than the revised budget. The 2019 Assembly provided \$365.2 million in the FY 2019 final budget, including \$73.0 million from general revenues. Reported expenditures were \$35.1 million below the final budget from all sources; however, general revenue expenditures were \$1.8 million above the final appropriation, primarily for Unified Health Infrastructure Project related expenses.

Last year, the Governor’s recommended budgets included \$14.0 million for FY 2019 and \$20.4 million for FY 2020 from Deloitte Settlement funds in the Executive Office of Health and Human Services, Department of Human Services and HealthSource RI’s budgets to offset general revenue costs for the project. A settlement was reached in April that included a \$50 million payment. As of early June, federal approval of the new contract and the state’s proposal to maintain use of all settlement funds was still

pending. The Assembly shifted the use of any settlement funds from FY 2019 to FY 2020 and reduced general revenues in FY 2020; it provided \$347.9 million for FY 2020.

The Governor includes FY 2020 revised expenditures of \$386.2 million, which is \$38.3 million more than enacted; the recommendation for FY 2021 of \$375.1 million is \$27.2 million more than enacted and is \$11.1 million less than the revised recommendation. General revenue expenditures are \$6.3 million and \$32.9 million more in FY 2020 and FY 2021, respectively, than enacted to primarily offset the loss of one-time restricted receipts from the Deloitte settlement. The recommendation includes additional expenditures for the Medicaid claims processing system and restoring general revenue expenditures for the taxation administration system, for which the enacted budget had assumed \$2.9 million from the Information Technology Investment Fund.

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

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

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

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

Governor Chafee included legislation in Article 17 of his recommended FY 2015 budget that increased the threshold from \$100,000 to \$150,000 and required that the reporting be annually submitted to the Budget Office electronically. The legislation requires that the Budget Office electronically post all contracts and reports online using the state's transparency portal or an equivalent website no later than December 1 of each year. The Assembly concurred and included the legislation in Section 4 of Article 9 of 2014-H 7133, Substitute A, as amended. Despite the change, the current administration was not in compliance with this requirement. At the Personnel Issues Hearing on April 4, 2018, the Director of Administration pledged to be in compliance with this reporting requirement. Since then, reports for FY 2015 through FY 2019 have been posted on the state's transparency portal.

RIGL 37-2.3-1. The 2006 Assembly adopted legislation requiring agencies to list all privatization contracts as part of the budget request when obtaining services that are substantially similar to work performed by regular employees of the department, commission, board, council or agency starting in FY 2009. The list must contain the name of the contractor, duration of the contract and costs of previous, current and

upcoming years. Agencies must also include a summary of contracted private employees for each contract, reflected as full-time equivalent positions and their hourly wage rate.

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

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

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

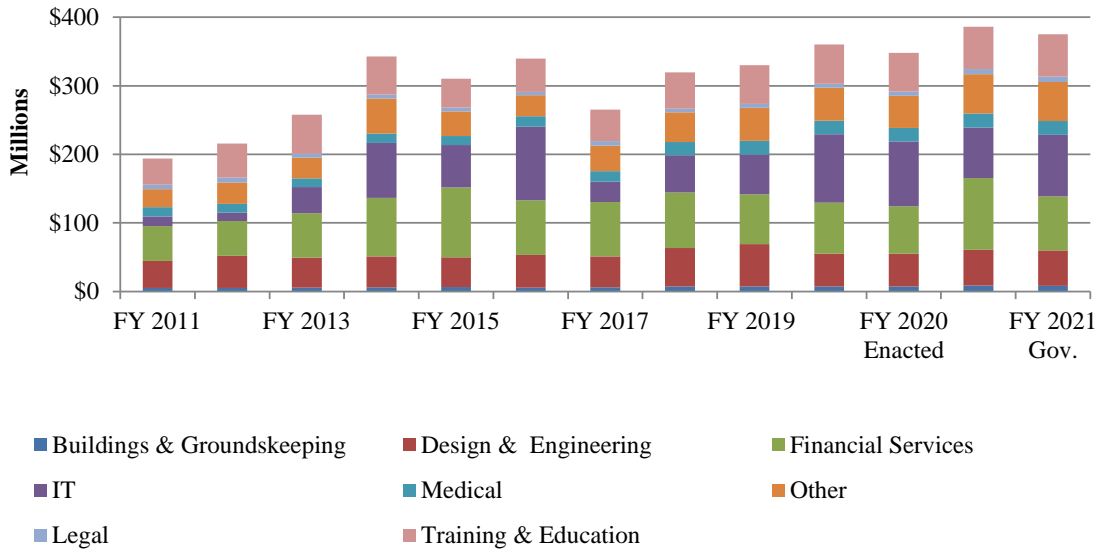
Governor Chafee included legislation in Article 17 of 2014-H 7133 to repeal this, in conjunction with modifying a similar requirement. The Assembly concurred.

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

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

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

Contracted Services



The table above shows the types of services provided by outside contractors from FY 2011 to FY 2021. The majority of the expenditures are for information technology and financial services. The smallest areas of spending are legal services and buildings and groundskeeping services.

FY 2021 Proposed Personnel Initiatives

The FY 2021 recommended budget assumes savings of \$1.9 million from three new initiatives relating to overtime in the Departments of Corrections and Behavioral Healthcare, Developmental Disabilities and Hospitals. Recommended overtime expenditures in both of these agencies total \$35.6 million, which accounts for approximately half of the recommended overtime expenditures statewide.

Overtime Savings Initiatives	General Revenues
DOC: Sick Leave Policy Enforcement	\$ (982,907)
DOC: Non-Correctional Officers	(612,376)
BHDDH: Eleanor Slater Hospital	(313,770)
Total	\$(1,909,053)

- Sick Leave Policy Enforcement.** The Governor’s budget assumes \$1.0 million from correctional officer overtime savings from stricter enforcement of sick leave use policies. The Department implemented new absenteeism policies beginning September 1, 2019, to ensure overtime is used properly. The most recent collective bargaining agreement between the Department and the Rhode Island Brotherhood of Correctional Officers mandates that sick leave with pay is allowed for personal illness or injury and may include 10 days of absence each year from illness in the immediate family of the employee.
- Non-Correctional Officer Overtime.** The Governor’s budget assumes overtime savings of \$0.6 million from a reduction in overtime for non-correctional officer staff within the Department of Corrections. The decision on whether or not a staff member should work overtime is made by the administrator in each instance, as required in the Department of Administration’s new overtime policy.
- Eleanor Slater Hospital.** The Governor’s budget includes general revenue savings of \$313,770 from enforcing sick leave use policies aimed at reducing fraudulent discharge and abuse of sick time at the state-run hospital.

Recent Compensation and Benefit Revisions

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

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

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

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

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

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

a maximum of 3.5 percent; currently it is only based on investment returns with a 4.0 percent maximum. It also increases the base used for cost-of-living calculations from \$25,000 to \$30,000 for current retirees.

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

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

- **Retiree Health Benefits.** The 2008 Assembly enacted legislation to change its provision of retiree health benefits from a pay-as-you-go system along with significant benefit reductions to future retirees effective October 1, 2008. Based on a recommendation in the Governor's FY 2009 revised budget, the 2009 Assembly enacted legislation to delay the move to a trust fund for two years. The trust fund was set up in FY 2011 and the state is now funding on an actuarial basis.

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

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

It should be noted that the federal "Cadillac" tax was scheduled to take effect in 2018 for plans deemed high cost. The tax would be 40.0 percent of the cost above federally established thresholds. While final regulations have not been issued, it is widely assumed that the threshold will be \$10,200 for an individual plan and \$27,500 for a family plan. The current pre-65 rate plan costs \$11,300 for an individual plan and \$31,500 for a family plan. In January 2018, Congress again delayed the start of the tax to 2022. In December 2019, Congress repealed the tax.

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

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

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

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

Governor Raimondo proposed legislation in her FY 2016 budget to freeze longevity payments currently expressed as a percent of salaries, at the amount earned by an employee as of June 2015, or the last pay period prior to the expiration of applicable collective bargaining agreements, whichever occurs later. It also excluded longevity from an employee's base rate salary, which means longevity will not grow with other raises. She subsequently requested an amendment to rescind this proposal. The Assembly retained current law.

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

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

Distribution of Positions

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

For many years, the budget has also limited state employees whose funding is from non-state funds that are time limited to receive appointments limited to the availability of the non-state funding source. The Governor’s recommendation removes this requirement.

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

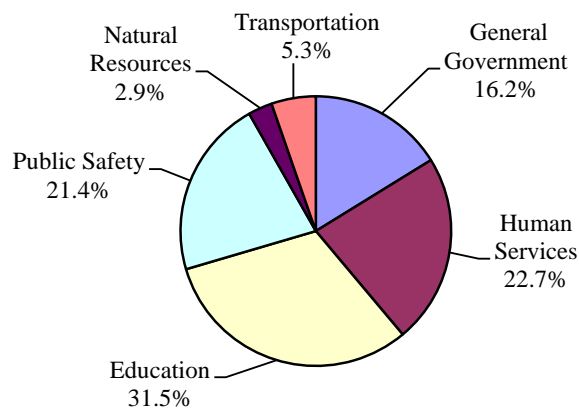
The 2017 Assembly adopted legislation in Section 6 of Article 5 of 2017-H 5175, Substitute A, as amended, requiring that the Personnel Administrator or any director of a department to file a written report with the Speaker of the House, the Senate President and the chairpersons of the House and Senate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

The following is a brief summary of the distribution of positions by function. A description of the position changes from the FY 2020 enacted budget follows. Most of the positions in state government are in the education and human services functions, which together account for 54.3 percent of all positions.

Changes to Enacted	Gen. Gov't.	Human Services	Education	Public Safety	Natural Res.	Transp.	Total
<i>FY 2020 Enacted</i>	2,406.9	3,556.6	4,742.2	3,190.0	424.0	755.0	15,074.7
New Positions	48.0	92.0	10.0	35.0	11.0	45.0	241.0
Program Reduction	-	(205.5)	-	-	-	-	(205.5)
Unidentified Program Changes	(10.0)	0.5	-	(1.0)	-	-	(10.5)
Vacancy Reduction	(6.0)	(17.0)	-	(2.0)	-	-	(25.0)
<i>Total Change to Enacted</i>	32.0	(130.0)	10.0	32.0	11.0	45.0	-
FY 2021 Recommended	2,438.9	3,426.6	4,752.2	3,222.0	435.0	800.0	15,074.7

The Governor includes 2,438.9 full-time equivalent positions for general government agencies, 16.2 percent of the distributed positions. This is 32.0 positions more than authorized to primarily reflect new positions in the following areas: adult use marijuana, information technology, workplace fraud, and taxation.

Staffing by Function



The budget provides 3,426.6 full-time equivalent positions for human services, or 22.7 percent of all distributed positions. This is 130.0 fewer positions than enacted to primarily reflect 75.0 new positions,

offset by a reduction of 204.0 positions from the privatization of the state-run system for adults with developmental disabilities also known as Rhode Island Community Living and Supports.

The budget includes 4,752.2 full-time equivalent positions for education, 31.5 percent of all distributed positions. This is 10.0 positions more than the FY 2020 enacted budget.

There are 3,222.0 full-time equivalent positions for public safety agencies, 21.4 percent of all distributed positions. This is 32.0 positions more than the FY 2020 authorized level for discharge planning, firefighters and other program changes.

The budget includes 435.0 full-time equivalent positions for natural resources agencies, 11.0 more than enacted.

The budget includes 800.0 full-time equivalent positions for transportation, 45.0 more than enacted for construction related projects and maintenance.

Program Changes to FY 2020 Enacted Staffing Levels

Administration. The Governor recommends FY 2021 staffing of 652.7 full-time equivalent positions, 5.0 more than enacted; however, this appears to include numerous new positions that are offset by unidentified positions to reconcile the allocation to the recommended level. The new positions include a real estate portfolio manager in the Division of Capital Asset Management and Maintenance; 2.0 new positions in the Information Technology Internal Service Fund, including a systems support technician and an administrator management information systems. The recommendation includes two information technology manager positions to oversee the Enterprise Resource Planning System for human resources, information system, payroll, finance and a grants management system. It includes two new positions in Central Management and several others in the Office of Management and Budget.

The 2019 Assembly included legislation in Article 1 requiring that 417.0 of the authorized amount would be for positions that support internal service fund programs; the Governor's recommendations increase this amount to 427.0 positions in both years.

Business Regulation. The Governor recommends FY 2021 staffing of 171.0 full-time equivalent positions, 10.0 positions more than authorized. This includes eliminating six current vacancies, offset by 1.0 new position for Insurance Regulation, 2.0 new positions for the Office of the Health Insurance Commissioner and 13.0 new positions for the Office of Cannabis Regulation.

Executive Office of Commerce. The Governor recommends 15.0 full-time equivalent positions for FY 2021, including 1.0 new deputy secretary as part of the proposed restructuring of the state's housing policy.

Labor and Training. The Governor recommends 395.7 full-time equivalent positions for FY 2021, or 5.0 positions more than enacted. This includes 4.0 full-time equivalent positions to enhance the workplace fraud unit and increase associated collections, and one position to work with the Department of Corrections as part of a new post-release employment initiative.

Revenue. The Governor recommends staffing of 611.5 full-time equivalent positions for FY 2021, 9.0 more than authorized. This includes a legal position in the Director's Office, three new positions in the Division of Taxation, including one supported by individual mandate restricted receipts, and provides additional funding to fill existing positions to enhance outreach and compliance with new revenue proposals. The recommendation also includes five new positions in the Division of Motor Vehicles, three for the transfer of Commercial Driver's License testing from the Community College of Rhode Island, and two positions to enforce inspection violation collections.

Public Utilities Commission. The Governor recommends 54.0 full-time equivalent positions for FY 2021, 2.0 more than enacted, including 1.0 engineer to assess the infrastructure of utility companies, and 1.0 public utilities analyst.

Executive Office of Health and Human Services. The Governor recommends 201.0 full-time equivalent positions for FY 2021, 15.0 more than enacted. This includes the transfer of 7.0 legal positions from the Departments of Health, Human Services, Children, Youth and Families, and Behavioral Healthcare, Developmental Disabilities and Hospitals. It also adds 4.0 administrative positions, 2.0 positions for the Unified Health Infrastructure Project and 2.0 positions for a new proposal to charge non-disabled Medicaid beneficiaries co-pays for certain services.

Children, Youth and Families. The Governor recommends 642.5 full-time equivalent positions for the FY 2020 revised budget, which is 21.0 more than enacted. This includes the elimination of 17.0 vacancies at the Training School based on population; these are offset by 38.0 new positions, including 28.0 in Child Welfare, 7.0 in Children's Behavioral Health and 3.0 in Central Management. The new positions include 14.0 foster care licensing personnel, 4.0 child protective investigators, 2.0 paralegals, and 1.0 contract manager. To the revised budget, she adds 2.0 chief human business officers and transfers 4.0 attorney positions to the Executive Office of Health and Human Services, for FY 2021 staffing of 640.5 positions.

Health. The Governor recommends FY 2021 staffing of 540.6 full-time equivalent positions, 41.0 more than enacted. This includes the transfer of one position to the Executive Office of Health and Human Services and 42.0 new positions for various programs relating to prescription drug overdose monitoring, food protection, lead poisoning prevention, adult use marijuana and others.

Human Services. The Governor recommends 1,037.1 full-time equivalent positions for FY 2021, which is 1.0 less than enacted to reflect a transfer of an attorney position to the Executive Office of Health and Human Services. The recommendation includes the enacted authorization of 252.1 full-time equivalent positions for the Office of Veterans Services and 31.0 positions for the Office of Health Aging.

Behavioral Healthcare, Developmental Disabilities and Hospitals. The Governor recommends 985.4 full-time equivalent positions for FY 2021, 204.0 less than enacted. The recommendation reflects the elimination of 204.0 positions from the state-run system for adults with developmental disabilities, 2.0 new positions in the Division of Behavioral Healthcare Services for the adult use marijuana initiative, the transfer of 1.0 legal counsel position to the Executive Office of Health and Human Services, a new 0.5 position in the Division of Developmental Disabilities and the elimination of 1.5 unidentified positions in central management.

Elementary and Secondary Education. The Governor recommends FY 2021 staffing of 334.1 full-time equivalent positions, which is 9.0 more than enacted, including 2.0 school construction positions to be funded from Rhode Island Health and Educational Building Corporation resources and 2.0 positions to support the Department's work to identify and implement high-quality curriculum funded from general revenues. It also includes 3.0 positions to support school systems, 1.0 position to oversee the PrepareRI program, and 1.0 position to support the state's prekindergarten program funded from general revenues.

Public Higher Education. The Governor recommends 4,396.3 full-time equivalent positions for FY 2021, 1.0 more than enacted for the Northern Rhode Island Higher Education Center to oversee its operations. The Governor's recommendation also shifts 265.0 third-party full-time equivalent positions to non-third-party positions for the University of Rhode Island. The separate authorization for third-party positions was first included in the FY 2004 budget as a way to provide more flexibility to the institutions around securing and staffing grants.

Office of the Attorney General. The Governor recommends 247.1 full-time equivalent positions for FY 2021, 8.0 more than authorized, including five new attorneys and three new paralegals.

Corrections. The Governor recommends 1,423.0 full-time equivalent positions for FY 2021, which is 12.0 more positions than authorized, including 7.0 positions to administer discharging planning services, 4.0 positions associated with an initiative to reduce off-site medical visits, 2.0 for job training to connect inmates with employers before release, and removes 1.0 unidentified position.

Military Staff. The Governor recommends 96.0 full-time equivalent positions for FY 2021, 4.0 more than authorized for National Guard programs. This includes 3.0 additional firefighter positions to bring the Military Staff into compliance with Department of Defense standards and 1.0 deputy director position.

Public Safety. The Governor recommends 598.6 positions for FY 2021, which is 5.0 positions more than authorized. This includes the elimination of two vacancies, offset by an additional 7.0 state police troopers that were hired in FY 2020 after graduating from the State Police Training Academy on June 28, 2019. The enacted budget had assumed only 30 new troopers would graduate from the Training Academy.

Public Defender. The Governor recommends 99.0 positions for FY 2021, which is 3.0 more than enacted for new attorneys.

Environmental Management. The Governor recommends 405.0 full-time equivalent positions for FY 2021, or 11.0 positions more than enacted. This includes 5.0 new environmental engineers to conduct permit review and 6.0 new positions in the Division of Parks and Recreation.

Transportation. The Governor recommends 800.0 full-time equivalent positions for FY 2021, which is 45.0 positions more than enacted. This includes 23.0 construction related positions, including civil and engineering technicians who would assist with inspection of all materials going to bridge or road construction or maintenance projects; 20.0 maintenance positions, including highway maintenance operators and bridge maintenance workers; a public relations specialist position, and an administrator for real estate.

Medicaid

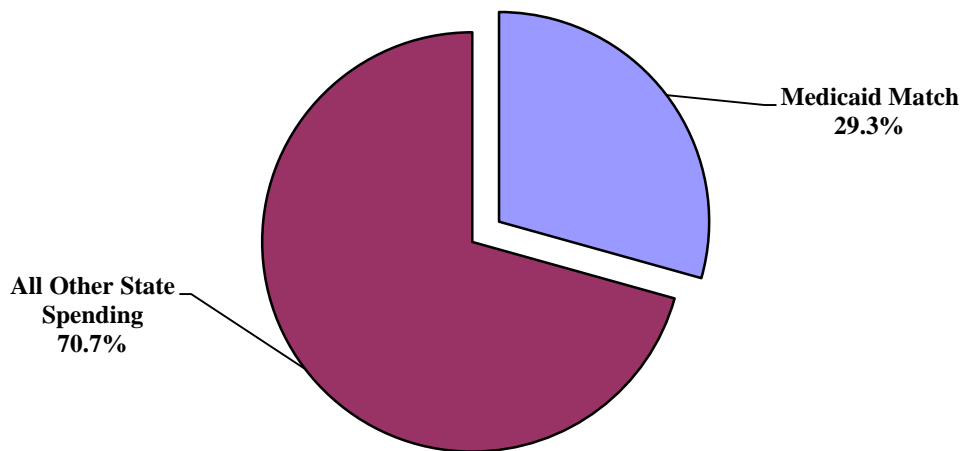
Medicaid is a health insurance program jointly funded by the federal government and the states to provide services to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. The federal government’s share of expenditures for most Medicaid services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

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

FY 2021 Recommendation	General Revenues	All Funds	% of Medicaid
EOHHS	1,003,809,808	\$ 2,640,437,142	83.3%
BHDDH	199,278,628	435,372,880	13.7%
Children, Youth and Families	29,964,347	62,931,004	2.0%
Human Services	12,302,754	29,666,063	0.9%
Health	1,001,302	3,206,932	0.1%
Total	\$ 1,246,356,839	\$ 3,171,614,021	100%

Medicaid as a Percent of the State Budget. Programs supported by Medicaid are 31.1 percent of total spending in the FY 2021 Governor’s recommended budget and 29.3 percent of spending from general revenues.

**FY 2021 State Medicaid Match vs
All General Revenue Spending**



The programs and recipients receiving Medicaid funded services are discussed separately in the pages that follow, including the state’s mandated coverage for these populations, the number of individuals receiving

services and the costs, as well as other optional services that the state provides through the health and human service agencies.

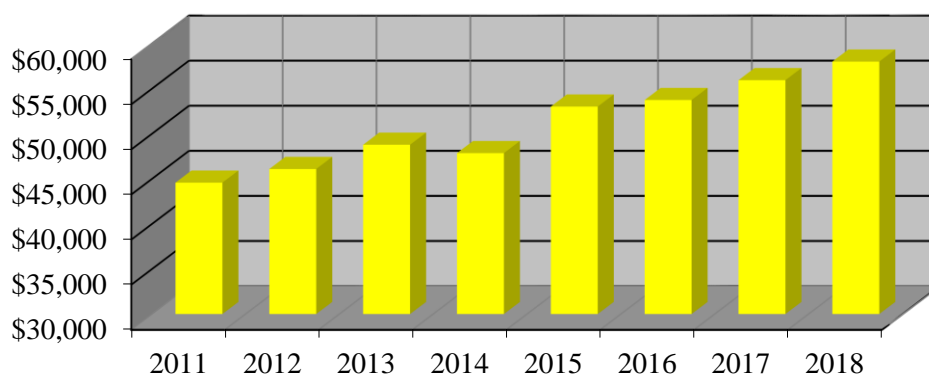
The 2012 Assembly concurred with the Governor’s FY 2013 budget recommendation to shift Medicaid benefits to the Executive Office of Health and Human Services from the Department of Human Services. The 2014 Assembly transferred Medicaid funded behavioral health services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office. The Executive Office’s budget also includes medical benefit expenses for children and youth in the care of the Department of Children, Youth and Families.

Reinventing Medicaid. On February 26, 2015, Governor Raimondo signed an executive order establishing the Working Group to Reinvent Medicaid comprised of Medicaid stakeholders to conduct a comprehensive review of the Medicaid program and make recommendations for short and long-term plans to transform the program. The Governor included \$92.3 million in savings in her recommended budget, including \$46.4 million from general revenues in the health and human service agencies from the initiative. The Assembly enacted the FY 2016 budget with a majority of the proposals. A majority of the savings, \$71.0 million, were from a reduction to rates paid to hospitals, nursing facilities and the managed care plans and there were other proposals that were never implemented.

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

By law, the Medicaid rate cannot be lower than 50 percent or higher than 83 percent. The federal contribution to any state’s administrative costs for Medicaid services is set at 50 percent. The following chart shows the state’s per capita income for the previous eight calendar years. The FY 2021 rate is based on 2016 through 2018 data. The per capita income data is released by the federal Bureau of Economic Analysis and is used by the federal government to calculate each state’s Medicaid reimbursement rate.

State of Rhode Island Per Capita Personal Income



The following table includes the Rhode Island Medicaid rates used from FY 2016 through the projected FY 2021 rate. Enhanced rates were authorized as fiscal relief to states affecting FY 2008 through FY 2011. Since the Medicaid rate is published for the federal fiscal year that starts on October 1, the state uses a blended rate for its fiscal year. For example, Rhode Island’s FY 2021 projected rate is based on one quarter of the federal fiscal year 2020 rate and three quarters of the federal fiscal year 2021 rate resulting in the different rate for budgetary purposes.

Medicaid Rates	FFY	SFY
2021	54.09%	53.81%
2020	52.95%	52.86%
2019	52.57%	52.29%
2018	51.45%	51.34%
2017	51.02%	50.87%
2016	50.42%	50.32%

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

The Affordable Care Act increased the already enhanced rate by another 23 percentage points until FFY 2020 when it was lowered 11.5 extra points. The regular enhanced rate returns in FFY 2021. The FFY 2020 rate is 78.57 percent and staff has estimated that the rate for FFY 2021 and FFY 2022 will be 67.07 percent, based on the current state enhanced Medicaid rate for FFY 2020.

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

The Patient Protection and Affordable Care Act of 2010. On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act of 2010, commonly referred to as the Affordable Care Act, which provided for national health care reform. That was immediately followed by him signing a package of amendments called the Health Care and Education Reconciliation Act of 2010.

The Act required most citizens and legal residents to have health insurance by January 1, 2014, or pay a tax penalty, and expanded Medicaid coverage to individuals and families up to 138 percent of the federal poverty level; the threshold is 133 percent, but the Act includes a 5 percent disregard, essentially making the Medicaid eligibility threshold 138 percent. The Tax Cuts and Jobs Act of 2017 repealed the individual mandate to purchase health insurance, but did not make any changes to the expansion program.

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

The Affordable Care Act allows young adults to remain on a parent’s or guardian’s health plan until age 26; this provision became effective September 23, 2010. Regulations state that young adults are eligible

for this coverage regardless of any of the following factors: financial dependency, residency with parent, student status, employment or marital status. The law does not require that a plan or issuer offer dependent coverage, but that if coverage is offered, it must be extended to young adults up to age 26. Rhode Island requires insurance plans that cover dependent children to cover unmarried dependent children until age 19, or until age 25 if a student. If the dependent child is mentally or physically impaired, the plan must continue coverage after the specified age. This provision remains in current law.

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

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

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

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

Final FY 2017 expenses were \$453.9 million, including \$25.4 million from the state match. For FY 2018, those expenses were \$453.9 million, of which \$25.4 million is from general revenues, and FY 2019 totaled \$488.1 million, of which \$30.9 million is from general revenues. The FY 2020 enacted budget includes \$483.1 million, of which \$442.1 million is from federal funds and \$41.1 million is from general revenues. The Governor’s revised budget includes \$470.6 million, of which \$40.1 million is from general revenues and \$462.1 million, of which \$46.2 million is from general revenues, for FY 2021. The program’s out-year estimates, including the state match, are shown in the following table.

Medicaid Expansion		
FY	General Revenues	All Funds
2019	\$ 30.9	\$ 488.1
2020	\$ 41.1	\$ 470.6
2021	\$ 46.2	\$ 462.1
2022	\$ 47.1	\$ 471.2
2023	\$ 48.1	\$ 481.1
2024	\$ 49.2	\$ 492.0
2025	\$ 50.3	\$ 503.0

\$ in millions

HealthSource RI. In September 2011, Governor Chafee issued an executive order to establish the Rhode Island Health Benefits Exchange, renamed HealthSource RI, the marketplace for purchasing health insurance, known as the Exchange. The 2015 Assembly enacted Article 18 of 2015-H 5900, Substitute A, as amended, to establish the Health Benefits Exchange into general law as a division within the Department of Administration. It authorizes HealthSource RI to operate a state-based exchange to meet the minimum requirements of the federal act. It authorizes an assessment be charged by the Department, which cannot be more than the revenues that would be raised through the federally facilitated marketplace upon those insurers offering products on the exchange. The assessment is estimated to generate \$7.1 million budgeted for FY 2020 and \$7.6 million for FY 2021. The budget also includes \$2.3 million from general revenues to be used in conjunction with the revenues from the assessment for the operations of HealthSource RI.

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

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

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

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

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

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

Reinsurance Program. The 2019 Assembly concurred with the Governor's proposal to establish a Reinsurance Program, which is envisioned to provide stability in the individual insurance market; legislation is contained in Article 11 of 2019-H 5151, Substitute A, as amended. It imposes a shared responsibility payment penalty for individuals who do not have health insurance coverage, with certain exemptions and is effective on January 1, 2020. For federal tax year 2017, the penalty per household was \$695 per adult and \$347.50 per child under 18 or 2.5 percent of the household's income; however, the penalty was capped at the national average premium for bronze level plans. It mirrors the federal penalty, with the exception of capping the penalty at the statewide average premium for bronze level plans offered

on the state's health benefits exchange. This currently equates to \$2,388. The collections from tax year 2017 were approximately \$11.0 million.

The penalty will be collected by the tax administrator and deposited into a restricted account titled the Health Insurance Market Integrity Fund. The funds will be used to provide reinsurance or payments to health insurance carriers, as a means of ensuring that premiums do not increase drastically, and for administrative costs. Remaining funds from the penalty can be used for preventative health care programs in consultation with the Executive Office of Health and Human Services. The legislation prohibits the use of general revenues for reinsurance payments. The Governor's budget assumes \$9.6 million will be received from the Shared Responsibility Payment penalty of which \$8.3 million will be used to make payments to health insurance carriers and \$1.3 million is for administrative expenses.

Health System Transformation Program. The 2015 Assembly enacted Section 10 of Article 5 of 2015-H 5900 Substitute A, as amended, for the hospital and nursing facility incentive programs and authorized the Secretary of Health and Human Services to seek the federal authority required to implement a hospital and nursing home incentive program. The program provided participating hospitals and nursing facilities the ability to obtain certain payments for achieving performance goals established by the Secretary.

The 2016 Assembly included Section 9 of Article 7 of 2016-H 7545 Substitute A, as amended, to seek federal authority to fund the Rhode Island Health System Transformation Program and the Designated State Health Programs to seek Medicaid match through a health workforce development partnership with the University of Rhode Island, Rhode Island College and the Community College of Rhode Island.

The state received approval on October 20, 2016 for a five-year grant totaling \$129.7 million for the Health System Transformation Project. The state, along with accompanying changes to its managed care contracts, will develop shared savings agreements between the managed care health plans and the certified affordable entities. The shared savings incentive programs are the Hospital and Nursing Home Incentive Program and the Accountable Entity Incentive Arrangement. The Executive Office spent \$7.0 million in FY 2017 in the Medical Assistance program for incentive payments to nursing facilities.

The second phase expanded opportunities through the Accountable Entities and the FY 2018 final budget included \$9.3 million for the administrative expenses. The Executive Office entered into the following financial arrangements: \$2.0 million for its investment in the Healthcare Workforce Transformation initiative in coordination with the three state institutions of higher education, University of Rhode Island, Rhode Island College and the Community College of Rhode Island, \$1.3 million for contracted evaluation and other oversight services through Conduent, and \$0.8 million for contracted staffing for project management, financial operations, analysis, evaluation and federal compliance.

The Assembly concurred with the Governor's proposal to establish a restricted receipt account in the general fund so that healthcare workforce development activities at the state's public institutions of higher education can receive the federal match that is available to the state's Medicaid program through its Executive Office of Health and Human Services' Designated State Health Program. The Governor includes \$39.5 million for program and administrative expenses for FY 2020 and \$60.8 million for FY 2021. The aggregate spend from FY 2017 to the FY 2021 recommendation totals \$140.0 million on programs and administrative expenses, which is \$10.3 million more than the award.

Unified Health Infrastructure Project. The state received approval from the Centers for Medicare and Medicaid Services in April 2015 to implement a nine-year, \$230.8 million project that includes \$162.6 million from federal funds including Medicaid, matched by \$50.6 million from general revenues. The project is a joint venture among the Executive Office of Health and Human Services, Department of Human Services, and HealthSource RI. That initial plan was subsequently increased to \$363.7 million, including \$79.0 million for the state match and would be a fully integrated system, RI Bridges, instead of two separate

systems for its human services eligibility, application and worker accessibility activities in the affected agencies as originally planned. This was in July 2015 and the system was to be operational one year later and in September 2016, the old system was shut down; the new system became operational.

There have been continuing concerns from the United States Department of Agriculture’s Food and Nutrition Service about the system’s functionality. To receive federal approval for matching funds, the state is required to submit its project plan quarterly until instructed otherwise by the federal government; the system is still not fully operational.

The most recent plan for FFY 2020 totals \$656.0 million, including \$154.0 million from general revenues. The state continues to be on a quarterly approval process. The FY 2020 enacted budget assumes the use of \$33.2 million from the Deloitte settlement to offset state expenses and \$16.8 million will be returned to the federal government. The Governor’s revised recommendation does not identify if the state share has changed or if there are any additional state costs. On February 12, the administration announced the final settlement that the state will retain \$30.0 million. It remains unclear how this impacts state support for the project. The following table includes spending from FY 2016 to FY 2019 as well as the FY 2020 enacted budget and the Governor’s recommendations.

Unified Health Infrastructure Project/Contact Center	General Revenues	Federal Funds	Deloitte Settlement Funds	Other Restricted/IT Fund & HealthSource RI	Total
FY 2016 through FY 2019*	\$ 41,279,437	\$ 209,915,048	\$ -	\$ 7,768,211	\$ 194,504,317
FY 2020 Enacted					
EOHHS	\$ 2,048,556	\$ 62,876,509	\$ 6,614,152	\$ -	\$ 71,539,217
DHS	(2,447,271)	12,270,554	24,714,185	-	34,537,468
HealthSource RI/Contact Center	-	-	1,914,836	2,059,952	3,974,788
Total	\$ (398,715)	\$ 75,147,063	\$ 33,243,173	\$ 2,059,952	\$ 110,051,473
FY 2020 Revised					
EOHHS	\$ 1,909,372	\$ 43,173,269	\$ 6,527,952	\$ -	\$ 51,610,593
DHS	(2,502,646)	12,104,456	24,714,185	-	34,315,995
HealthSource RI/Contact Center	-	-	1,914,836	1,992,959	3,907,795
Total	\$ (593,274)	\$ 55,277,725	\$ 33,156,973	\$ 1,992,959	\$ 89,834,383
FY 2020 Governor Revised					
EOHHS	\$ (6,574,707)	\$ 40,657,950	\$ 26,937,365	\$ 1,600,247	\$ 62,620,855
DHS	2,047,842	10,781,067	21,970,869	-	34,799,778
HealthSource RI/Contact Center	-	-	1,091,766	3,278,043	4,369,809
Total	\$ (4,526,865)	\$ 51,439,017	\$ 50,000,000	\$ 4,878,290	\$ 101,790,442
FY 2021 Request					
EOHHS	\$ 10,162,054	\$ 44,673,286	\$ -	\$ -	\$ 54,835,340
DHS	11,146,054	13,441,861	-	-	24,587,915
HealthSource RI/Contact Center	-	-	-	4,710,025	4,710,025
Total	\$ 21,308,108	\$ 58,115,147	\$ -	\$ 4,710,025	\$ 84,133,280
FY 2021 Governor Recommendation					
EOHHS	\$ 9,713,034	\$ 41,492,922	\$ -	\$ -	\$ 51,205,956
DHS	12,674,528	14,658,834	-	-	27,333,362
HealthSource RI/Contact Center	333,813	-	-	4,592,582	4,926,395
Total	\$ 22,721,375	\$ 56,151,756	\$ -	\$ 4,592,582	\$ 83,465,713

*Funding in EOHHS and DHS

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

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

As part of the Medicaid resolution language included in Article 13 of 2018-H 7200, Substitute A, as amended, the state has legislative approval to seek extension of the waiver. The following table includes the new benefits that were included in the extension and is in the Governor’s FY 2021 recommended budget.

Proposals Approved and Part of the Governor's Recommendation	
<i>Program</i>	<i>Explanation</i>
Covering Family Home Visiting Program	<ul style="list-style-type: none"> • Able to receive federal matching funds for evidence-based home visiting services for Medicaid eligible pregnant women and children up to age four who are at-risk for adverse health, behavioral, and educational outcomes • Aimed at improving maternal and child health outcomes, encouraging positive parenting, and promoting child development and school readiness

The next table shows proposals that have been approved but not included in the FY 2020 or FY 2021 budgets that impact youth and families.

Proposals Approved and Not Funded as Part of the Governor's Recommendations	
<i>Programs for Youth and Families</i>	<i>Explanation</i>
Facilitating Medicaid Eligibility for Children with Special Needs	<ul style="list-style-type: none"> • Eligibility category established for children who meet the SSI disability criteria, but whose household income & assets exceed the SSI resource limits, and who need care in a psychiatric residential treatment facility • Allows children who meet the SSI disability criteria and require care in a residential treatment facility to become Medicaid eligible and receive residential care without parents needing to voluntarily relinquish custody to the Department of Children, Youth and Families
Enhancing Peer Support Services for Parents & Youth	<ul style="list-style-type: none"> • Able to receive federal matching funds for peer mentoring services to children, youth, and young adults, and their families, who have complex behavioral health needs and are at risk of removal from the home due to child welfare or juvenile justice involvement, or who may need extended residential psychiatric treatment

The next table shows proposals that have been approved but not included in the FY 2020 or FY 2021 budgets that impact adults.

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

One aspect that did change was the process that the state has to adhere to in order to amend the waiver. Previously, the process was dictated by the nature of the change and identified as either a Category I, II or

III change. The following table shows each separate category, gives brief explanations and examples, and identifies whether or not Assembly approval is required.

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

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

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

Poverty Guidelines

The federal poverty guidelines are used for purposes of determining financial eligibility for certain state and federal programs, including several programs in state agencies under the Executive Office. The 2020 guidelines are shown in the following table.

Percent of Federal Poverty Level based on Annual Income								
Family Size	100%	133%	138%	150%	180%	185%	225%	250%
1	\$ 12,760	\$ 16,971	\$ 17,609	\$ 19,140	\$ 22,968	\$ 23,606	\$ 28,710	\$ 31,900
2	17,240	22,929	23,791	25,860	31,032	31,894	38,790	43,100
3	21,720	28,888	29,974	32,580	39,096	40,182	48,870	54,300
4	26,200	34,846	36,156	39,300	47,160	48,470	58,950	65,500
5	30,680	40,804	42,338	46,020	55,224	56,758	69,030	76,700
6	35,160	46,763	48,521	52,740	63,288	65,046	79,110	87,900
7	39,640	52,721	54,703	59,460	71,352	73,334	89,190	99,100
8	44,120	58,680	60,886	66,180	79,416	81,622	99,270	110,300

For families with more than 8 members, add \$4,480 for each additional member for the 100 percent calculation.

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

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

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

Medicaid Recipients

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

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

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

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

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

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

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

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

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

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

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

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

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

Medicaid - Benefits

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

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

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

**in millions*

The report typically included a breakdown of cost by mandatory and optional populations and mandatory and optional services. However, this has been excluded from the report since FY 2014. It was included in the report for FY 2013 spending, which is shown in the next table. The 2019 Assembly passed legislation that requires the Executive Office of Health and Human Services to include this information, as well as

administrative expenses, in its annual spending report for FY 2019 expenses to be submitted in the spring of 2020. The state spent \$1,785.0 million from federal and state funds on Medicaid services in FY 2013. Of this total, \$615.0 million, or 34.0 percent, was spent on mandatory services for mandatory populations.

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

\$ in millions

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

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

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

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

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

Medicaid Programs

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

Medical Benefits

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

The federal government allows states to provide medical benefits to individuals beyond the populations it mandates and that coverage is provided through Medicaid waivers. Rhode Island chooses to provide benefits to children whose family income is at or below 250 percent of poverty (for example, a family of four with an income that does not exceed \$60,625) and to parents if the family income is at or below 133 percent of poverty (for that same family of four, an income that is not above \$31,322). If a family's income is at or below 200 percent of poverty, the child (or children) would receive RItE Care benefits, but the parent (or parents) would not because the annual income is too high. The Centers for Medicare and Medicaid Services issued a ruling that requires states to use the new methodology mandated under the Affordable Care Act for verifying income that uses a family's modified adjusted gross income (MAGI) instead of family income with certain disregards.

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

RItE Share participants are eligible for RItE Care but have access to employer sponsored insurance for which the state pays monthly cost sharing requirements and deductibles. The 2019 Assembly added Section 7 of Article 13 of 2019-H 5151, Substitute A, as amended, that requires a plan be submitted by October 1, by

the Executive Office of Health and Human Services to identify Medicaid eligible individuals who have access to employer sponsored health insurance. Beginning January 1, 2020, the information is to be included in the medical assistance report. The objective is to increase enrollment in the lower cost benefit that enrolls Medicaid beneficiaries in employer sponsored insurance to levels that existed prior to the launch of the Unified Health Infrastructure Project which totaled approximately 8,400. The November 2019 caseload testimony reported enrollment of less than 4,000.

RIte Share Outreach and Reporting. As noted, prior to the September 2016 launch of the Unified Health Infrastructure Project (UHIP), there were 8,400 individuals covered through RIte Share compared to the 3,500 reported in March 2019. The Governor proposed in her FY 2020 budget recommendation a new fee for large employers whose workers were on Medicaid. The budget projected \$14.5 million in net revenue. There was testimony at the House Finance Committee hearing on this proposal that there were many instances where the employer was not aware that an employee was on RIte Care.

The Assembly rejected this proposal and required the state to revisit efforts to increase enrollment in the RIte share Program after noting that enrollment was less than half of what it was before the launch of UHIP. The FY 2020 enacted budget includes savings of \$2.4 million from increasing RIte Share enrollment and assumes an additional 2,000 individuals would get coverage.

The Assembly included Section 7 of Article 13 of 2019-H 5151, Substitute A, as amended, for the Executive Office to submit a plan by October 1, 2019 to revisit the existing RIte Share program to maximize enrollment and identifying who has access to other health insurance. After that, the Executive Office is required to submit the following information in its monthly medical assistance report starting January 1, 2020: the number of individuals with access to third party insurance, the number of plans that meet the cost effectiveness criteria, and the enrollment in RIte Share.

The January 2020 monthly report does not contain the required information. Instead it includes the number of individuals working over 30 hours, the number of employers with plans not meeting the cost effectiveness criteria and RIte Share enrollment. The report includes the following statement: *“The state does not have full ESI information for all employees in the state, and therefore cannot produce the number of Medicaid beneficiaries with access to ESI. The Governor’s recommended budget includes a provision to require for profit employers with more than 50 employees to provide this information to the state, so we could better meet this reporting requirement and improve enrollment in our RIte Share program.”*

It should be noted that under current law, RIte Share enrollment is a condition of eligibility for anyone over age 19, except in limited circumstances. If the state has approved an employer sponsored plan, the family is required to participate in RIte Share. If a family does not sign up for the employer sponsored health insurance, the adults will have their Medicaid eligibility terminated and any children will remain on RIte Care with the full Medicaid benefit.

The Governor’s FY 2021 recommended budget significantly changes the way the RIte Share program currently operates by having employers with at least 50 workers, excluding non-profits, submit employee-specific information to the Executive Office and Division of Taxation so a determination can be made if a Medicaid eligible individual has access to employer sponsored insurance. On a quarterly basis, an employer would also report which workers are no longer employed. An employer would submit data and enrollment reports for its workers and whether or not they are enrolled in the employer sponsored insurance. The employer would also have to notify the Executive Office when a new employee is offered insurance during an open enrollment period. The employer also would have to participate in an employer education and outreach campaign, and could not offer any financial incentives for an employee to turn down the offer of insurance. As the program currently operates, the RIte Share Unit’s three employees do the outreach and collect the information.

Any employer who does not comply in a timely manner would be assessed a \$2,500 penalty by the Division of Taxation; one who does comply at all or an employer who provides false information will be assessed a \$5,000 penalty. The Governor’s FY 2021 recommendation includes savings of \$19.0 million, including \$5.6 million from general revenues from increasing enrollment by approximately 19,000 individuals to 25,000.

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

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

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

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

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

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

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

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

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

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

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

Long Term Care Residential and Community Care Services

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

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

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

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

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

Residential Services and Other Programs

Mental Health Treatment Services. The state provides mental health treatment services through the Medicaid waiver. For Medicaid funded services, managed care organizations must adhere to the requirement of the Mental Health Parity and Addiction Equity Act of 2008 which was later amended by the Affordable Care Act.

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

Adults with Developmental Disabilities. States are mandated to provide Medicaid funded medical benefits to developmentally disabled adults who require a nursing home level of care and to those who are Supplemental Security Income recipients. The state operates a state-run system for about 120 adults with developmental disabilities and the remaining 3,800 individuals receive residential and community based services through a private developmental disability organizations. The Governor's FY 2021 recommended budget assumes the closure of the state-run system and a transfer of program recipients to the community based one.

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

For an individual to meet the *diagnostic* criteria, he or she must have mental retardation, defined as an intelligence quotient that is 70 or less, or another type of developmental disability. States have the ability to define developmental disabilities differently using a more expansive definition and consequently serve different populations. Rhode Island uses the expanded developmental disability definition. Section 40.1-21-4.3 of the Rhode Island General Laws defines a developmentally disabled adult as someone who is 18 years of age or older, not under the jurisdiction of the Department of Children, Youth and Families, and who is either a developmentally disabled adult or is a person with a severe, chronic disability.

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

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

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

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

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

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

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

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

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

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

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

Executive Office of Health and Human Services

The Executive Office of Health and Human Services is the umbrella agency for the four health and human service departments and each agency is analyzed separately in the *House Fiscal Advisory Staff Budget Analysis FY 2021*. The following table shows the services provided by population and the department that is responsible for the expenses.

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

Department of Justice Consent Decree

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

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

The consent decree has two fiscal components: a monitor and a trust fund. Charles Moseley from the National Association of State Directors of Developmental Disabilities Services has been assigned as the monitor. The consent decree stipulates the state payment to the monitor is not to exceed \$300,000 annually. The monitor is responsible for approving the training component of the consent decree related to career development and transition plans and will also approve outreach and education programs. The monitor will also conduct factual investigations and verification of data and documentation that is necessary to determine

if the state is in compliance with the consent decree. The monitor has reporting requirements that started on April 1, 2014 through April 1, 2015 and every six months (180 days) after that.

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

The state also had to create an employment first task force no later than May 1, 2014 that includes but is not limited to: the Community Provider Network of Rhode Island, the Paul V. Sherlock Center on Disabilities at Rhode Island College, the Rhode Island Disability Law Center, the Rhode Island Developmental Disabilities Council, the Rhode Island Parent Information Network, individuals with intellectual and developmental disabilities and parent and family representatives.

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

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

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

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

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

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

There is also a requirement that provider annual cost reports be submitted by the Department to the House and Senate fiscal advisors and the State Budget Officer by November 1st of each year. That information was submitted electronically in January 2020.

Mergers and Consolidations

Introduction

Merger and consolidation proposals have appeared regularly in budgets. The FY 1991 budget presented to the 1990 General Assembly listed 72 state agencies and departments. By contrast, the FY 2020 budget adopted by the 2019 General Assembly contains 38 state agencies and departments. The Governor's FY 2021 recommendation includes the same number, but reflects some proposed changes. Prior publications have included information back to 1991 and that can still be accessed in online publications.

FY 2021

RICLAS Transfer to Private Providers. The Department of Behavioral Healthcare, Developmental Disabilities and Hospitals operates a state-run residential system with the capacity to provide services to 140 adults with developmental disabilities. There are approximately 120 individuals receiving services in FY 2020 that include 23 group homes and two apartments. The Governor recommends that these operations be transferred to the private agencies that provide residential and community based day and employment services to about 3,800 individuals, as well as day services to 60 individuals in the state-run system. The Governor's FY 2021 recommendation lowers the Department's staffing authorization by 204.0 full-time positions to account for this change.

State Housing Policy and Planning Restructuring. The Governor's budget eliminates the 28-member Housing Resources Commission and its related four member coordinating committee. Under current law, the Housing Resources Commission is the lead entity for housing policy and planning, and coordinates responsibilities with Rhode Island Housing through a memorandum of agreement. In place of the Housing Resources Commission, the recommendation establishes a seven-member coordinating council similar to the existing coordinating committee, and elevates the council to be the state's lead housing entity. The council would be permitted to assume control of Rhode Island Housing staff by memorandum of agreement. The budget renames the Office of Housing and Community Development as a Division, and recommends a 19-member steering committee with similar membership to the existing commission to advise the council, but does not specifically enumerate entities for inclusion.

History

FY 2020

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

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

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

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

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

Office of Grants Management. The Governor proposed to transfer functions of federal grants management from the Office of Management and Budget to Accounts and Control. The 2012 Assembly adopted Governor Chafee's recommendation to establish the Office of Management and Budget within the Department of Administration to serve as the principal agency of the executive branch for managing budgetary functions, performance management, and federal grants management. The Assembly concurred.

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

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

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

Office of Postsecondary Commissioner - Department of Elementary and Secondary Education Co-locate. The Budget removes \$1.0 million from general revenues from the Office of Postsecondary Commissioner based on a proposal from the Efficiency Commission and recommended by the Governor to co-locate the Office and the Department of Elementary and Secondary Education with the goal to encourage shared administrative support and allow for closer collaboration. The Office would still do planning support for the Council on Postsecondary Education and focus on strategy and policy. The Department of

Elementary and Secondary Education would provide the administrative support for the Councils and also provide legal, finance and support functions. Savings are based on the funding for several positions being eliminated from sharing administrative support and the Budget reduces the Office's staffing authorization by 6.0 full-time equivalent positions.

FY 2019

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

Prior to 2011, the Water Resources Board was a stand-alone agency. The 2011 Assembly adopted legislation merging the Board into the Division of Planning to more closely align the water planning aspects of the Board with the statewide planning process. The Assembly did not concur and maintained the Water Resources Board in the Department of Administration.

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

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

Health Professional Licensing to Business Regulation. The Governor proposed transferring the licensure of several professionals from the Department of Health to the Department of Business Regulation. These include: barbers, cosmeticians, manicurists and estheticians; electrolysis; funeral directors and embalmers; opticians; speech pathologists and audiologists; hearing aid dealers; athletic trainers; interpreters for the deaf; and music therapists. The budget also assumed the transfer of \$0.2 million from general revenues and two positions for the administration of licensing functions from the Department of Health to the Department of Business Regulation. The Assembly did not concur with any of the proposed transfers.

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

Consolidation of Medical Marijuana Oversight at Business Regulation. The Governor proposed expanding the regulatory role of the Department of Business Regulation, including centralizing the registration and regulation of authorized purchasers, compassion center cardholders, primary caregivers, issuance or renewal of registry identification cards, and eliminating the role of the Department of Health to

define the equivalent amounts of medical marijuana. The program is staffed by 5.9 full-time equivalent positions in the Department of Health; the Department of Business Regulation had 4.0 full-time equivalent positions, but the Governor's budget proposed to add 4.0 more positions in FY 2019. The Assembly did not concur with this proposal.

FY 2018

Public Safety Consolidation. The Governor proposed legislation to replace the director of the Department of Public Safety with a civilian commissioner, who will be appointed by the Governor with the advice and consent of the Senate. Under current law, the Department of Public Safety is administered by a director who also serves as Superintendent of the State Police. The Governor also proposed to merge the Emergency Management Agency and establish it as the seventh division within the Department of Public Safety. The director of the Emergency Management Agency would be appointed by the Governor; however, the Commissioner may prescribe other duties and responsibilities. The Assembly did not concur.

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

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

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

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

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

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

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

FY 2017

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

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

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

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

of operations and internal controls, preventing and detecting fraud, waste, abuse or mismanagement of funds.

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

Women, Infants, and Children Nutrition Program. Governor Raimondo proposed legislation to transfer the administration and management of the Women, Infants, and Children nutrition program from the Department of Human Services to the Department of Health. The Department of Health previously managed the program; however, the 2009 Assembly adopted legislation to transfer the program to the Department of Human Services. This was to consolidate management and nutrition benefits. There have been issues with the United States Department of Agriculture regarding the designation of the administrating state agency. The Assembly concurred.

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

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

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

FY 2016

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

Executive Office of Commerce. The 2013 Assembly created the Executive Office of Commerce to be administered by a secretary of commerce, effective February 1, 2015. The Office oversees and serves as the lead agency of the Executive Branch for managing the promotion of commerce and the state's economy. Pursuant to 2013-H 6063, Substitute B, on or about February 1, 2015, the Executive Office of Commerce has powers to operate functions from the Department of Business Regulation and, subsequently, various

functions from the Department of Administration. Consistent with the legislation, Governor Raimondo's budget included the transfer of Housing and Community Development functions to the Executive Office of Commerce. It also transferred the Film and Television Office from the Department of Administration to Commerce. It did not, however, transition Department of Business Regulation functions, leaving it as a stand-alone department. The Assembly concurred, with the exception of transferring the Film and Television Office to the Arts Council.

Capital Projects Consolidation. Governor Raimondo's budget proposed consolidating construction property and asset management functions into the Department of Administration. It appears that the positions are kept in their respective agencies, including the Departments of Behavioral Healthcare, Developmental Disabilities and Hospitals, Environmental Management, Corrections, and Transportation. The Assembly concurred; however, transferred funding back for the Department of Environmental Management, consistent with the Governor's requested budget amendment.

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

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

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

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

FY 2015

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

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

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

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

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

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

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

Behavioral Healthcare Services to EOHHS. The Budget transfers Medicaid-funded behavioral healthcare services from the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to the Executive Office of Health and Human Services so that mental health and substance abuse treatment services for disabled individuals will be appropriated to one agency and includes \$60.8 million, of which \$30.1 million is general revenues.

FY 2014

EDC/Commerce Corporation. The Budget delays the creation of the Executive Office of Commerce and the transfer of the functions of the Department of Business Regulation from February 1, 2015 to July 1, 2015. It maintains the Office of Regulatory Reform in the Office of Management and Budget instead of transferring it to the new Executive Office of Commerce. As contained in 2013-H 6063, Substitute B, on or about February 1, 2015, the Office is empowered to assume functions from the Department of Business

Regulation and, subsequently, various functions from the Department of Administration. The legislation further requires that the Office submit a comprehensive review of the roles, functions and programs of the Department of Administration and the Department of Labor and Training to the House of Representatives and the Senate before September 1, 2015. Additionally, the Office shall make recommendations and a business plan for the integration of these entities with the Office, and the Governor may include these recommendations as part of the FY 2017 budget.

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

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

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

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

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

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

FY 2013

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

Resources. The Assembly concurred, with the exception of the Renewable Energy Program transfer, which it retained at the Economic Development Corporation.

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

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

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

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

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

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

HIV Care and Treatment Program. Governor Chafee requested an amendment to transfer the HIV care and treatment program from the Department of Human Services to the Executive Office of Health and

Human Services, effective July 1, 2012 consistent with his proposal for the medical benefits program. The Assembly concurred and transferred 5.0 positions.

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

Board of Education. The Assembly enacted legislation to abolish the Board of Governors for Higher Education and the Board of Regents, effective January 1, 2013, and create a new Rhode Island Board of Education. It also abolished the Office of Higher Education, effective January 1, 2014, and created an executive committee of education comprised of the three institutions of public higher education, and the commissioners of higher education and elementary and secondary education.

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

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

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

FY 2012

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

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

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

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

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

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

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

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

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

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

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

Dispatch Unit and Port Security. Governor Chafee's budget did not include the transfer of the dispatch and port security surveillance units from the Department of Environmental Management to the Department of Public Safety. He proposed legislation to reverse the 2010 Assembly action that required the transfer to

occur no later than January 1, 2011. The Assembly did not concur with the reversal, and instead delayed the transfer until January 1, 2012.

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

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

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

FY 2011

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

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

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

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

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

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

provides specific recommendations regarding the allocation of staffing, use of facilities, and identifies any additional needs for the continued operation of the Rhode Island State Crime Lab.

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

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

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

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

Explanations of Budget Articles

2020-H 7170

Article 1

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

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

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

Section 4. Contingency Fund. This section allows for expenditures from the contingency account located within the Office of the Governor's budget for unexpected expenditures or for those departments and agencies where appropriations are insufficient. The Governor must approve all expenditures and transfers from this account.

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

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

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

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

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

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

Section 11. Full-Time Equivalent Positions. This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2020. In addition, this section provides that the Governor or designee, Speaker of the House or designee, and President of the Senate or designee may jointly adjust the authorization. Total staffing is 15,095.7 full-time equivalent positions, 21.0 positions more than authorized for FY 2020.

The Governor lowers the number of higher education positions supported by third-party funds from 788.8 to 523.8 positions, a 265.0 reduction for the University of Rhode Island to remove auxiliary enterprise positions previously reported as third-party. The enacted budget also limited appointments for state

Explanations of Budget Articles

employees supported through non-state funds to the availability of those fund sources. The Governor's revised budget removes this requirement.

Section 12. Rhode Island Capital Fund. This section contains new language regarding multi-year appropriations for four projects, two of which are not in the multi-year section of the enacted budget. It also authorizes spending in excess of the FY 2020 revised appropriations up to the amounts listed as authorized for the future years of these projects.

Section 13. Rhode Island Housing and Mortgage Finance Corporation. This section requires that the Rhode Island Housing and Mortgage Finance Corporation provide from its resources an appropriate amount to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, the chair of the Housing Resources Commission and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units created.

Section 14. Rhode Island Housing and Mortgage Finance Corporation Transfer. This section requires the transfer of \$1.5 million from Rhode Island Housing to state general revenues by June 30, 2020, consistent with the enacted budget.

Section 15. Infrastructure Bank Transfer. This section requires the transfer of \$8.9 million of bond premiums issued to the Bank for the Municipal Road and Bridge Fund to state general revenues upon passage of this section. This is in addition to the \$4.0 million transfer from Infrastructure Bank sources required by June 30, 2020 included in the enacted budget.

Section 16. Rhode Island Student Loan Authority Transfer. This section requires the transfer of \$1.5 million from the Rhode Island Student Loan Authority to state general revenues by June 30, 2020, consistent with the enacted budget.

Section 17. Quonset Development Corporation Transfer. This section requires the transfer of \$1.2 million from Quonset Development Corporation to state general revenues by June 30, 2020, consistent with the enacted budget.

Section 18. Commerce Corporation Transfer. This section requires the transfer of \$5.0 million from First Wave Closing Fund reserves to state general revenues by October 1, 2019, consistent with the enacted budget.

Section 19. Resource Recovery Corporation Transfer. This section requires the transfer of \$5.0 million from the Rhode Island Resource Recovery Corporation to state general revenues by June 30, 2020.

Section 20. Underground Storage Tank Trust Fund. This section requires the transfer of \$1.0 million from the Underground Storage Tank Trust Fund to state general revenues by June 30, 2020.

Section 21. Oil Spill Prevention, Administration and Response Fund Transfer. This section requires the transfer of \$1.0 million from the Oil Spill Prevention, Administration, and Response Fund to state general revenues by June 30, 2020.

Section 22. BHDDH Asset Forfeiture Funds. This section requires the transfer of \$500,000 from asset forfeiture funds in the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to state general revenues by June 30, 2020.

Explanations of Budget Articles

Sections 23 and 24. Department of Environmental Management Unexpended Bond Funds. This section requires the transfer of unexpended bond funds totaling \$0.3 million from two different Department of Environmental Management issuances to state general revenues by June 30, 2020.

Section 25. Effective Date. This section provides that the act shall take effect upon passage.

Explanations of Budget Articles

Explanations of Budget Articles

2020-H 7171

Article 1

Section 1. Appropriations. This section of Article 1 contains the appropriations for FY 2021.

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

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

Section 4. Contingency Fund. This section allows for expenditures from the contingency account located within the Office of the Governor's budget for unexpected expenditures or for those departments and agencies where appropriations are insufficient. The Governor must approve all expenditures and transfers from this account.

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

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

Section 7. Temporary Disability Insurance Funds. This section appropriates all funds required for benefit payments from the Temporary Disability Insurance Fund and the Temporary Disability Insurance Reserve Fund for FY 2021.

Section 8. Employment Security Funds. This section appropriates all funds required for benefit payments to unemployed individuals from the Employment Security Fund for FY 2021.

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

Section 10. Appropriation of CollegeBound Saver Funds. This section appropriates the funds received by the Office of the General Treasurer from the CollegeBound Saver program for transfer to the Office of Postsecondary Commissioner to support student financial aid for FY 2021. The Governor's budget includes \$8.9 million from these sources for state grant programs.

Section 11. Appropriation of Higher Education Funds. This section appropriates any funds required to be disbursed by the public institutions of higher education for the purposes of carrying out the mission of each institution for FY 2021. It appears to duplicate authority already granted in state law. The Assembly has not included this section in the annual appropriations bills since 2005. It was last proposed for inclusion by Governor Chafee in 2013.

Section 12. Full-Time Equivalent Positions. This section of Article 1 limits the maximum number of full-time equivalent positions authorized for the departments and agencies during any payroll period in FY 2021. In addition, this section provides that the Governor or designee, Speaker of the House or designee,

Explanations of Budget Articles

and President of the Senate or designee, may jointly adjust the authorization. Total staffing is 15,074.7 full-time equivalent positions; while consistent with the enacted budget, this is 21.0 positions fewer than the revised recommendation for FY 2020.

The Governor lowers the number of higher education positions supported by third-party funds from 788.8 to 523.8 positions, a 265.0 reduction for the University of Rhode Island to remove auxiliary enterprise positions previously reported incorrectly as third-party. The enacted budget also limited appointments for state employees supported through non-state funds to the availability of those fund sources. The Governor's recommendation removes this requirement.

Section 13. Multi-Year Appropriations. This section makes multi-year appropriations for a number of capital projects included in the FY 2022 through FY 2025 Capital Budget that are funded from Rhode Island Capital Plan funds. The FY 2021 and multi-year appropriations supersede appropriations made for capital projects in Section 12 of Article 1 of the FY 2020 Appropriations Act.

Section 14. Reappropriation - RICAP. This section provides that any unexpended and unencumbered funds for Rhode Island Capital Plan Fund projects shall be reappropriated in FY 2021. However, any such reappropriations are subject to final approval by the General Assembly as part of the supplemental appropriations act. Unexpended funds of less than \$500 can be reappropriated at the discretion of the State Budget Officer.

Section 15. Intermodal Surface Transportation Fund. This section of the article includes future commitments for transportation related projects funded with resources in the Intermodal Surface Transportation Fund, beginning with FY 2022 through FY 2025. These sources include federal funds, gasoline tax proceeds, and highway maintenance funds. It authorizes payments for projects listed in the section upon receipt of authenticated vouchers and allows the Office of Management and Budget to increase funding in one year if an activity or project requires an advancement, with funding decreasing in the subsequent fiscal year.

Section 16. Reappropriation - Intermodal Surface Transportation Fund. This section of the article allows unspent transportation funds, including gasoline tax proceeds, highway maintenance funds and federal funds, to be reappropriated for the same purpose previously authorized, provided that resources are available. This is subject to final approval of the General Assembly similar to Rhode Island Capital Plan funds.

Section 17. Rhode Island Housing and Mortgage Finance Corporation. This section requires that the Rhode Island Housing and Mortgage Finance Corporation provide from its resources an appropriate amount to support the Neighborhood Opportunities Program. The Corporation is also required to provide to the director of the Department of Administration, the chair of the Housing Resources Commission and both chairs of the House and Senate Finance Committees a report detailing the amount of funding and information such as the number of housing units created.

Section 18. Infrastructure Bank Transfer. This section requires the transfer of \$5.0 million from the Rhode Island Infrastructure Bank to state general revenues by June 30, 2021.

Section 19. Rhode Island Student Loan Authority. This section requires the transfer of \$2.0 million from the Rhode Island Student Loan Authority to state general revenues by June 30, 2021.

Explanations of Budget Articles

Section 20. Rhode Island Health and Educational Building Corporation. This section requires the transfer of \$1.0 million from the Rhode Island Health and Educational Building Corporation to state general revenues by June 30, 2021.

Section 21. Resource Recovery Corporation Transfer. This section requires the transfer of \$5.0 million from the Rhode Island Resource Recovery Corporation to state general revenues by June 30, 2021.

Section 22. Narragansett Bay Commission. This section requires the transfer of \$2.0 million from the Narragansett Bay Commission to state general revenues by June 30, 2021.

Section 23. Rhode Island Housing and Mortgage Finance Corporation Transfer. This section requires the transfer of \$1.1 million from Rhode Island Housing to state general revenues by June 30, 2021. Furthermore, Rhode Island Housing is authorized to use up to half of the existing Thresholds and Access to Independence funding held in reserve for the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals as of July 1, 2020, to support the creation or preservation of housing options that are lower cost than in-patient services for individuals with behavioral healthcare needs or developmental disabilities. For FY 2021, the recommendation includes \$0.3 million for each program, of which \$0.5 million is from general revenues. The recommendation also assumes the use of \$0.1 million annually from Rhode Island Capital Plan funds for the FY 2021 through FY 2025 period for the Access to Independence program.

Section 24. Effective Date. This section establishes the article is effective as of July 1, 2020.

Article 2. State Funds

Section 1. Board of Education. This section authorizes the Board of Education to establish two restricted receipt accounts, one for the higher education and industry centers in Westerly and Northern Rhode Island and one for the Nursing Education Center. The first account would only be for funds gifted or granted to the centers. The second account would be for rentals of common space for outside events.

Section 2. Opioid Stewardship Act. This section amends the Opioid Stewardship Act to allow the State Budget Officer to authorize and create restricted receipt accounts in any department or agency where funds will be appropriated. It also clarifies that any state agencies receiving these funds shall annually report to the Governor, Speaker of the House, and the Senate President which programs money is spent on and the amount spent on each program. The FY 2020 revised and the FY 2021 budgets include expenditures in the following agencies: Departments of Children, Youth and Families, Behavioral Healthcare, Developmental Disabilities and Hospitals, Corrections, Business Regulation, Health, and Elementary and Secondary Education.

Section 3. Control of State Spending. This section increases executive authority to exceed budgeted appropriations by limiting the scope of the provisions enacted by the 2019 Assembly designed to address administrative adherence to budget control laws. It would only require a monthly report in the event that an agency's quarterly report forecasts a deficit of general revenues as opposed to other fund sources. It would limit the controller's prohibition from authorizing payments for additional staff, contracts, or purchases for the following conditions: any agency expected to overspend from general revenues beyond service levels provided in the previous fiscal year or for one-time purchases of equipment or supplies. It would extend the immediate health and safety exception to those payment prohibitions to include spending to be consistent with a corrective action plan.

Explanations of Budget Articles

Section 4. Legislative Appropriation Authority. This section defines “appropriation” and specifically excludes an enactment by the General Assembly that authorizes, specifies or otherwise provides that funds may be used for a particular purpose from that definition. This section would deem general revenues as appropriated in order to comply with a court order, respond to a state of emergency, or finance programs covered under the caseload estimating conference when the current appropriations act does not meet the revised estimate.

This section also provides a blanket authorization for the State Budget Officer to create restricted receipt accounts within state agency budgets to reflect expenditures or receipts of either privately donated funds from individuals or corporate entities, funds received from non-profit charitable organizations, proceeds of multistate settlement funds received by the Office of the Attorney General, and funds received via a contract or memorandum of agreement. It authorizes the State Budget Officer to convert any escrow liability account to a restricted receipt account, upon the direction of the Controller with consent of the Auditor General.

The legislation also creates five restricted receipt accounts titled “UHIP Recovery” and “UHIP Recovery: Non-UHIP Expenses” in the Departments of Administration and Human Services, and the Executive Office of Health and Human Services.

It further exempts six accounts from the state’s indirect cost recovery charge; four of the exemptions relate to newly proposed changes for Adult Use Marijuana in Article 13, with uses in several state agencies. It also exempts a Health Spending Transparency and Containment Account under the Executive Office of Health and Human Services for which authorizing legislation is included in Article 20 and a Housing Production Fund under the purview of the Executive Office of Commerce; authorization for this is included in Article 12.

Section 5. RI Council on the Arts. This section repeals the requirement that Rhode Island State Council on the Arts deposit unrestricted funds from non-state sources as general revenues. It appears this is intended to allow the Council to have authority to receive funds and deposit them as restricted receipts, separate from the Council’s existing, but narrowly defined restricted receipt authorization. During FY 2019, the Council received funding from ArtPlace America to support an arts and healthcare initiative. Those funds were deposited as restricted receipts without authorization.

Article 3. Government Reform and Reorganization

Sections 1 through 3. Contractors’ Licensing and Registration Board. These sections make technical changes to align the date for certain contractors grandfathered into a license without an examination. It repeals the notarized reference requirements for water-filtration/treatment system applicants. For roofing contractors, it increases the required insurance policy from \$1.5 million to \$2.0 million, removes the existing per-project bonding requirement, and extends the time to take 10 hours of continuing education classes from one year to two.

Section 4. Crime Victim Compensation. This section prioritizes the payment of court costs related to prosecution over court ordered restitution. Under current law, court ordered restitution is the first payment made. Court costs, fines, fees, and assessments are the last priority for payment. This section would make the payment of court costs related to prosecution the first priority followed by court ordered restitution, with the last priority being court fines, fees, and assessments. The goal is to provide more funding for the crime victim compensation program, and the Governor’s budget includes \$450,000 in additional restricted receipts from this change; it is not clear that this change will produce the additional receipts.

Explanations of Budget Articles

Section 5. Uniformed Controlled Substances Act. This section replaces the Department of Health with the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals as the recipient of 10.0 percent of forfeiture funds collected through the Uniformed Controlled Substances Act. It also adds substance abuse prevention programs as an allowable activity when disbursing the funds; currently, it is just treatment programs. Distribution of the remaining funds is unchanged from current law: 20.0 percent is provided to the Office of the Attorney General and 70.0 percent is divided among state and local law enforcement agencies based on the contribution each makes to the investigation of the criminal activity related to the asset forfeiture.

Section 6. Commercial Driver's Licenses. This section transfers the responsibility to administer the Commercial Driver's License road test from the Community College of Rhode Island, to the Division of Motor Vehicles, as of January 1, 2020. The article establishes a \$100 fee in statute; that amount is consistent with current practice.

Section 7. RICLAS. This section strikes the word RICLAS from the section of current law that established the restricted receipt account in the state-run system for adults with developmental disabilities but retains the restricted account that is specific to this system. The Governor's FY 2021 budget assumes \$6.4 million in savings, including \$2.9 million from general revenues, from privatizing the state system and turning over operations to the community-based private providers. It is unclear why the section was not eliminated to be consistent with the proposal to close the state system.

Section 8. Collections Unit. This section requires all state agencies, quasi-public corporations, boards or commissions to begin utilizing the services of the Department of Revenue's Collections Unit as of October 1, 2020, with all existing eligible debts forwarded by January 31, 2021. All participating agencies are required to refer all new debts within 30 days of eligibility after February 1, 2021. The original authorizing statute includes a June 30, 2021 sunset date, which is unchanged in the Governor's budget. This section also expands the Unit's ability to utilize third-party services to include prosecution for collections; adds the principal debt to the amounts eligible for negotiation of settlement; permits the Unit to refer a debt back to the originating agency; and permits the Unit to assess a 15.0 percent fee when the general revenue share of an amount collected is less than 50.0 percent. That 15.0 percent would be deposited as general revenues. This provision appears designed to capture a fee from quasi-public agencies; as drafted, it appears to have broader applicability.

Section 9. State Aid. The section expands the options for revenues that can be withheld from cities and towns that owe the state to include meals and beverage, tourism, and public service corporation taxes.

Section 10. Emergency Police Powers. This section extends emergency police powers to out-of-state law enforcement officials to guard hospitalized detainees up to eight hours from when that person is released from a Rhode Island hospital. Currently, out-of-state law officers are limited to eight hours from the time of notifying the Department of Public Safety that they are entering the state or upon a fugitive from justice warrant being executed, whichever arises first.

Section 11. Line Item Veto. This section proposes a referendum for voter approval to grant the Governor line item veto power. In addition to approving or rejecting the entire bill, the Governor would be able to reduce or eliminate any sum or sums appropriated as well as any language in the appropriations bill. If approved by the voters, the power would take effect on January 23, 2023.

Explanations of Budget Articles

Article 4. Public Debt Management Act

The Public Corporation Debt Management Act requires that all new non-general obligation debt authorizations be approved by the Assembly, except in certain circumstances. Article 4 contains five authorizations totaling \$183.0 million, including \$64.2 million through Motor Fuel Revenue Bonds to match federal funds that the Department of Transportation received. The total debt service payment is not to exceed 15 years and \$82.4 million; debt service payments would be supported by 2 cents of the gasoline tax.

Article 4 also authorizes borrowing through the issuance of new Certificates of Participation totaling \$118.8 million for four projects, including \$54.8 million to develop and implement an Enterprise Resource Planning System for human resources, information system, payroll, financial management and a grants management system. It also includes \$17.0 million for a new child welfare system to replace the current Rhode Island Children's Information System, \$12.0 million for the Eleanor Slater Hospital Reorganization, and \$35.0 million to build a new State Police barracks in the southern portion of the state. Upon full issuance, the annual debt service for the Certificates of Participation would be \$14.5 million and be paid from general revenues.

Article 5. Capital Development Program

Article 5 places \$268.8 million of new general obligation bond authorizations on the November 2020 ballot for voter approval through three separate questions. The first question would provide \$117.3 million for higher education institutions including \$57.3 million for the University of Rhode Island's Fine Arts Center, \$38.0 million for Rhode Island College's Clarke Science Building, \$12.0 million for the Community College to renovate and modernize its campuses, and \$10.0 million for the development of a Center for Ocean Innovation in collaboration with the University's Graduate School of Oceanography.

Question two would provide \$64.0 million for environmental and recreational projects. It is divided into five distinct components with \$35.0 million for state beaches, parks, and campgrounds, \$4.0 million for local recreation projects, \$3.0 million for natural and working lands, \$15.0 million for clean water and drinking water infrastructure improvements, and \$7.0 million for municipal resiliency projects.

Question three would provide \$87.5 million for a wide variety of public and private housing, education, cultural and industrial infrastructure projects. There are five distinct components: \$25.0 million to increase the availability of affordable housing, \$20.0 million for infrastructure projects at the Port of Davisville, \$21.5 million for industrial development and economic revitalization, \$15.0 million for a new capital fund to support physical improvements and development of early childhood education facilities, \$5.0 million for the Cultural Arts and Economy grant program administered by the Rhode Island State Council on the Arts, and \$1.0 million for the State Preservation Grants program administered by the Historical Preservation and Heritage Commission. The arts bond specifies \$2.5 million for Trinity Repertory Company and \$1.5 million for the Rhode Island Philharmonic, with the remaining \$1.0 million for non-profit arts organizations through a competitive application process.

Annual debt service for the entire \$268.8 million, supported by general revenues, would be \$21.6 million assuming 5.0 percent interest and a 20-year term.

Explanations of Budget Articles

Article 6. Fees

Section 1. Requests for Public Health Data Fees. This section authorizes the director of the Department of Health to charge fees for processing special data requests and offer exemptions from those fees. The Department reports that it receives 700 requests annually. These data are currently used to monitor health status and trends in natality, morbidity and mortality. The legislation requires that “approximately half” the revenues be appropriated to the Department to manage and sustain data systems to meet requests. The budget assumes \$0.4 million in revenues and includes \$0.2 million for operating expenses.

Section 2. EMS Fee Exemption Removal. Current law exempts municipal employees and volunteer or non-profit organizations from paying the emergency medical technician license fees. The fees are established through rules and regulations; the licensing fee for paramedics is \$80 biennially, and \$120 every three years for emergency medical technicians. This section of the article removes the current exemption. The budget assumes \$0.3 million in revenues; the impact in FY 2022 is \$22,120.

Sections 3, 10, and 11. Department of Labor and Training Fines and Fees. These sections make changes to Department of Labor and Training fees and fines relating to employee classification and prevailing wage. This includes increasing the minimum penalty for the first offense of misclassifying a worker from between \$1,500 and \$3,000 to between \$3,000 and \$4,000. The minimum penalty for prevailing wage violations is also increased to double the total amount found to be due; the current law maximum of triple the amount is unchanged. There is also a minor change to the timing of hearings. Current law requires a hearing within 10 days from the order of a hearing; this section extends that to within 30 days.

The Governor’s budget also includes \$0.4 million and 4.0 new full-time equivalent positions to increase collections. The proposals are estimated to yield an additional \$4.2 million in revenue; the budget impact would be \$3.8 million.

Section 4. Fire Marshal Plan Review Fees. The State Fire Marshal is responsible for plan review and inspection for all commercial and residential buildings over three units. This section raises the review fees in the five-tier structure for new construction based on the project costs. The first three tiers include costs under \$2,000. Each increases by \$10, to \$35, \$45, or \$55. The top two tiers include a base fee, plus an additional amount per \$1,000. For projects between \$2,000 and \$0.5 million, the increase is \$10, plus an additional \$1 per \$1,000. This totals \$55 plus \$7 per \$1,000. For amounts in excess of \$0.5 million, the increase is \$259 plus \$2.75 per \$1,000, totaling \$3,292 plus \$6.75 per \$1,000. It also increases the inspection fee charged by the Fire Marshal’s Office by \$150, to \$250, and makes technical changes to clarify when payment is due.

Section 5. Explosives Permit Fees. Under current law, annual permit fees related to explosives are \$85 for manufacturers, and \$50 for dealers and possessors. User’s permits are \$50 per \$10,000 of project costs. Apprentice permits include a non-refundable \$25 fee. This section would establish an annual \$100 explosives permit fee, and a flat \$50 user’s permit for projects. It also repeals the \$25 non-refundable fee for apprentice permits.

Sections 6 through 8. Motor Vehicle Fees. These sections establish a \$15 late fee for all operator license and registrations renewals that occur after they expire and increases the charge for a certified driver’s record requested online to \$20; in-person requests remain at \$16. The Division of Motor Vehicles acquired the technology a couple of years ago to know when inspections expire without being updated. Current law prevents the Division from collecting a reinstatement fee for a registration suspended for an expired inspection. This section adds a \$100 fee for that.

Explanations of Budget Articles

Section 9. Substance Abuse Education Fee. This section imposes a new \$250 substance abuse education fee effective January 1, 2021 for anyone convicted of driving under the influence or refusing to take a breathalyzer. The proceeds will be allocated to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals to be used for substance abuse prevention and student assistance programs. The FY 2021 budget includes \$220,016 from general revenues from the collections.

Section 12. Utility Service Restoration Act. This section establishes the Utility Service Restoration Act that would impose emergency response standards and annual reporting requirements for gas and electricity distributors in the event of significant and/or widespread outages, or service interruptions. The Act also imposes a \$500 per day penalty for each day a company fails to file, and allows the Administrator of the Division of Public Utilities and Carriers to investigate a company and issue penalties for non-compliance not to exceed \$7.5 million.

Section 13. Public Utilities Penalties. This section allows the division to issue a minimum fine of \$1,000 to each officer, agent, or employee of a public utility who does not comply with reporting requirements and require public utilities found in non-compliance to forfeit \$0.2 million or .02 percent of gross operating revenue for each and every offense. Any penalties paid will be credited back to the impacted customers as determined by the division.

Section 14. Division of Sheriffs Application Fee. This section imposes a \$50 application fee for any person applying to the Division of Sheriffs Training Academy. However, this section also provides that the Director of Public Safety may waive the fee if there is a hardship to the applicant. The Governor's budget includes \$13,000 from this new fee to be deposited as general revenues.

Article 7. Environment

Section 1. One Year Limits. This section repeals the requirement that season and bag limit regulations set forth by the Department of Environmental Management can only be effective for one year.

Section 2. Hunting and Recreational Fishing Licenses. This section increases license fees for hunting, fishing, and combined hunting and fishing for in-state and out-of-state residents. It increases the permit fee to hunt deer, wild turkey, stocked game, and waterfowl, as well as for fur trapping and trout fishing. These fees are deposited into a restricted receipt account and provide matching funds for federal support for the Department of Environmental Management. This section also increases these fees effective July 2024 and July 2027. The increases vary, but on average are \$7 higher; most of these fees are currently less than \$30.

Section 3. Party or Charter Vessel Licenses. This section changes the effective period of the party and charter vessel license from biennial license renewals to annual, and changes the effective date from February 28 to December 31. This section also increases the license fees for party and charter vessels from \$25 to \$100 for in-state residents and \$300 for nonresidents. The Governor's budget estimates \$32,325 in new restricted receipts from these increases.

Sections 4 through 8. Commercial Fishing Licenses. These sections change how commercial fishing licenses are allocated to simplify and increase access to fisheries. These sections also increase fees to commercial fishing licenses that currently range from \$25 to \$300 to a range of \$300 to \$1,750 depending on the license holder's residency. The Governor's recommended budget estimates \$0.1 million in new restricted receipts from these fee increases.

Explanations of Budget Articles

Section 9. Shellfish Dockside Program. This section authorizes the director of the Department of Health to establish a dockside program through rules and regulations pursuant to the National Shellfish Sanitation Program Model Ordinance to assure that currently licensed marine shellfish processors are meeting sanitary standards. The legislation also authorizes the director to establish licensing fees, with the discretion of also limiting the number of licenses issued. The fees will be deposited as general revenues and will be allocated to the Department for the administration of the program. The budget assumes revenues of \$0.4 million and expenditures of a like amount from general revenues.

Section 10. Permitting Authority. This section allows the Department of Environmental Management to assign case managers to facilitate and expedite project permitting particularly for complex or multi-jurisdiction projects. The Governor's FY 2021 budget assumes \$0.6 million in new general revenues from a 7.0 percent increase on permits issued through the Offices of Air and Water Resources, and Waste Management, \$2,500 for a new optional case manager fee for complex high need customers, and other fee increases that will be determined through the regulatory process. The Governor's budget also includes \$0.5 million for 5.0 new full-time equivalent positions to help with permitting reviews. This section also removes a reference to a reporting requirement that expired in 2015.

Sections 11 and 12. Oil Spill Prevention, Administration and Response Fund. This section doubles the fee supporting the Oil Spill Prevention, Administration and Response Fund that is collected on barrels of petroleum products received at marine terminals from vessels originating outside the state from five to ten cents per barrel. Three cents of the increase will go to a new Ocean State Climate Adaptation and Resilience Fund for climate adaptation and resiliency projects. The remaining two cents will stay with the Oil Spill Prevention, Administration and Response Fund for existing projects and habitat restoration. The Governor also includes a separate proposal to transfer \$1.0 million from the Oil Spill Prevention, Administration and Response Fund to state general revenues by June 30, 2020.

Article 8. Taxes

Sections 1 and 6. Alcohol Tax Restructure. These sections repeal the sales tax exemption for wine and spirits sold by class A licensees and reduce the alcohol excise tax on high proof spirits by \$1.65 per gallon to \$3.75 and on wine by \$0.80 per gallon to \$0.60. These are the levels in place before the sales tax repeal was enacted in 2013. The Governor's budget includes \$9.1 million in additional revenue from these changes.

Sections 2 and 6. Hotel and Pass-Through Taxes. These sections increase the 5.0 percent state hotel tax to 6.0 percent, and reallocate the shares of revenues among entities such that all of the increase accrues to state general revenues. Section 6 also amends current law to permit the Division of Taxation to retain 2.0 percent of the local meals and beverage and hotel taxes collected on behalf of, and passed-through to municipalities for administrative efficiency. The budget assumes an effective date of July 1, 2020 and includes \$4.7 million from the hotel tax increase, and the Division retains \$0.8 million of revenues previously provided to municipalities.

Section 3. Reciprocal Payment Offset Program. This section authorizes the tax administrator to expand the state's participation in a federal reciprocity program to include taxes other than personal income and other debts such as unemployment overpayments and back child support. The state would be able to offset federal refunds for debts owed to Rhode Island and would in return allow state refunds to be offset for federal debt. It would authorize the tax administrator to charge a "reasonable" fee per transaction. This would be similar to the current reciprocity program the state participates in for personal income taxes. The Governor's budget assumes \$5.0 million in revenues for FY 2021.

Explanations of Budget Articles

Sections 4 and 5. Sales Tax. These sections subject several new services and service charges to the state's sales tax, including computer system design, in-state lobbying, hunting, trapping and shooting services, couriers and messengers, and interior design. The changes for computer systems design, lobbying services, and hunting, trapping and shooting services would be effective October 1, 2020 and the changes for couriers, messengers and interior design would be effective January 1, 2021. The Governor's budget assumes a total of \$14.1 million in additional revenues; this annualizes to \$25.9 million for FY 2022.

Article 9. Local Aid

Sections 1, 3 and 6. Tangible Tax Reimbursement. These sections establish a new, competitive local aid program administered by the Division of Municipal Finance in conjunction with the Commerce Corporation. The proposed program would establish a fund to reimburse municipalities for revenue losses associated with a reduction in its tangible tax rate. The proposal assumes a three-tiered reimbursement rate, 10.0 percent, 25.0 percent and 50.0 percent depending on the percentage range value. The legislation provides for ratable reduction of awards if insufficient funds are available, and includes an annual reporting requirement. The explicit role of the Commerce Corporation is unclear as program administration and reporting are responsibilities of the Division.

Section 2. Property Subject to Taxation. This section provides that property of non-profit hospitals and higher education institutions is only exempt from taxation when it is used exclusively for the purpose of which the hospital is incorporated or educational purposes, respectively. This effectively allows for such properties to be subject to the local property tax. The article also stipulates that if an institution has made a payment in lieu of taxes to a municipality, its liability is reduced by that amount. A municipality may establish a minimum filing threshold and/or reduce or waive the increased liability.

Sections 4 and 5. Motor Vehicle Tax Phase-Out. These sections alter the schedule of changes in current law for the maximum allowable percentage of clean retail value assessed, minimum exemption amount, and tax rate cap prior to the total excise tax phase-out. The tax phase-out would still progress but would be eliminated in FY 2029, five years later than current law. These changes would slow the pace of the relief to taxpayers to later years. The budget assumes that these changes will reduce the current law cost in FY 2021 by \$11.8 million.

Article 10. Education

Section 1. Education Aid. As part of the education aid funding formula, the General Assembly annually appropriates funding for English language learners and school resource officers. This article renames the former to multilingual learner aid and outlines specific uses of funds, including new bilingual classrooms and increasing capacity of multilingual educators. However, the article does not define multilingual learner and it appears that aid could be used to support programs that also benefit native English speakers that are also multilingual. The article also amends school resource officer aid to include new mental health professionals in schools, such as guidance counselors and psychologists. Under the proposal, aid for new mental health professionals would only be available for FY 2021, consistent with the current sunset for school resource officer aid; however, local education agencies must commit to funding the positions beyond that to receive funding. The Governor's budget includes \$2.0 million for this category of aid, \$1.0 million more than enacted from new Opioid Stewardship funds.

Sections 1 through 5. Prekindergarten. As part of the education aid funding formula, the General Assembly annually appropriates funding for the early childhood category of education aid, which is used to provide free, high quality prekindergarten programs. The number of classrooms supported in any fiscal

Explanations of Budget Articles

year is limited to the appropriation; this article eliminates language limiting the program to the General Assembly appropriation. The program would expand such that a seat is available for every four year old in a family seeking one. This is similar to the Governor's proposal submitted with her FY 2020 budget, but would consider universal prekindergarten achieved once 70 percent of eligible students are enrolled.

The Governor's budget includes \$16.4 million for this aid category, which is \$1.4 million more than enacted. The article would also amend the education funding formula to include children enrolled in district-run prekindergarten classrooms rather than support those classrooms through the traditional state program. The Governor's budget includes \$3.3 million in funding formula aid from this change for existing district classrooms; including early childhood aid, the budget increases funding for prekindergarten by \$4.8 million. It should be noted that this article does not limit the expansion of district-run classrooms supported by the formula, so long as they are approved by the Department. Including prekindergarten seats in the funding formula provides increased aid compared to the current fixed appropriation for those high-need communities with a state share ratio above approximately 80 percent. Communities with lower state share ratios receive a lower reimbursement, but the opportunity to expand is unlimited.

The Department of Elementary and Secondary Education would promulgate and adopt regulations to implement a universal prekindergarten program. It would work with other partners, including the Department of Human Services, to establish programs ensuring providers meet licensing and facility standards, to identify federal funds that may be used to support early learning, and to identify ways to ensure state systems are coordinated and aligned to the same goals. Additionally, both Departments would create a priority process to award new classrooms and ensure student enrollment matches the socioeconomic distribution of the community. Local education agencies would develop transition plans for prekindergarten students moving to kindergarten with strategies for students and families, as well as programmatic strategies for schools and educators. Continued investment in the Early Childhood and Education Data System is also required, which centralizes early learning data across state agencies; however, the budget does not appear to fund system expenses.

Sections 6 and 10. School Building Authority Expenses. The article would increase the amount of fees that could be charged by the Rhode Island Health and Educational Building Corporation on new municipal bonds issued. The current fee of 0.001 percent of the principal amount would increase to 0.01 percent of that amount. The funds would be used to support the School Building Authority, including personnel. The article eliminates the current limitation on other Corporation funding for "one-time or limited" expenses, which would allow fee revenue to pay for other ongoing Authority operating expenses. The article would expand the sources of income to be used to pay Authority expenses to include the Corporation's investment income generated from state and municipal funds held in trust.

Section 7. Rhode Island Promise. Section 7 removes the sunset provision from the Rhode Island Promise Scholarship program; the high school graduating class of 2020 is the last eligible group under current law, which requires the Community College and the Commissioner of Postsecondary Education to submit a report evaluating the program based on the first two cohorts on or before July 1, 2020.

The section expands eligibility for the Promise program to include certificate programs, provided the student remains on track to graduate as defined by the Community College. Qualifying certificates must have labor market value as defined by the Office of Postsecondary Commissioner. A student would also remain eligible for the program following the completion of a certificate program in order to obtain an associate degree, as long as they continued to remain on track to graduate. It does not appear that the recommendation assumes any increased cost for the program as a result of this expansion.

Explanations of Budget Articles

The Rhode Island Promise Program is a last dollar scholarship program which requires that all other sources of funding must be exhausted prior to receiving the Promise Scholarship. Section 7 excludes funding from the College Crusade's scholarship program and Department of Children, Youth and Families' Higher Education Opportunity grant from that requirement. The recommendation does not appear to account for additional state costs from excluding these sources.

Section 8. Early Childhood Care and Education Capital Fund. The article establishes a new Early Childhood Care and Education Capital Fund to be supported from general obligation bonds. Article 5 includes \$15.0 million of new obligation bonds to be put before the voters on the November 2020 ballot for physical improvements to, and development of, public or private licensed child care and education facilities. The fund would be administered by the Department of Human Services, which would award competitive grants. Funds could also be used for technical assistance to eligible providers for capital planning and application assistance, as well as for administrative costs.

Section 9. Stay Invested in RI Wavemaker Fellowship. This section amends the current law to incorporate and define the term "business" to include a variety of financial industry institutions, a federal agency or a subsidiary thereof, and includes a variety of pass-through entities. This appears to allow self-employed individuals to participate. It also includes technical corrections to clarify that benefits received under this program are tax exempt.

It is also makes eligible "high-demand STEM" teachers of an elementary or secondary school, as further defined by the education commissioner in conjunction with the Commerce Corporation. This section limits the number of awards to teachers to 100, such that the total does not exceed 25.0 percent of awards issued in a calendar year. It also includes other technical changes to facilitate this proposal.

Article 11. Economic Development

Sections 1 and 13. Site Readiness. These sections establish a permanent program allowing the Commerce Corporation, or Quonset Development Corporation under certain circumstances, to contract with municipalities for land use policies to further economic development. Each Corporation's Board of Directors would be required to appoint a new committee from its board, plus one representative from the Rhode Island League of Cities and Towns. The Commerce committee requires a representative of the participating municipality; whereas the Quonset committee requires a representative of the Rhode Island Manufacturers Association. Assistance includes preparation and implementation of policies within agreed upon project sites; including superseding planning, zoning, and permitting authority and providing financial support up to 25.0 percent of foregone tax revenues for certain communities with tax stabilization agreements for qualified developments subject to appropriation. Municipalities and political subdivisions would be permitted to provide operational and maintenance services to the project sites as those services were provided prior to the agreement. An annual reporting requirement consistent with existing economic development programs is included. The Governor's recommendation assumes the use of \$1.0 million from general revenues, in conjunction with \$21.5 million of new general obligation bonds proposed to be submitted to the voters on the November 2020 ballot. The article is not subject to bond approval.

Section 2. Rebuild Rhode Island. Under current law, Rebuild Rhode Island tax credit awards are limited to the lesser of the project's financing gap or 20.0 percent of project costs. This section would reduce that percentage to 15.0 percent for projects that do not include a recognized historic structure or where infrastructure costs are less than 20.0 percent of project costs. For projects meeting those two criterion, awards remain up to 20.0 percent. Recognized historic structures are defined in existing law; what qualifies as infrastructure costs remains undefined. The 2019 Assembly raised the total program cap from \$150.0

Explanations of Budget Articles

million to \$210.0 million, inclusive of sales tax exemptions made under the program. This section further increases that cap to \$250.0 million. The Governor recommends \$22.5 million to support tax credits which are redeemed over time.

Sections 2 through 12 and 14. Sunsets. These sections extend the sunset provisions for the Rebuild Rhode Island Tax Credit, Tax Increment Financing, Tax Stabilization Incentive, First Wave Closing Fund, I-195 Redevelopment Fund, Main Street Streetscape Improvement Program, Innovation Initiative, Industry Cluster Grants, High School, College, and Employer Partnerships, Air Service Development, and the Qualified Jobs Tax Credit from December 31, 2020 to December 31, 2023. The sunset provision for the Small Business Assistance Program is eliminated. There is no impact to the budget assumed with these changes.

Article 12. Housing

Sections 1 and 3. Housing and Community Development. These sections establish a new seven member Housing Resources Coordinating Council to be the lead entity for housing planning and policy, and a 19-member steering committee similar to the Housing Resources Commission, to advise that council. Current responsibilities of the Housing Resources Commission would be transferred to the council. The article renames the Office of Housing and Community Development as a Division, and permits the coordinating council to assume control of Rhode Island Housing staff, or any other agency or political subdivision by memorandum of agreement.

The coordinating council would include the chairpersons of Rhode Island Housing, the secretaries of health and human services and commerce, a new deputy secretary from the Executive Office of Commerce as the executive director, and three heads of other government entities including a member of the Continuum of Care. The Governor would appoint the council and designate its chairperson. That chairperson and the deputy secretary are added as non-voting members of the Rhode Island Housing Board. The steering committee is responsible for strategy, disbursement of existing funding, and advisement for higher density zoning.

Section 2. Housing Resources Act Repeal. Section 2 repeals the Housing Resources Act of 1998, which eliminates the 28-member Housing Resources Commission, and a related four member coordinating committee. Under current law, the Housing Resources Commission is the paramount agency for housing policy and planning, and through the coordinating committee it works in conjunction with Rhode Island Housing; the responsibilities of each entity are defined by memorandum of agreement.

Sections 4. Housing Incentives. Section 4 permits municipalities to adopt housing incentive districts by ordinance. The coordinating council may provide these districts financial or technical assistance, including payments for increased education expenses.

Section 5. Real Estate Conveyance Tax. Section 5 establishes a second tier of the real estate conveyance tax. The tax is double levied to \$4.60 for each \$500 increment over \$0.5 million to be deposited in a new housing production fund. It also exempts transfers among owners of an affordable housing development from the real estate conveyance tax under specified circumstances, and permits the Division of Taxation to retain 2.0 percent of the real estate conveyance tax collected passed-through to municipalities for administrative efficiency. The Governor's recommendation does not assume any collections from that administrative fee.

Explanations of Budget Articles

Article 13. Adult Use Marijuana

Sections 1, 2, 4, and 5. Enforcement. These sections exempt paraphernalia sold in conjunction with an adult use marijuana program from criminal penalty, clarify the ability to report primary caregiver non-compliance to authorities through an existing shared database, make testimony of drug recognition experts admissible as evidence, include saliva in chemical intoxication testing, and require persons convicted of moving violations to participate in approved substance counseling classes. It also removes marijuana sold in conjunction with an adult use program from taxation violations.

Section 3. Adult Use Marijuana. This section authorizes an adult use marijuana program for those age 21 and older operated by the state in conjunction with contracted retail operators, subject to Office of Cannabis Regulation oversight with the cooperation of state health and safety agencies.

This section establishes a variety of licenses, and broad authority to establish new licenses, with respect to the growth, production, processing, transportation, and sale of associated products and prohibits related activities without a license for each program. It sets distinct possession and production limits, and other regulatory and enforcement authority, including fines for violations, and establishes restricted receipt accounts to support the regulatory activities of all agencies involved. It prohibits municipalities from banning related activities without holding a referendum by November 3, 2021, provided that in no instance can an existing medical marijuana operation be banned. Municipalities are required to enact any applicable zoning changes by April 1, 2022, though in no instance can the delivery or transportation of marijuana be prohibited. The article would permit a one-time impact fee paid by the licensee to a municipality.

This section also provides for the establishment of an 11-member council, appointed by the Governor with specific expertise, including community reinvestment, criminal justice, diversity and inclusion, cannabis economics and industries, and other areas to advise the Office of Cannabis Regulation. The Office is required to include that advice in a report to the Governor on issue areas with respect to mitigating the negative impacts of prior prohibition and recommendations for future policy direction, prior to December 31, 2020.

The budget assumes retail sales revenues, net of wholesale product costs, are divided among the retail contractors, municipalities and the state; these sales are exempt from the state sales tax. The proposed revenue split is 29.0 percent to retail contractors, 10.0 percent to municipalities, and the state would retain the remaining 61.0 percent, to be deposited as general revenues. The budget includes \$21.8 million in revenues assuming a March 2021 start date. The out-year budget assumptions suggest revenues of approximately \$40 million once the program is fully operational.

Article 14. Medical Assistance

Section 1. Co-Payments. This section institutes new co-payments of \$3 for an inpatient hospital stay, and for prescription drugs, there will be a \$1.00 payment for selected drugs for the treatment of diabetes, high blood pressure and high cholesterol and \$3.65 for all prescriptions for adults over 19 years old who are not elderly, disabled, pregnant or receiving treatment in a facility. The payments are not to exceed five percent of annual income. Family planning drugs will be exempt from this and a Medicaid covered service will not be withheld based on a beneficiary's inability to make the co-payment. The Governor recommends savings of \$17.8 million, including \$4.7 million from general revenues, and assumes a decrease in the number of prescriptions filled from having to make a co-payment.

Explanations of Budget Articles

Section 2. Hospital Payments. This section freezes the hospital rates at FY 2020 levels for FY 2021 and includes savings of \$20.3 million, including \$7.1 million from general revenues. Adjusting for the loss of revenue, general revenue savings are \$6.7 million.

Section 3. Nursing Home Payments. This section provides for a one percent increase for the October 1, 2020 nursing home rate adjustment and mandates it be used to increase wages paid to direct care staff. The budget includes savings of \$7.5 million, including \$3.4 million from general revenues. Adjusting for the loss of revenue, general revenue savings are \$3.1 million.

Section 4. Upper Reimbursement Payment. This section eliminates the outpatient upper payment limit reimbursement for community hospitals for FY 2021 for savings of \$4.6 million, including \$1.5 million from general revenues.

Section 5. Medicaid Resolution. This section includes the resolution language for Assembly approval to make program changes included in the Governor's FY 2021 budget. This includes the proposals to freeze hospital rates, limit the rate increase to nursing homes, changes to the RIte Share program and the new plan to institute the co-payment that require statutory change. The resolution also proposes to seek Medicaid approval for a new Perinatal Doula Services program and the Governor includes \$0.2 million in her budget for it. There is also a proposal to raise the wages of direct care services workers and other professionals in the community based system for adults with developmental disabilities, effective January 1, 2021. The budget includes \$2.2 million from all sources, \$1.0 million from general revenues.

It also allows the Executive Office of Health and Human Services to seek federal opportunities that do not adversely impact beneficiaries or increase program expenses beyond the FY 2021 appropriation.

Article 15. Human Services

Section 1. Medical and Geriatric Parole. This section expands consideration for medical parole to include inmates who are cognitively incapacitated which impairs them from being able to conduct routine activities such as feeding, toileting, dressing and bathing. Currently, medical parole may only be considered for inmates that are not sentenced to life without parole and are physically incapacitated or chronically ill to the point that incarceration is no longer punitive and rehabilitative. The section also authorizes geriatric parole for inmates aged 65 or older who suffer from functional impairments, infirmity or illness. To be eligible, inmates must have served the lesser of 10 years or 75 percent of their total sentence regardless of the crime committed. The individual would go through the same process as an inmate applying for medical parole.

Sections 2 through 6. Substance Abuse Prevention Programs. These sections allocate funding for substance abuse and student assistance programs to the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. The funding of \$0.2 million is from fees currently assessed and deposited as general revenues. The Department will also identify criteria to distribute funding for prevention and treatment programs. These sections include new annual reporting requirements for each municipality that receives funding. It should be noted that Section 6 of Article 6 includes a new \$250 substance abuse education fee to generate another \$0.2 million for the same programs. These sections also include adjustments to the chapter title and violations schedule to reflect these changes.

Sections 7 and 8. Rhode Island Works. These sections would allow dependent children of Rhode Island Works participants who are under 19 and in high school to remain on the program regardless of their graduation date. Currently, they must be under 19 and on track to graduate. The article will also allow

Explanations of Budget Articles

adult participants who have complied with their employment plans and have earned income from it, to have that income exempted from the monthly benefit calculation for either: six months, until their family's total gross household income exceeds 185 percent of federal poverty, or until they reach their lifetime limit, whichever is first. Under current law, earned income is counted towards eligibility and could lead to termination from the program. The Governor's budget includes \$290,000 from federal funds for both proposals.

Sections 9 and 10. Child Care Assistance. The article changes rates paid for subsidized child care through the state's child care assistance program for center-based child care providers. The 2018 Assembly established tiered reimbursement for infant, toddler, and preschool age children in licensed child care facilities. The 2019 Assembly also established tiered reimbursement for infants and toddlers in licensed family-based providers. Rates paid to providers are based on their performance according to the state's quality rating system. The article would align reimbursements for first tier infant and toddler providers with the 25th percentile of a 2018 market survey and payments for top tier preschool providers with the 75th percentile. It also updates rates for school age children to reflect current reimbursements. The budget includes \$3.9 million from general revenues for the Department of Human Services but does not appear to include funding for the Department of Children, Youth and Families.

The article also provides child care assistance for individuals enrolled in a degree program at a Rhode Island public postsecondary institution and the Governor's budget includes \$200,000 from general revenues to fund this.

Section 11. Inmate Work Release. This section amends the amount withheld from an inmate's earnings for room and board from 30 percent of the gross income to 30 percent of the net income. This is estimated to generate \$18,800 in additional revenues from increased program participation by inmates; however, the budget does not include the revenue.

Article 16. Veterans' Affairs

This article increases the monthly assessments paid by veterans residing at the Rhode Island Veterans' Home in Bristol. Residents currently pay 80 percent of their net income, adjusted for certain deductions including a monthly personal needs allowance of \$150 and spousal support. The article increases that assessment to 100 percent of net income, with a \$300 personal needs allowance. This change is estimated to increase assessments by \$1.0 million which equates to an annual increase of \$4,470 per resident; however, the actual impact varies widely. Current data suggests that a few residents would pay less but most would pay more. The article also requires that all assessments be deposited into the Home's restricted account; under current law, most of the assessment is deposited as general revenues. The Governor's budget reflects the change in the source of the expenditures that support the Home.

This article also increases fees paid for the interment of non-veteran spouses and dependents at the Rhode Island Veterans' Memorial Cemetery in Exeter. The Cemetery receives a plot allowance from the U.S. Department of Veterans Affairs for all veterans interred; the current allowance is \$796. It does not receive an allowance for non-veteran spouse and dependent interments; however, current law provides for a fee equal to the cost of the grave liner. The cost of grave liners changes annually based on manufacturer costs and varies by size; the most common size will be \$210 for FY 2020. This article would replace the grave liner fee with a fee tied to the federal plot allowance. This is estimated to generate \$0.4 million of new revenues; however, that revenue is not included in the Governor's budget.

Explanations of Budget Articles

Article 17. Hospital Uncompensated Care

This article extends the uncompensated care payments to the community hospitals for FY 2022, with the state making a payment on or before July 13, 2021 that does not exceed \$142.3 million. The Affordable Care Act included a phase-down of federal Disproportionate Share Hospital payments made to states for uncompensated care. It has been postponed by Congress in previous fiscal years; however, under current federal law, the scheduled reduction does not allow for a payment this large. The Governor's FY 2021 recommendation assumes another delay and fully funds the payment.

Article 18. Hospital License Fee

This article increases the FY 2021 fee from the 5.0 percent rate set in statute to 6.0 percent based on 2018 revenues for all hospitals, including the state-run Eleanor Slater Hospital, except for South County Hospital and Westerly Hospital which will pay a lower 3.78 percent fee. It includes the due date for filing returns and making the payment. Revenue from the two-tiered fee will be \$193.8 million, including \$187.0 million from community hospital payments and \$6.8 million from state payments for Eleanor Slater Hospital. This article appears annually in the Appropriations Act but, unlike prior fiscal years, the 2019 Assembly set a fee for FY 2021 at 5.0 percent of 2018 revenues.

Article 19. Workforce Development

Sections 1 through 7, 9, and 11 through 14. Apprenticeship Laws. Most of these sections repeal or update outdated language in the state's apprenticeship laws and contain mostly technical changes, such as converting year-based training requirements to hour-based. This includes providing credit for related instruction from approved trade school programs. These sections also clarify the registration requirements for various apprentice trades and increase the time between the notice of a hearing and the hearing date as well as the time for a decision by 10 to 30 days. Additionally, the sections make false reporting of apprenticeship information a violation of the chapter.

Section 13 requires that bidders on school construction projects of \$5.0 million or more must have approved apprenticeship programs and utilize apprentices for 10.0 percent of the hours worked on the projects. It also establishes a reporting process for contractors and penalties for non-compliance, including a \$500 per day fine for not submitting data or withholding payment to the contractor until data is submitted consistent with current prevailing wage laws.

Section 8. Minimum Wage. This section would increase the minimum wage by \$1.00 to \$11.50 per hour, effective October 1, 2020. The 2017 Assembly approved a two-stage minimum wage increase from \$9.60 per hour to \$10.10 per hour, effective January 1, 2018, and to \$10.50 effective January 1, 2019. There have been five increases since 2014; prior to that it had not increased since 2007. The FY 2021 budget includes \$0.2 million from general revenues for the impact of the increase on seasonal employees of the Department of Environmental Management.

Section 10. Job Development Fund. This section extends the job development fund assessment to include non-profit, non-governmental employers of 1,000 or more employees beginning tax year 2021. This is estimated to impact 11 or 12 employers. The budget includes \$1.4 million in additional restricted receipts from this expansion which the Governor proposes be used to support Real Jobs Rhode Island. The recommendation assumes the \$1.4 million would be collected during FY 2021 despite the first receipts not arriving until after the third quarter of FY 2021. The section also includes a provision which would allow

Explanations of Budget Articles

the director of the Department of Labor and Training to waive the assessment for in-kind contributions from these entities. However, the estimate does not lower revenues to account for these contributions.

Sections 15 and 16. Earned Income Tax Credit. These sections increase the state earned income tax credit for low and moderate wage earners by one percentage point increments annually until the tax credit equals 20.0 percent of the federal earned income tax credit beginning with tax year beginning January 1, 2021. Under current law, the state credit is 15.0 percent of the federal credit. The budget includes an associated general revenue loss of \$1.1 million for FY 2021; the FY 2025 impact would be \$11.6 million.

Article 20. Healthcare Reform

Sections 1 through 7. Interstate Medical Licensing. These sections require the state to join four interstate compacts for four health professions including: physicians, psychologists, physical therapists and emergency medical services personnel. Expedited licenses for these professionals would be issued by the interstate compacts. The legislation requires the interstate commission for physicians to collect any renewal fees charged for the renewal of a license and distribute the fees to the member state. For physicians, a minimum of seven states must participate in order for the compact to become effective. The primary purposes for the creation of these compacts are to strengthen access to health care and to increase job employment opportunities. The legislation allows the interstate commissions the authority to levy and collect annual assessments from each member state to cover the cost of operations.

Sections 2 through 4 amend current law to repeal legislation for the current nurse licensure compact and includes revised model legislation that has been adopted by the compact. To withdraw from any of the compacts, enabling legislation must be repealed. The annual impact is a loss of \$0.2 million; the Governor's budget assumes a loss of \$59,331 for the last quarter of FY 2021. It is unclear how the loss of revenue was determined.

Sections 8 through 12. Affordable Care Act Provisions. These sections amend current law to retain provisions of the Affordable Care Act in place as of January 1, 2020. They also change the requirements which governed individual market health insurance providers from the inception of the Affordable Care Act, requiring insurers to cover all eligible state residents who apply during an open enrollment period established by the Commissioner or special enrollment period consistent with federal regulations. They change the requirements for minimum policies offered from two policies which include cost sharing, of either the largest and next largest premium volume plans or representative coverage of the lowest and highest policy forms, to all policy forms, which may include plans that provide for cost sharing from available federal funding or a state-funded program.

They enumerate and codify the ten essential health benefits required to be covered by the Affordable Care Act for the individual and small employer insurance markets, and includes preventative coverage for large group coverage. They also repeal a requirement to, but permits, the Health Insurance Commissioner to promulgate rules and regulations to effectuate changes in the small employer market. They also make technical corrections to sections related to insurance plan renewals, prohibitions on denials for preexisting conditions and to refer to the Health Insurance Commissioner where warranted.

Section 13. RIte Share. This section requires employers, excluding non-profit organizations, with at least 50 employees to report annually to the Executive Office of Health and Human Services and the Division of Taxation information that would let the Executive Office determine which employees eligible for RIte Care are eligible for RIte Share. The employers must report which employees are enrolled, or not enrolled, in the employer sponsored insurance on a quarterly basis and who is no longer employed. The employer must

Explanations of Budget Articles

also let the Executive Office know when a new employee is offered insurance during an open enrollment period. The employer must also participate in the Executive Office's employer education and outreach campaign, and cannot offer financial incentives for an employee to turn down the offer of insurance. The budget assumes savings of \$19.0 million, including \$5.6 million from general revenues from increasing enrollment in Rite Share from approximately 6,000 to 25,000.

Any employer who does not comply in a timely manner will be assessed a \$2,500 penalty by the Division of Taxation and one who does not comply at all or provides false information will be assessed a \$5,000 penalty. The budget assumes revenue of \$165,675 from this change.

Section 14. Health Spending Transparency and Containment Act. This section requires all entities offering, administering, insuring, or self-insuring health insurance coverage to annually pay up to \$1 per covered life, excluding lives insured by government-provided or government-employer sponsored insurance. Beginning October 1, 2020, the assessed amount for each fiscal year will be established with payments due by January beginning in 2021. It also provides for refunds or credits of overpayments. This section establishes a restricted receipt account for the Executive Office of Health and Human Services in conjunction with the Office of the Health Insurance Commissioner to support a data analysis of healthcare claims to attempt to determine factors which drive healthcare spending in order to make policy recommendations which are intended to reduce health care costs. At the maximum allowable fee, the assessment would generate \$0.6 million annually. The budget assumes \$154,000 will be available based on timing of expected receipts but the expenditures were inadvertently excluded.

Article 21. Health and Safety

Sections 1 through 5, 7 and 8. Access and Enforcement. This article raises the minimum purchase age of tobacco products and electronic nicotine delivery systems from 18 to 21 to be consistent with federal law, effective July 1, 2020. It also bans the sale of flavored electronic nicotine delivery systems or those with greater than 35 milligrams per milliliter of nicotine content. It increases the penalties for failure to display proper signage from \$35 to \$100, for selling in a form other than the manufacturer's packaging from \$500 to \$1,000, and for selling to an underage person from \$250 to \$500 for a first offense within a 36 month period, from \$500 to \$1,000 for a second offense, from \$1,000 to \$2,000 and a 14-day license suspension for the third violation, and from \$1,500 to \$3,000 and a 90-day license suspension for any violation over three. The article also provides that other tobacco products and e-liquid products are subject to the same enforcement and adjudication processes under current law for cigarettes and transfers the regulatory authority over electronic nicotine systems from the Department of Health to the Division of Taxation.

Sections 5 and 6. Fees and Taxes. The article increases the cigarette tax by \$0.35 to \$4.60 per pack, including a floor tax adjustment, and raises the per cigar tax cap from \$0.50 to \$0.80 both effective August 1, 2020. It also subject e-liquids to an 80.0 percent wholesale tax, effective September 1, 2020. The article increases the dealer's application fee from \$25 to \$75, the initial licensing fee to \$400, and the renewal fee from \$25 to \$400. Licensing would be expanded to include dealers of e-cigarette products. The Governor's budget assumes \$1.6 million in additional revenues from the tax and minimum age changes and \$0.4 million from the license fee changes.

Article 22. Effective Date

Article 22 provides that the act shall take effect on July 1, 2020, except where a provision within an article specifies a retroactive or prospective effective date.

Explanations of Budget Articles
